



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 19, 2004

PIPELINE RESTRICTIONS

PG&E California Gas Transmission has called a customer specific Operational Flow Order on its California natural gas pipeline for today's gas flow.

Southern California Gas Company, a unit of Sempra Energy, has declared an Operational Flow Order on for today. SoCalGas will limit all nominations to the Transportation Service Access Quantity in the fourth operating cycle.

Texas Eastern Transmission Corp. said that it is at capacity for rate zones STX, ETX and M1-24 inch system. Restrictions in place include: Force balanced all long TABS-1 pools in STX and ETX; Zone M1-24 restricted through priority 4B; No increases in physical receipts will be accepted between the Vidor Compressor Station in STX and Fagus compressor station in M1-

Generator Problems

ECAR – The 789 Mw Palisades nuclear unit is currently running at 50% capacity, after exiting a refueling outage. The unit was last seen operating at 23% power, and shut for the outage on September 19.

The 821 Mw Beaver Valley 1 nuclear unit boosted output to 74% capacity, up 19% on the day. The unit restarted November 15 after shutting October 18 for a refueling and maintenance outage.

ERCOT – The 575 Mw Big Brown 1 coal-fired power unit shut yesterday to repair a boiler tube leak. The unit is scheduled to restart November 20.

The 535 Mw Sandow 4 coal-fired power unit shut early today for maintenance. The unit will conduct explosive blasting of slag off water wall tubes in the boiler on November 20-21. A return schedule has yet to be disclosed.

MAIN – The 1,120 Mw Braidwood 1 nuclear unit is running at 79% capacity, down 21% on the day. Reasons for the reduction or when the unit might resume to full power have not been disclosed.

SERC – The 900 Mw Harris nuclear unit ramped output to 83% capacity early this morning, after exiting a refueling outage. On Thursday, the unit was running at 56% capacity.

The 888 Mw Farley 1 nuclear reactor is operating at 49% capacity, up 19% on the day. The unit restarted November 16 after shutting for a fall refueling and maintenance outage on October 2. It is not immediately known when the reactor will return to full power.

The 1,100 Mw Browns Ferry 3 nuclear unit is currently running at 95% power, up 13% on the day. Maintenance on the feedwater condensate system caused the reduction in output.

SPP – The 936 Mw River Bend nuclear unit started to exit a refueling and maintenance outage early this morning and is currently operating at 1% capacity. The unit shut on October 22 for the outage.

WSCC – The 1,100 Mw San Onofre 2 nuclear unit tripped offline early this morning. Unit 3 meanwhile is already down for planned maintenance.

Based on the latest NRC reports, total nuclear generation output this morning reached 80,615 Mw up 680 Mw or .85% from yesterday's levels. Total generation was some .27% lower than the same date a year ago.

24 inch. This includes zone ETX; No PAL parks or PAL loan payback will be accepted in these zones.

PIPELINE MAINTENANCE

TransColorado said it will be performing maintenance on its mainline downstream of the Redvale Compressor Station on gas days Thursday, December 16, and Friday, December 17. Capacity through segment 240 will be limited to 325 MMcf/d.

Southern Natural Gas Pipeline Company declared it will be performing maintenance starting Monday, November 22 in Iberville Parish in South Louisiana. During this maintenance Southern will be unable to make deliveries at the Sugar Bowl 6 – Acadian point, therefore Southern will not be accepting nominations effective for November 22 until further notice. Southern will resume accepting nominations when the maintenance has been completed. The maintenance is anticipated to take approximately 2 days.

Transcontinental Gas Pipe Line said that it has completed the work necessary to place the PSEG Sayreville meter, PSEG Red Oak Sayreville meter, and NJN Sayreville meter into service. The company also stated that pipeline modification work related to Job #2 is required near Station 40. Currently, Transco plans to perform this work from Monday, November 22, through Friday, November 26. During this work gas receipts will not be available from Craig #1 and Humphreys #1.

