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Energy Futures Brokerage

ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 22, 2004

Generator Problems

ECAR – The 821 Mw Beaver Valley Power Station Unit 1 is currently operating at 99% capacity, up 25% from Friday's level. The unit restarted November 15 after shutting October 18.

The 792 Mw Palisades nuclear reactor is back to full power, up 50% capacity on the day. The unit restarted November 17 after shutting September 19 for a standard refueling.

ERCOT – The 750 Mw Martin Lake 2 coal-fired power unit will restart later today. The unit tripped on November 21 due to elevated wall temperatures in the boiler water.

The 415 Mw JT Deely 2 coal-fired power unit shut over the weekend to repair the boiler blow-down line.

MAAC – The 1,105 Mw Susquehanna 1 nuclear unit down powered to 15% capacity today to begin scheduled maintenance. The unit has been operating at 80% capacity for the last month.

MAIN – The 1,120 Mw Braidwood 1 nuclear unit resumed full power over the weekend. The unit was last seen running at 79% power on Friday.

The 1,170 Mw LaSalle County nuclear unit 2 reduced output this morning to 77% capacity, down 23% on the day. Reasons for the reduction are still unknown.

MAPP – The 530 Mw Prairie Island 2 nuclear unit was back to full capacity over the weekend, after shutting on November 17.

NPCC – The 970 Mw Indian Point 2 nuclear unit restarted this morning, and is currently warming up offline at 2% capacity. The unit shut on October 23 for a planned refueling and maintenance outage.

SERC –The 1,100 Browns Ferry 3 nuclear unit restored to full power over the weekend, after running at 95% capacity on Friday. The unit was reduced in power to perform maintenance on the feedwater condensate system.

The 888 Mw Farley 1 nuclear reactor returned to full capacity this morning, up 51% on the day. The unit restarted November 16 after shutting for a fall refueling and maintenance outage on October 2.

The 900 Mw Harris 1 nuclear unit is operating at full capacity, after ramping output 17% over the weekend. The unit was running at 83% capacity on Friday, and originally shut October 16 for maintenance outage.

The 1,215 Mw Vogtle 2 nuclear unit restarted this morning, warming up offline at 3% capacity. The unit was taken offline on Saturday at 11:40 PM ET during the performance of testing.

The 1,148 Mw Sequoyah 1 nuclear unit restarted over the weekend and is currently running at 45% power. The unit restarted on Saturday when it was seen warming up at 15% capacity.

SPP – The 966 Mw River Bend nuclear unit was warming up offline at 15% capacity today. The unit was taken offline on October 21 for a planned refueling outage. The unit restarted on Friday at 1% capacity.

WSCC – The 1,120 Mw San Onofre 2 nuclear generator restarted this morning, warming up offline at 1% capacity. On Friday the unit experienced an automatic reactor trip due to a turbine trip on the main generator.

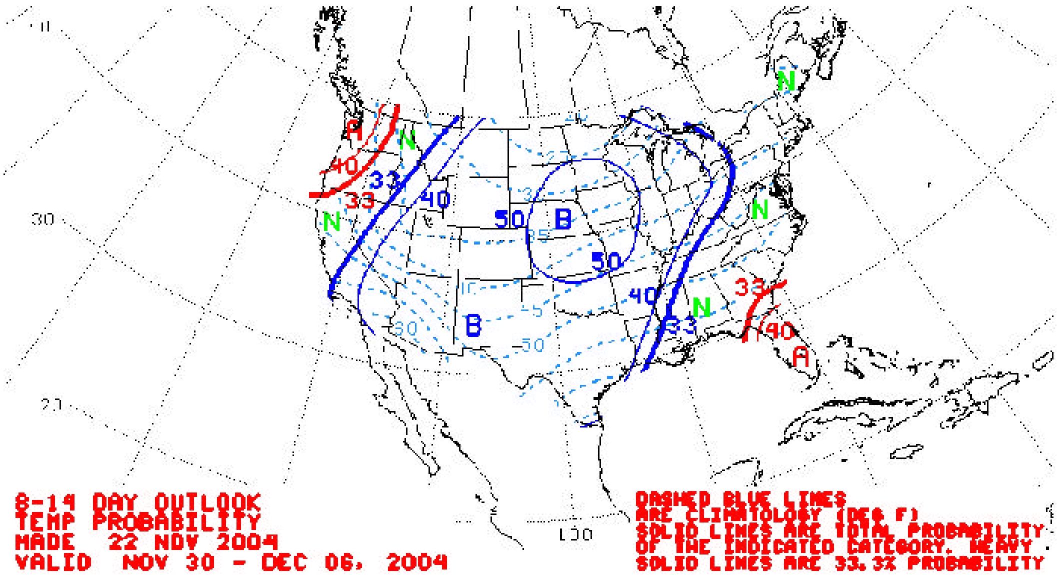
Based on the latest NRC reports, total nuclear generation output this morning reached 79,542 Mw down 1,074 Mw or 1.3% from Friday's levels. Total generation was some 3.02% lower than the same date a year ago.

