



ENERGY RISK MANAGEMENT

Howard Rennell & Pat Shigueta
(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR NOVEMBER 23, 2004

NATURAL GAS MARKET NEWS

Natural Gas Intelligence reported today that according to a study in which it reviewed the weekly storage predictions from the top 34 firms, including five energy companies, 28 financial houses and one energy consulting firm, it found that on average this group's consensus projection has been off on average 13.2 bcf per week since the EIA took over the study from the AGA in 2002.

Freebird Gas Storage LLC has filed an application with the FERC seeking to carry out a Phase II expansion of the former East Detroit Gas Storage field in Lamar county, AL.

Enbridge Energy Partners has signed a definitive purchase agreement to acquire natural gas gathering and processing assets in North Texas from Devon Energy Corporation. Enbridge expects the acquisition will be accretive to distributable cash flow immediately upon its close, which is anticipated by the end of 2004, subject to customary regulatory approvals. The acquired assets serve areas of the Fort Worth Basin, primarily in Jack, Palo Pinto and Parker counties. System facilities include approximately 2,200 miles of gas gathering pipelines and 3 processing plants with

Generator Problems

ECAR – The 1,090 Mw Cook 2 nuclear unit was shut early today. The unit was operating yesterday at 98% capacity. The unit is cooling down so plant personnel can investigate three possible leaks in the reactor coolant system.

ERCOT – The 575 Mw Big Brown 1 coal-fired power unit is scheduled to restart today. The unit was shut on November 22 to fix a boiler tube leak.

MAAC – The 650 Mw Oyster Creek nuclear unit ramped output to 21% capacity. The unit has been shut since November 3 for a refueling outage.

MAIN – The 1,170 Mw LaSalle 2 nuclear unit is currently operating at 98% capacity, up 21% on the day.

MAPP – The 538 Mw Prairie Island 1 nuclear unit is currently running at 7% capacity, after exiting a refueling outage.

NPCC – The 951 Mw Indian Point 2 nuclear unit is running at 29% capacity on the day, up 27%. The unit shut for maintenance on October 23.

SERC – The 1,148 Mw Sequoyah 1 nuclear unit ramped output to 69% capacity early this morning, up 24% on the day. The unit shut for maintenance and refueling on October 25.

The 1,215 Mw Vogtle 2 nuclear unit is currently operating at 60% capacity, up 57% on the day. The unit automatically tripped offline on November 20.

WSCC – The 1,123 Mw San Onofre 2 nuclear unit was back on the grid early today. The unit is currently operating at 43% capacity.

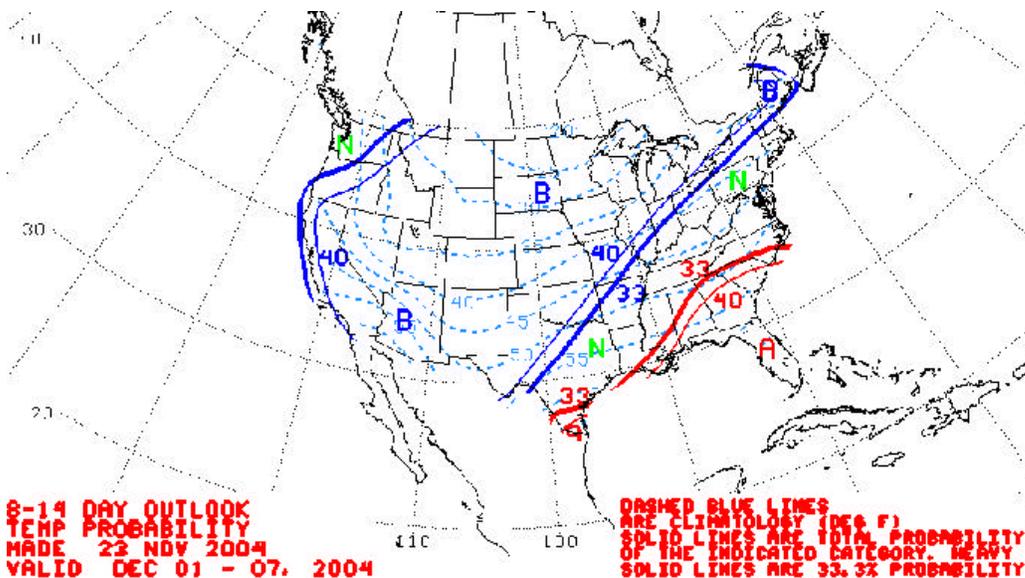
Based on the latest NRC reports, total nuclear generation output this morning reached 80,237 Mw up 695 Mw or .87% from yesterday's levels. Total generation was some 2.65% lower than the same date a year ago.