		Weekly Volume	Friday Settle	Change From Nov 12th	Open Interest	% Change From Last Week
Natural Gas Futures	NG	318947	7.115	-0.061	383962	0.99%
Henry Hub Swap	NN	178609	7.115	-0.061	819084	0.15%
Natural Gas Penultimate Swap	NP	25153	7.115	-0.061	55981	23.85%
AECO Basis Swap	NA	14200	-0.6475	0.0875	84665	3.09%
Northwest Rockies Basis	NR	11381	-0.705	0.0075	83553	4.75%
Houston Ship Channel Basis	NH	10781	-0.3375	-0.0375	104099	-0.10%
Panhandle Basis	PH	10569	-0.5125	-0.0125	46078	-55.78%
TCO Basis	TC	9776	0.28	-0.0225	39952	0.28%
Transco Zone 6 Basis	NZ	9420	0.98	0.005	80709	0.94%
Dominion Transmission Applac	PG	9106	0.355	-0.015	27856	-1.90%
Texas East Zone M-3 Basis	NX	8391	0.92	0.0125	69617	2.98%
Sumas Basis Swap	NK	7820	-0.6475	0.0025	54204	7.03%
SOCAL Basis	NS	7691	-0.455	0.0175	69798	0.44%
PG&E Citygate	PC	4610	-0.185	-0.0025	35239	6.11%
Chicago Basis Swap	NB	2152	0.045	-0.03	38514	1.79%
Malin	PB	2084	-0.5875	-0.0175	40227	0.85%
Waha Basis	NW	1338	-0.65	0.0025	27429	1.57%
Transco Zone 3 Basis	CZ	1270	0.04	-0.005	28326	0.22%
Michigan Basis	NF	893	0.125	-0.015	21936	1.58%
Permian Basis	PM	664	-0.685	0.0175	31563	-0.70%
CIG Rockies	CI	62	-0.7025	-0.015	32146	1.85%

Gulf South Pipeline Company stated it will be performing scheduled maintenance on Index 391 beginning at 7:00 AM CT Monday, November 22, from Mile Pole 21.59 to Mile Pole 15.54 and continuing for 2 days. Due to this maintenance Gulf South said the Force Majeure conditions on Index 391 will affect its ability to provide service to several locations. In addition, capacity west of the shut-in section could be affected as much as 15 MMcf/d during this maintenance period.

KM Interstate Gas Transmission announced it will be relocating a section of its pipeline from the Casper Compressor Station to the KMOLPA Douglas Processing Plant at the request of the Wyoming Department of Transportation sometime in December. The outage is expected to last up to 24 hours.

Based on the anticipated level of nominations, AOR/IT, secondary out-of-path, secondary in-path and primary volumes are at risk of not being scheduled. The exact date of the outage has not been determined. Gas pathed from the following receipt points will be impacted by this outage: 9675 Chevron Arminto Rich Natrona and 9757 Bill Barrett Arminto Rich Natrona.

Alliance Pipeline said that Irma Compression Station will be offline for 6 hours starting at 9:00 AM MT on November 24. This outage is to facilitate the removal of performance testing equipment and minor routine maintenance. System throughput may be affected. Alliance will decide the exact impact closer to the outage date. The Scotford AB55 NGL facility will be unavailable on November 23 to allow the tie-in of the Elk Island AB52 NGL Facility. There will be no flow from this facility for the gas day. Alameda Compressor Station will be offline for 36 hours starting at 8:00 PM on November 22. This outage is required for a unit inspection. System throughput will be impacted on November 23. Alliance said that it will post the actual system throughput closer to the outage date.