NATURAL GAS MARKET NEWS

The US Northeast is expected to experience a cooler than normal winter this year in the Northeast, according to private forecaster WSI Corp. It said temperatures in the Northeast will be warmer than normal for December but cooler than normal in January and February.

The Climate Prediction Center estimated that for the week ending November 20th the US saw 107 heating degree days based on a gas home heating customer population weighted basis, down from 126 last week. It is however up about 3.9% on the year. For the week ending November 27, it forecast 143 HDD, down 9.5% on the year.

The US Minerals Management Service said US oil and natural gas production in the Gulf of Mexico was steady on Monday. It stated that 678.47 mmcf/d of natural gas production was still shut in.



U.S. natural gas demand and prices will get a boost from declining coal stockpiles, according to a recent Jefferies & Co report. Coal inventories are being depleted more quickly than they can be replenished, which means some electric utilities increasingly will rely on underutilized gas-fired generators, Jefferies analyst Frank Bracken said in the report. Combined-cycle power plants that were built over the last five years and so far have proven unprofitable due to soaring gas prices "will be put to work, and that will create an incremental demand for gas," Bracken said. As a result, the firm raised its estimate of 2005 gas prices to a "band" of $5 to $7/MMBtu from its previous outlook of $4 to $6/MMBtu. Historically, coal supplies have kept pace with power-generation demand, but going forward "the outlook takes on a more dire appearance," Bracken said.

The U.S. Congress said the FERC has jurisdiction over licensing new LNG plants, making it clear that California and other states cannot claim final approval over such projects. Lawmakers over the weekend included language clarifying FERC's role over LNG terminals in a report accompanying a broad bill to fund the federal government. President George W. Bush is expected to sign the legislation into law. Some environmentalists and consumer advocates have urged state officials to fight LNG projects planned for populated areas because of safety concerns. The congressional report said that LNG facilities "need one clear process for review, approval and siting decisions." Lawmakers said that authority belongs to FERC.

Fort Chicago Energy Partners is buying Alberta's major pipeline for the key natural gas byproduct ethane for C$270 million or $227 million, its first foray outside the huge Alliance export gas line. Fort Chicago is acquiring 100% of the Alberta Ethane Gathering System from longtime partners Nova Chemicals Corp., Encana Corp., and BP Plc, all of which have been shedding Canadian assets. The 1,324 km pipeline system ships 322,000 bpd of ethane, to large plants at Fort Saskatchewan, near

Edmonton, and Joffre, which is close to Red Deer in Central Alberta. Fort Chicago is half-owner of the Alliance pipeline, which moves 1.3 Bcf/d of natural gas to Chicago from northeastern British Columbia. It said the acquisition will allow it to boost cash distributions to investors by between 2% and 4%.