Cal ISO reported that some 10,695 Mw of generating capacity was out of service Tuesday, down 250 mw from the previous day.

aggregate processing capacity of 81 MMcf/d. Total current inlet volumes are approximately 55 MMcf/d.

Penn Virginia Resource Partners LP, which manages coal properties, today announced it agreed to buy a natural gas midstream business for \$191 million, to diversify the partnership's operations that are now focused on coal and land management businesses. Penn Virginia is buying the business from Cantera Resources Holdings LLC, a portfolio company of Morgan Stanley Capital Partners. The company plans to close the deal in the first quarter of 2005. The partnership said it had received a commitment for a combination of debt facilities to finance the deal. It expects the assets to generate about \$25 million to \$28 million of additional cash flow from operations during the first year after the deal closes.

Cheniere Energy stated today that it wants to develop a 2.6 Bcf/d LNG import terminal in Cameron Parish, Louisiana, its second proposal for the parish and state following its Sabine Pass LNG proposal. To be called Creole Trail LNG, the project would be located at the mouth of the Calcasieu Channel near the city of Cameron and would



be Cheniere's fourth active LNG proposal for the US Gulf Coast. "We will begin the...pre-filing process with the FERC in January and expect the permitting process to take 12-18 months," said Keith Meyer, president of Cheniere LNG, in a statement.

PIPELINE RESTRICTIONS

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 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.

Trunkline Gas Company stated it continues to expect a return to service of the Texas mainline through the Cypress Station starting November 24 at 9:00 AM CT. Until approval is received from the Department of Transportation to return to pre-outage operating conditions, the system will be operating at a reduced operating pressure. During this period, capacity will be limited to 250 MMcf/d, or 75% of the Texas System capacity prior to the rupture.

Colorado Interstate Gas Company said that based on a reduction in storage inventories since the initiation of an operational flow order on November 15, and the prediction of more seasonable weather for the near future; CIG is lifting the OFO effective immediately.

PIPELINE MAINTENANCE

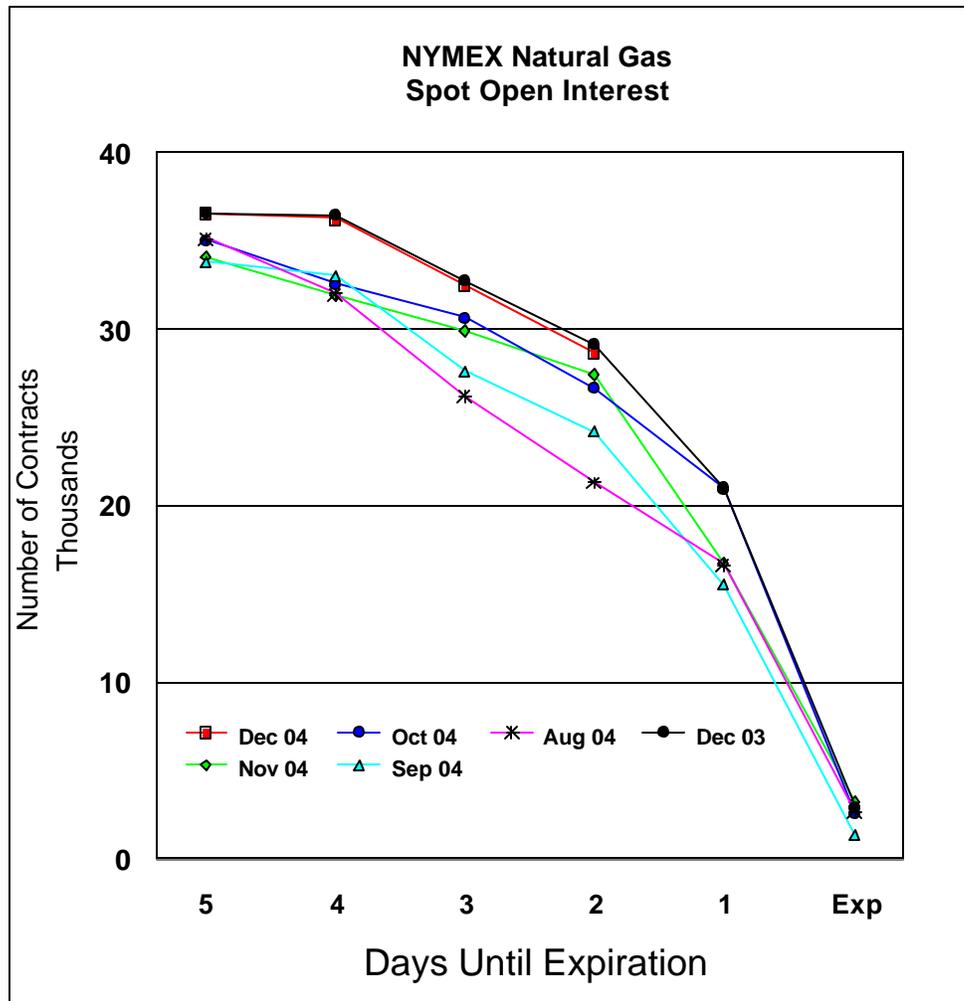
PG&E California Gas Transmission has scheduled a boroscope at the Tionesta Compressor K-1 from December 7-8. PG&E anticipates capacity on the Redwood Line to slip to 2,100 MMcf, or 98% capacity during on December 7, and 2,075 MMcf/d or 97% capacity on December 8.