El Paso Natural Gas Company recently outlined its maintenance plans for the month of December. On the North Mainline, individual compressor unit maintenance will occur at Leupp, Window Rock and Williams stations at various times during the month. Based on recent scheduled volumes on the North Mainline, none of these outages will have an effect on markets. The North Mainline capacity will be reduced by the following approximate amounts from a base capacity of 2,351 MMcf/d: November 30 through December 3 – 10 MMcf/d; December 13 through 16 – 15 MMcf/d; December 20 through 22 – 30 MMcf/d. The Mojave Pipeline's Topock Station will be down for fuel system maintenance December 2 for 8 hours. There will be no flow from El Paso into DMOJAVE during the outage. Transwestern could possibly continue to deliver into Mojave Pipeline's TOPTRNS interconnect via a bypass line during the outage by delivering at a higher than normal pressure. Based in recently scheduled volumes through Topock into Mojave, normal deliveries can be accomplished in the 16 hours of the gas day that will remain following completion of the maintenance. On the Havasu Crossover, the Wenden Station will be down to replace the controls system, for the purpose of improving the reliability of the station, December 3-13. Alamo Lake 1 turbine will be down for mechanical inspection December 27-28. The Havasu Crossover capacity will be reduced by the following approximate amounts from a base capacity of 680 MMcf/d: December 3 through 13 – 150 MMcf/d; December 27 through 28 – 45 MMcf/d. Washington Ranch storage wells will be shut in for approximately 6 hours December 6, while test equipment is installed in several wells. There will be no flow in or out of storage during this time. Following the shut-in, testing of the field will be done by withdrawing at a rate of 80 MMcf/d for 24 hours. On December 14, Washington Ranch will be shut in while chemicals are injected into the wells. There will be no injections or withdrawals of gas for 24 hours. On December 15, Washington Ranch must be on withdrawal to remove the chemicals from the well bores. While these maintenance items are being performed, EPNG will lose a large degree of operational flexibility, making it critical that all parties scheduling gas on our pipeline manage their volumes carefully to balance receipts and deliveries daily.

ELECTRIC MARKET NEWS

Constellation Energy announced yesterday that its wholesale origination and risk management, Constellation Energy Commodities Group, Inc., has signed a 570 Mw 4-year power purchase agreement with Dynegy Power Marketing, Inc. Under the terms of the agreement, Constellation will receive from Dynegy \$117.5 million in cash and effectively assume Dynegy's rights, benefits and obligations under a 570 Mw power purchase agreement with LSP-Kendall Energy, LLC for a period of 4 years, commencing December 1, 2004.

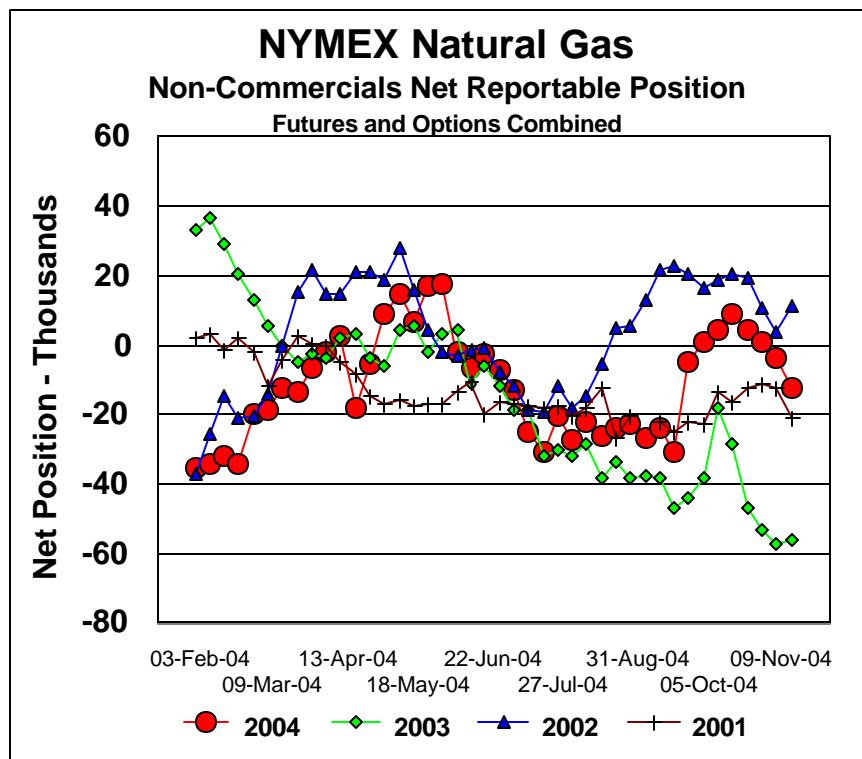
Peak power demand for the North American continent in winter 2004-5 is projected to be 1.8% higher than that projected for winter 2003-4, but 2.7% higher than that winter's actual demand, the North American Electric Reliability Council said today. In its winter assessment for 2004/2005, the council

said blackouts were unlikely as generation resources were expected to meet higher demand, transmission systems were expected to perform reliably, and fuel supplies, inventories and deliveries were expected to be adequate in the coming winter. The curtailment of natural gas supplies in periods of cold weather could present the only problems in the coming winter and this was most likely to hit the Texas ERCOT and ISO-New England regions, it said. "We have not identified any significant areas of concern for grid reliability for the upcoming season and if all entities comply with NERC reliability standards, there should be no uncontrolled blackouts," said Michehl Gent, NERC President and CEO.