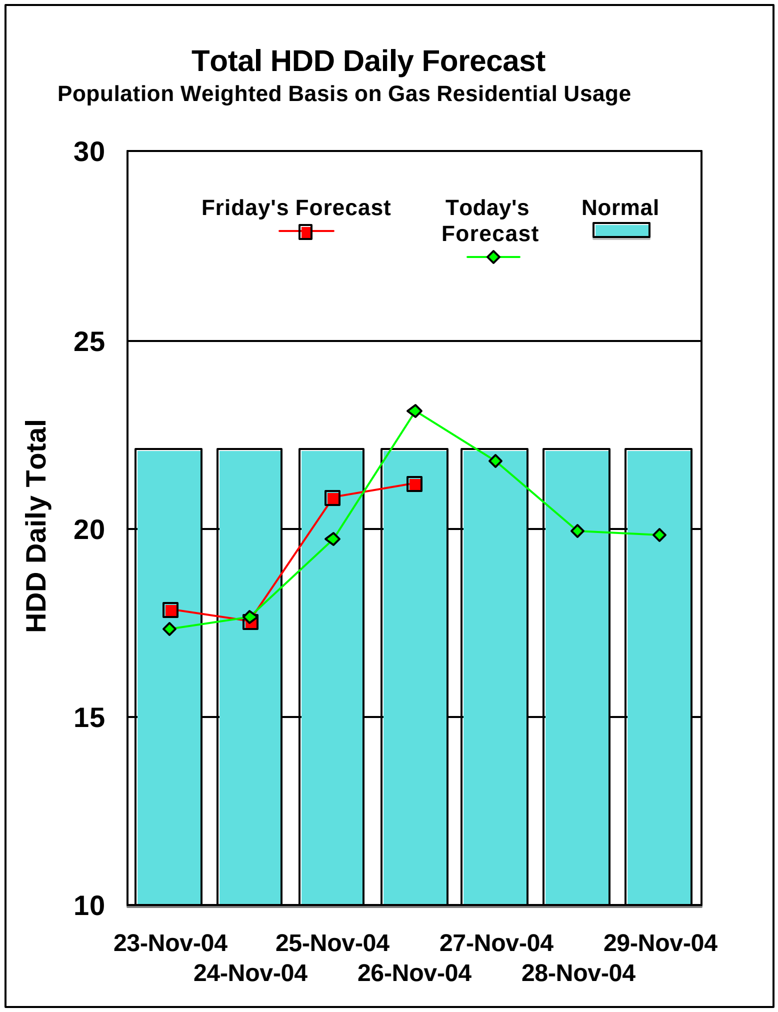
Entergy Corporation announced today that Entergy-Koch, L.P. has entered into a definitive agreement to sell Gulf South Pipeline Company to TGT Pipeline, LLC, a subsidiary of Loews Corporation, for a purchase price of $1.136 billion. The sale of Gulf South is expected to occur prior to year-end and is subject to normal and customary conditions, including the filing of notification under the Hart-Scott-Rodino antitrust law. Entergy anticipates the sale of Gulf South, combined with the previously announced sale of Entergy-Koch Trading, to result in a net cash impact to Entergy of more than $1 billion, the majority of which will be received by the end of the first quarter of 2005.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said that ANR South Joliet #2 is at limited capacity for deliveries. Therefore, limited increases to ITS/AOR and secondary firm transport volumes are available.

El Paso Natural Gas Company said that the Roswell 3 compressor will be down November 23 to investigate a vibration in the turbocharger, reducing the capacity of the San Juan Crossover by 20 MMcf/d from a base capacity of 645 MMcf/d.

ANR Pipeline Company said that based on current analysis of processing economics for the month of December, it has determined that it will not be necessary to issue a Hydrocarbon Dew Point limitation in the Southeast Area in order to continue to provide safe and reliable service for the month of December.