Panhandle Eastern Pipeline Company said there is an outage at Montezuma due to maintenance on Engine 1313. It began on November 7, and was expected to last 7 days. This outage has been extended through December 7. During the outage the available capacity will be reduced by 100 MMcf/d.

El Paso Natural Gas Company stated that the Roswell 3 compressor, which was scheduled to be down November 23 only, will have to remain down through November 29. The problem with the turbocharger has been found to be more severe than first estimated, and the required part is not immediately available. The capacity of the San Juan Crossover will be reduced by 20 MMcf November 23-29.

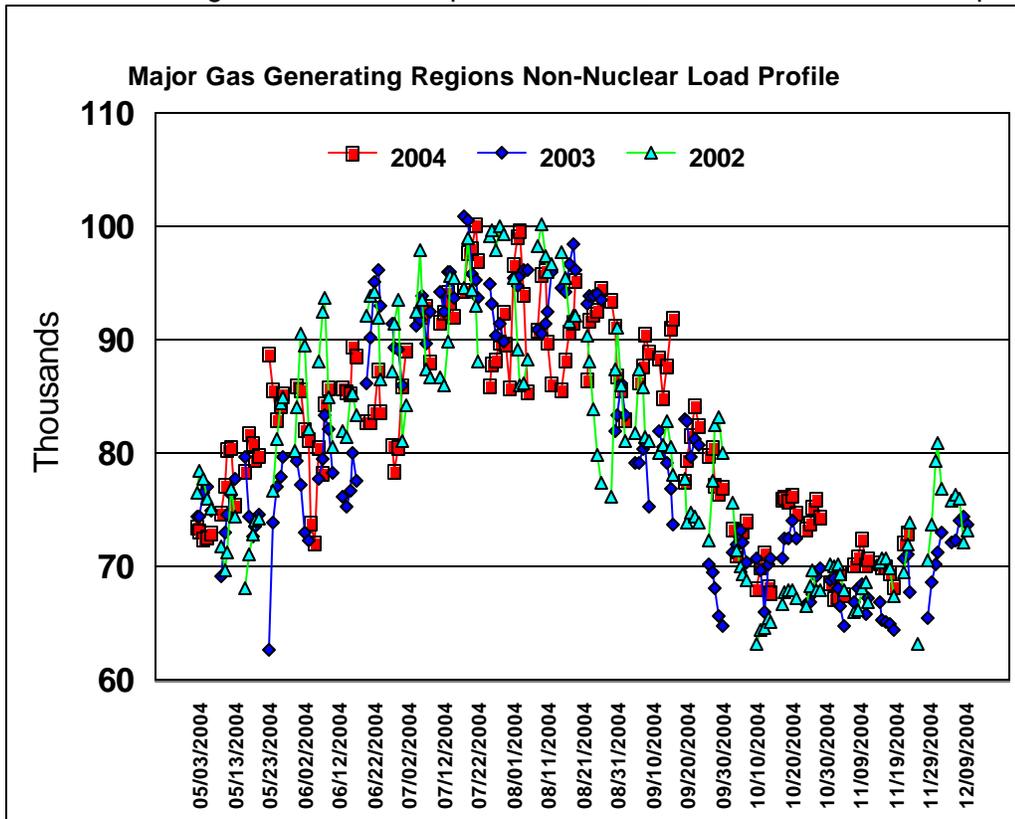
Trailblazer Pipeline Company recently released its schedule of maintenance projects for the month of December.