The U.S. FERC approved of a pricing structure to facilitate trading of electricity between the Midwest and Mid-Atlantic regions. The new pricing structure, slated to take effect December 1, will eliminate multiple transmission rates and promote more efficient interstate electricity flows between the two regional transmission organizations; Midwest Independent Transmission System Operator and PJM Interconnection. Today, if an energy marketer buys electricity from a power plant in Minnesota for a customer in New Jersey, the marketer would have to pay one transmission fee to the Midwest ISO and another fee to PJM, known in the industry as "pancaking" of rates. With the new pricing structure, the marketer would pay only one fee, which the grid operators would distribute to transmission owners in both regions. The new pricing structure, which will expire on January 31, 2008, uses so-called "license plate" rates to compensate transmission owners for the use of their power lines. The license plate rates provide access to a regional transmission system at a single rate based on where the customer is located.

The auction to supply electricity to FirstEnergy Corp.'s distribution companies in Ohio will go forward on December 8, the independent auction manager stated in a release today. The auction manager, NERA Economic Consulting, said the auction would provide generation service for standard service offer customers of FirstEnergy's Ohio Edison Co., Cleveland Electric Illuminating Co. and Toledo Edison Co. from January 1, 2006 to December 31, 2008. The auction, however, will not necessarily decide what companies will ultimately supply the power, since the Public Utilities Commission of Ohio must still decide whether to accept the auction or a plan proposed by FirstEnergy.

FirstEnergy proposed a rate stabilization plan that would supply energy generated at the company's power plants and keep customer generation rates locked in at about 4.8 cents per Kwh. If the PUCO decided not to participate in the auction, it would instead sell its energy to its Pennsylvania distribution companies, other customers and the wholesale energy market.



MARKET COMMENTARY

The natural gas market was definitely the forgotten stepchild for much of the day today. The market gapped lower on yet another revised forecast that was calling for more moderate temperatures nationwide over the next week. While prices backfilled the gap in the charts

from September 28th and found early support there the upward advanced in natural gas prices seemed to come only from the spill over of the bullish euphoria from the oil markets as those markets kept a blistering pace upward for much of the first half of the day. Natural gas prices seemed to have a burst of buying interest once the \$7.00 price level was breached during lunchtime. But this buying spree quickly came to an end once prices reached the \$7.15 level. Price basically settled into a 10-cent sideways trading range for most of the remainder of the trading session in which trading interest was relatively light, typical for a Friday trading session. Final volume on the day was estimated at just 63,000 contracts, with spreads accounting for just under half of the day's activity.

The December contract posted the strongest gains on the day settling up over 24 cents, but the January contract though was the weakest of the winter month contracts settling up only 13.9 cents while the February and March contracts finished up 16.9 and 18.4 cents respectively. We continue to feel though that being a scale down buyer of January in either of the Jan-Feb or Jan-March spreads still offer a weather bull the safest avenue to participate in the market.

Tonight's Commitment of Traders Report shows that the non-commercials net short position in the natural gas market increased by over 10,000 contracts on the week ending November 16th. But it is interesting to note that this gain has not been from new short positions established but more from the liquidation of existing long positions. As a result non-commercials participation in the natural gas market has fallen to its lowest level since the week ending October 4th.

We see resistance Monday starting at \$7.15, followed by \$7.195, \$7.36 and \$7.50. More distant resistance we see at \$7.773 and \$8.095 and \$8.415. Support we see at \$6.995, followed by \$6.945, \$6.894. More distant support we see at \$6.80, \$6.73, \$6.505