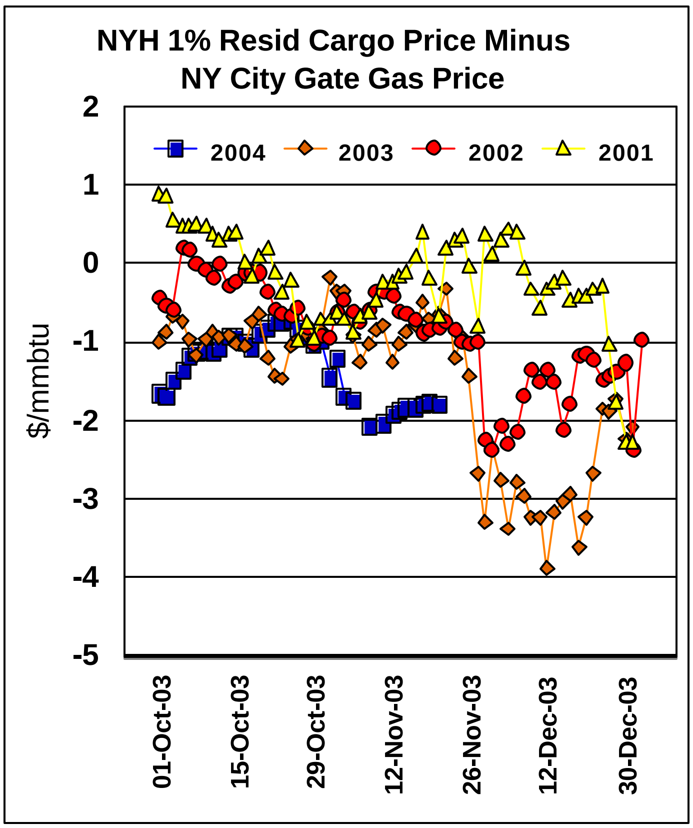
Texas Eastern Transmission Corp. said that it is at capacity for rate zones STX, ETX and M1-24 inch system. Restrictions in place include; Force balanced all long TABS-1 pools in STX and ETX; Zone M1-24 restricted through priority 4B; No increases in physical receipts will be accepted between the Vidor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

PIPELINE MAINTENANCE

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

Gulf South Pipeline Company said that previously scheduled maintenance on index 391 for today through Wednesday, has been indefinitely postponed.

Florida Gas Transmission recently released its schedule of maintenance projects for the month of December. On December 1, FGT will be upgrading compressor station valves at compressor station 10 in zone 3. The maintenance work will take approximately 2 days. During this work FGT will schedule up to 1,100 MMcf/d through station 10. During normal operations FGT schedules up to 1,411 MMcf/d through station 10. On December 1, FGT will be performing compressor unit maintenance on both of the compressors at station 4 in zone 1. The maintenance work will take about 3 days. During this work FGT will schedule up to approximately 150 MMcf/d through station 4. During normal operations FGT schedules up to 230 MMcf/d through station 4. On December 21, FGT will be performing pipeline maintenance on the 24-inch mainline between compressor stations 6 and 7 in zone 1. The maintenance will take approximately 1 day. During this work FGT will schedule up to 150 MMcf/d through station 7. During normal operations FGT schedules up to 467 MMcf/d through station 7. On December 23, FGT will be upgrading compressor station valves at compressor station 7 in zone 1. The maintenance work will take 1 day to complete. During this work FGT will schedule up to 375 MMcf/d. During normal operations FGT schedules up to 467 MMcf/d through station 7. On December 28, FGT will be upgrading compressor station valves at compressor station 6 in zone 1. The maintenance will take 1 day. During this work FGT will schedule up to 200 MMcf/d. During normal operations FGT schedules up to 300 MMcf/d through station 6. On December 1, FGT will be performing station-piping maintenance at FGT Station 11 in Mt. Vernon, Alabama. This work will take approximately 10 days. During this work FGT will schedule up to 2,050 MMcf/d forward haul into the Florida Market Area. During normal operations FGT schedules up to 2,200 MMcf/d through station 11. On Saturday, December 11, FGT will be performing station-piping maintenance at FGT station 11. This work will take approximately 24 hours. During this work FGT will schedule up to 1,500 MMcf/d forward haul into the Florida Market Area. During normal operations FGT schedules up to 2,200 MMcf/d through station 11.