On December 1, Trailblazer will perform maintenance at Station 603 in Kearney County, Nebraska. Interruptible flow, authorized overrun and secondary out-of-path transports from Segment 10 may be at risk. On December 15, Trailblazer will perform maintenance at Station 601 in Logan County, Colorado. ITS/AOR and secondary out-of-path transports from Segment 10 may be at risk. On December 7, the company will perform maintenance on unit 1 at Station 602 in Lincoln County, Nebraska. ITS/AOR and secondary out-of-path transports from Segment 10 may be at risk. On December 21, Trailblazer will perform maintenance on unit 2 at Station 602. ITS/AOR and secondary out-of-path transports from Segment 10 may be at risk.



ELECTRIC MARKET NEWS

Southern Company reiterated its contention that it does not have generation market power and that the FERC's new interim market power screens are flawed. In a November 18 response that was made available yesterday, Southern objected to FERC's October characterizations that the utility's initial compliance with the new screens was deficient, but filed several new data points to substantiate its claim that it does not possess market power. "These enclosures are self-explanatory and are too extensive to summarize in a succinct manner here," Southern stated. At issue is Southern's response to FERC's new generation market power screens, which were unveiled in April.



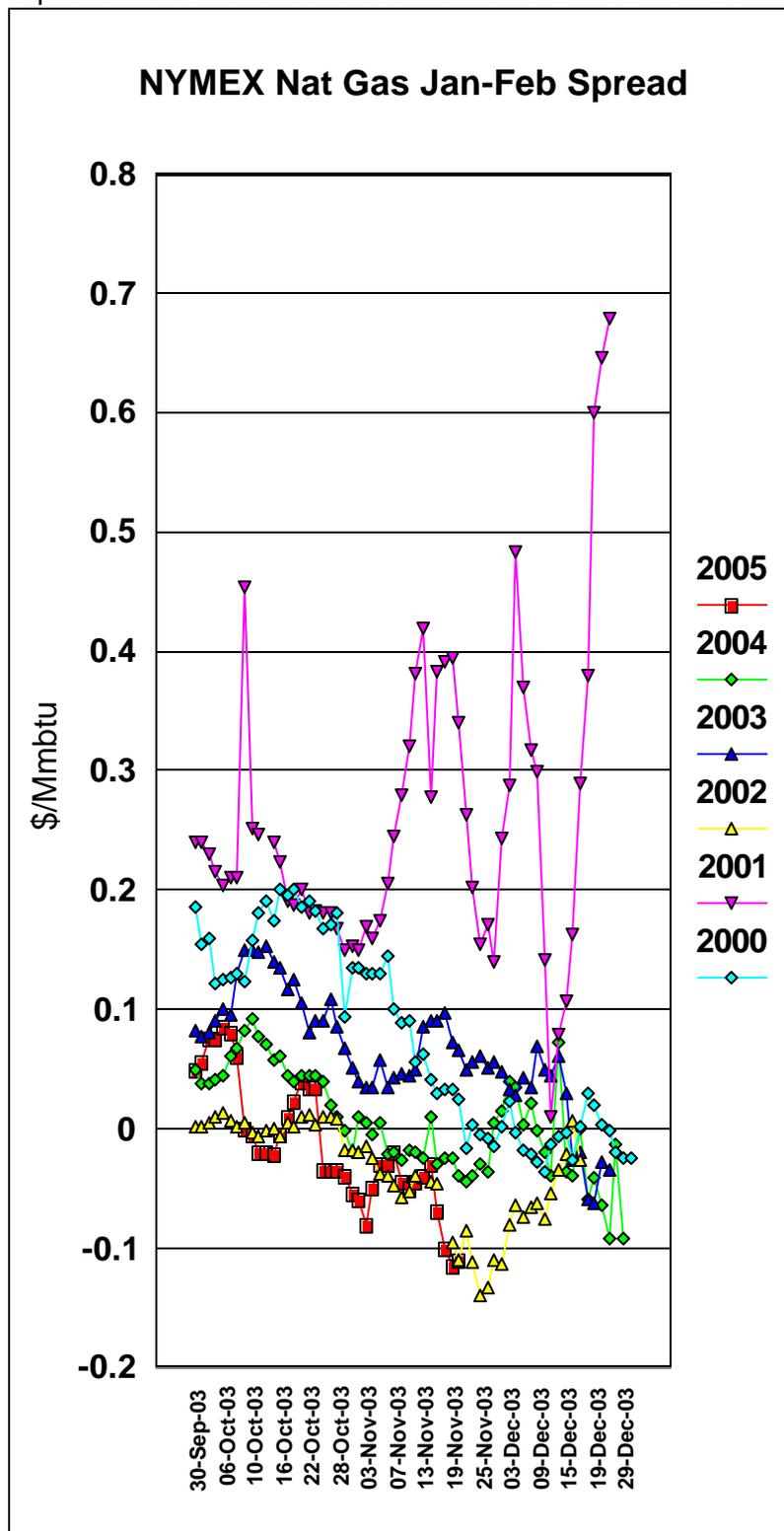
Two environmental groups have asked the Utah Air Quality Board to overturn decisions by the state Div of Air Quality approving two coal-fired power plants; a 950 Mw addition to the Intermountain Power Project in Delta, and Nevco Energy's 270 Mw plant proposed for Sevier County. In their appeal, the Sierra Club and Grand Canyon Trust argued the proposed plants pose a threat to public health and "vistas in Utah's national parks." The groups said they are