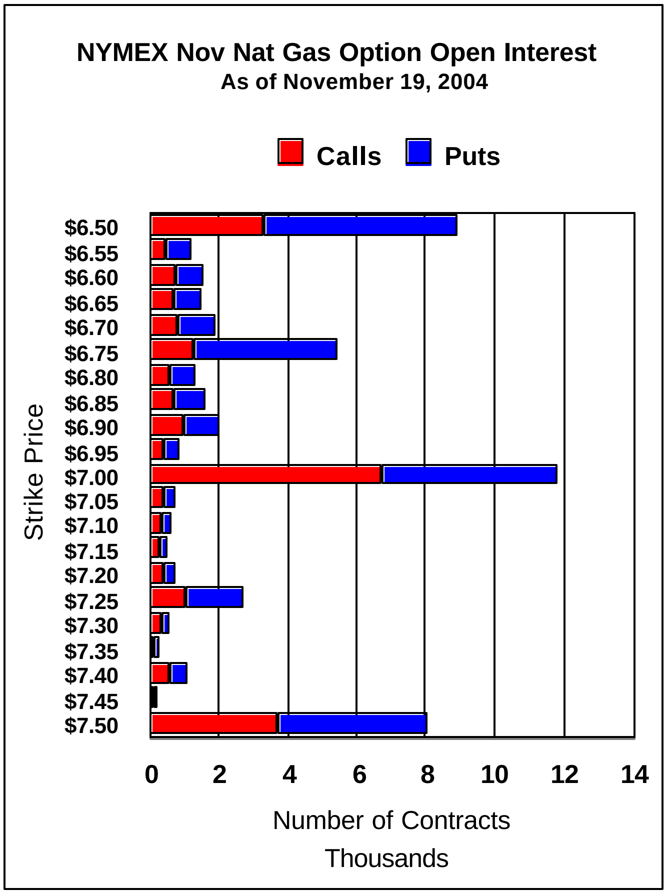


ELECTRIC MARKET NEWS

Calpine Corporation has entered into a $400 million, 25-year, non-recourse sale/leaseback transaction with affiliates of GE Commercial Finance Energy Financial Services for the 560 Mw Fox Energy Center under construction in Kaukauna, Wisconsin. This clean-burning, natural gas-fired facility will supply electricity to Wisconsin Public Service Corporation under a 10-year power sales agreement, with electricity deliveries scheduled to begin June 1, 2005. Calpine is managing construction in 2 phases. The first 300 Mw unit is expected to enter operations in June 2005; the second 260 Mw phase in December 2005. As a combined-cycle power plant, the Fox Energy Center will use 2 General Electric 7FB combustion turbines in combination with a steam turbine to maximize fuel efficiency.

The consulting firm, Cambridge Energy Research Associates estimate dtoday that U.S. utilities will have to spend as much as $28 to $64 billion to retrofit aging coal-fired power plants over the next 15 years to meet tighter state and federal pollution standards. The EPA is scheduled to release its final power plant emissions by year-end. The group though said that despite the increased cost, coal will remain competitive with cleaner burning natural gas as a fuel source.

Cal ISO today issued a notice call for restricted maintenance operations on its system due to potential short fall for generating sources in southern California.



MARKET COMMENTARY

The natural gas market opened a nickel lower this morning as near term heating demand remained restricted as winter temperatures remained absent from much of the nation for the near term. Natural gas prices seemed to be the price leader for the energy markets overall today. Once prices breached the $7.00 level momentum built to the downside sending values down toward Friday's low levels before finding support. While prices moved in a relatively sideways pattern from late morning until the early afternoon, another round of selling near the close sent prices just below Friday's close and allowed prices to settle at their lowest level since September 27th. Final volume on the day was estimated at a moderate 64,000 futures traded.

Weather remains the key to this market. Tonight's 8-14 day temperature outlook may lend some support to this market as it sees some colder than normal temperatures moving across much of the nation. But with this week's moderate temperatures coupled with the limited amount of industrial demand due to the extended holiday weekend pressure will most likely remain on spot cash prices and act as a drag on prices especially tomorrow. We would be surprised to see shorts hold their positions going into a four-day weekend with the prospects of colder temperatures emerging next week. Thus if there is going to be an additional push to the downside, we feel that it mostly likely is going to occur Tuesday. Given that tomorrow is an option expiration day, it is not out of the realm of possibility that this market could make a run at the $6.50 strike.

We see support tomorrow starting at the $6.73-$6.72 level followed by $6.63-$6.61, $6.505 and $6.305. Resistance we see at $6.90, $7.00, $7.06 and $7.16. More distant resistance we see at $7.36, $7.50 and $7.767.

Please note that due to the upcoming Thanksgiving holiday, the EIA will release its weekly natural gas storage report a day earlier, on Wednesday at 12 noon, while the CFTC will not release its Commitment of Traders Report until Monday afternoon.