challenging two Prevention of Significant Deterioration permits approved last month by the DAQ. In a statement, the groups said they "are deeply concerned about the cumulative impacts these two coal-fired plants will add to the five existing plants in Utah, as well as two more proposed plants for the Castle Dale and Bonanza areas.

MARKET COMMENTARY

The natural gas market despite trading down as low at \$6.65 overnight on Access, never saw a challenge to these price levels during today's day session. The market opened a nickel or so better on the back of some more encouraging weather reports from the National Weather Service as well as from some private weather forecasting services that some winter heating demand appeared to be just around the corner. It appeared that while natural gas initially led the energy markets higher, once oil prices breached some key technical barriers at mid morning, natural gas took a back seat to the bulls in the oil markets and failed to follow oil prices significantly higher, especially once natural gas was unable to put in a serious challenge to resistance at \$7.00 and the trend line resistance at \$7.06. Despite today being the option expiration day for the December contract, prices stayed contained within a rather tight 10 cent trading range from late morning through the afternoon, and as a result posted an overall inside trading session. We have not seen an inside trading day on an option expiration since the August contract expired at the end of July. That event was followed by a trading session the next day that saw a 33 cent trading range, a rather wide range for a summer time

expiration. But if one looks back further one finds that last November also witnessed an inside trading



session for its option expiration and the following day saw a very calm expiration day for the futures contract with just a 9 cent trading range. In addition the open interest remaining in the spot contract prior to that futures expiration appears to be almost a carbon copy of this year's levels and as a result one would expect that this expiration could be just as bland and unexciting. But there are two wild cards that could make this market find additional volatility tomorrow, and that is dramatically colder temperature forecasts and the release of the gas and oil inventory reports. Accuweather is scheduled to release its updated winter weather outlook tomorrow and by all indications its lead forecaster is continuing to look for a significantly colder December, on par with December 1963. If this forecast is picked up by the press and broadly heralded tomorrow it could give a boost to prices. On the inventory side, the oil reports over the past several weeks have lent their share of high volatility to the overall energy complex and that most likely will be the case tomorrow when they are released at 10:30 AM EST. The natural gas report is scheduled to be released a day early, at 12 noon EST. Currently the market is looking for a 10-12 bcf decline. For the same week a year ago the market saw a 1 bcf drop in storage levels with the 5-year seasonal average showing a 24-bcf decline. We are looking for a slightly larger draw down of 14 bcf, based on heating needs we calculate last week were some 8% higher than the previous week and the fact that only 400 Mmcf/d of USG natural gas production came back on line during the reporting period.

We feel that this market will not want to go home short in front of a 4-day holiday weekend, with the prospects of colder temperatures next week and beyond. As a result if there is any initial selling we would look for it to come earlier in the day, with prices holding in the backs especially as we draw to a

close tomorrow. We see support in the December contract tomorrow at \$6.77 followed by \$6.73-\$6.72, \$6.65 and \$6.505. More distant support we see at \$6.305. Resistance we see at \$6.93, \$6.97, \$7.00, \$7.08, \$7.15, \$7.36 and \$7.50. More distant resistance we see at \$7.775 and \$8.095. We still like holding the Jan-Feb or Jan-March spreads.

