



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 24, 2004

NATURAL GAS MARKET NEWS

AccuWeather released its latest updated winter outlook today and as expected it continued to call for this winter to be 1-2 degrees colder than normal, especially in the eastern and southern parts of the U.S. The outlook for December along with February and March to be colder than normal with a potential respite found in January where temperatures will on the whole average out at normal to above normal.

U.S. orders for durable goods unexpectedly fell 0.4% in October, the second decline in three months, as demand slowed for cars and computers, a government report showed.

Generator Problems

MAAC – The 650 Mw Oyster Creek nuclear unit ramped output to 88% capacity, after running at 21% power yesterday. The unit has exited the outage that started on November 3.

MAIN – The 517 Mw Point Beach 2 nuclear unit is currently warming up at 1% capacity. The unit was taken offline on November 19, however the reasons for the outage were not immediately available.

MAPP – The 538 Mw Prairie Island 1 nuclear unit is operating at 45% power, up 38% on the day. The unit had originally shut on September 11.

NPCC – The 951 Mw Indian Point 2 nuclear unit is currently operating at 50% capacity, up 21% on the day. The unit continues to ramp up output after the outage.

SERC – The 1,148 Mw Sequoyah 1 nuclear unit is currently operating at 94% capacity, up 25% on the day. The unit shut for a maintenance and refueling outage on October 25.

The 1,150 Mw Browns Ferry 3 unit shut early this morning after the unit experienced an automatic reactor scram due to a turbine trip.

SPP – The 936 Mw River Bend nuclear unit is running at 55% power, up 31% on the day. The unit restarted November 19 after being taken offline October 21.

WSCC – The 1,123 Mw San Onofre 2 nuclear unit ramped output to 99% capacity over night. The unit tripped offline on Friday due to a ground on an electrical generator.

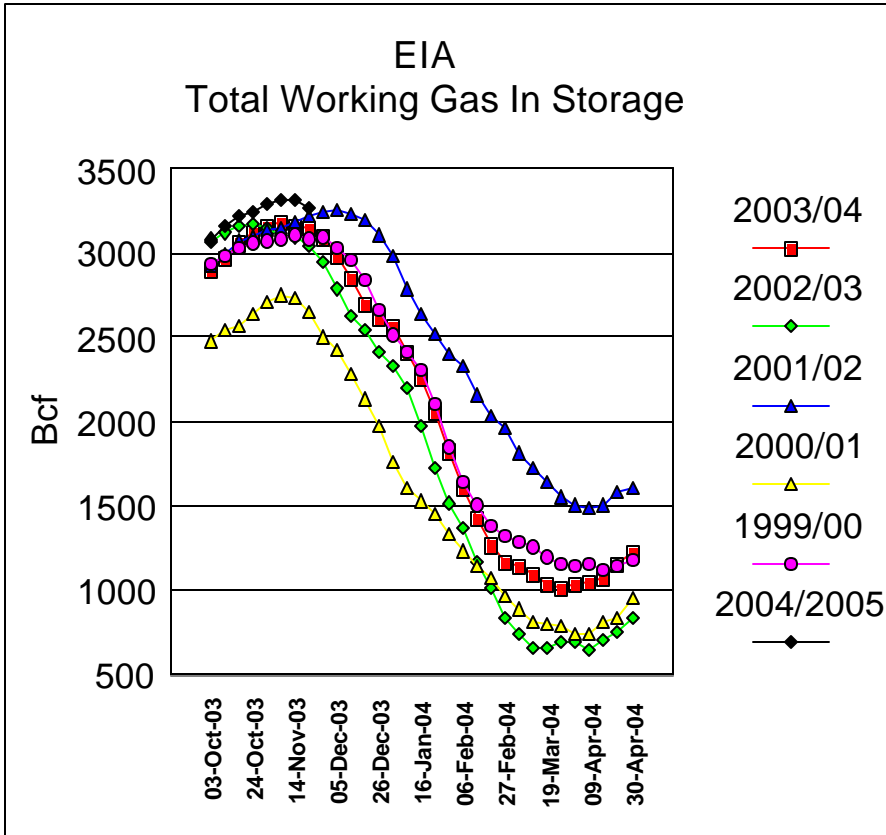
Based on the latest NRC reports, total nuclear generation output this morning reached 81,773 Mw up 1,537 Mw or 1.9% from yesterday's levels. Total generation was some .72% lower than the same date a year ago.

Twenty-four U.S. House members on Tuesday asked the California Public Utilities Commission to reconsider its September 2 decision establishing common pipeline receipt point and interim rates for LNG supply, suggesting that the regulators may have been too hasty in assuming the state will need to rely on LNG to meet gas demand. In a letter to PUC President Michael Peevey, the lawmakers, nearly all California Democrats, said

EIA Weekly Report

	11/19/04	11/12/04	Net chg	Last Year
Producing Region	964	968	-4	903
Consuming East	1883	1928	-45	1859
Consuming West	425	425	0	392
Total US	3272	3321	-49	3154

they are disappointed with the agency's decision to approve the ruling without evidentiary hearings and urged that the order be reopened to allow such hearings. "Such an approach would have provided a fact-based, public process that would have helped ensure responsible decisions regarding LNG issues," the members said. Citing concerns by some consumer groups that the September ruling would give preferential rate treatment to gas from the Energia Costa Azul LNG project proposed for Baja California by Sempra Energy and Shell, the letter said that part of the decision alone appears to be grounds for rehearing.



PIPELINE RESTRICTIONS

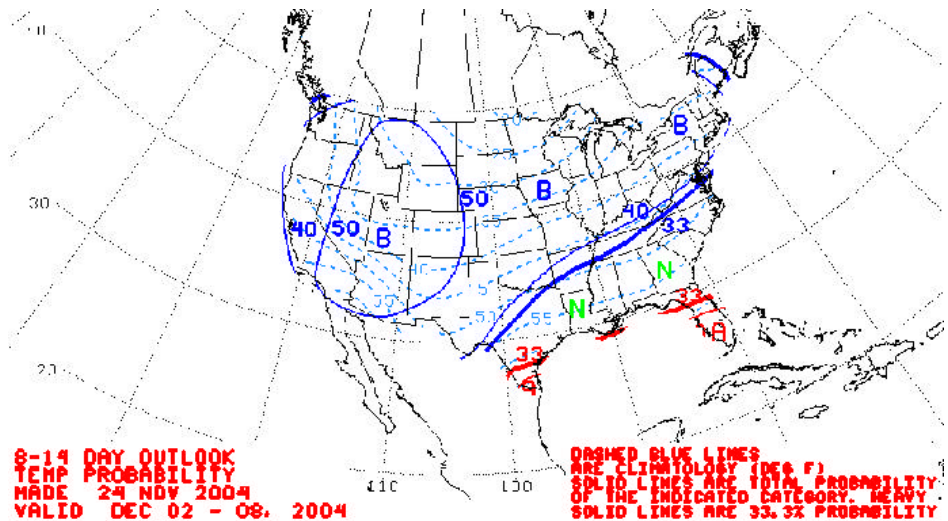
Texas Eastern Transmission Corp. reminded it still has several restrictions in place until further notice. The restrictions include; no due pipe make-up; no PAL loan resolution or PAL parks will be allowed; and no excess storage injections.

Northern Natural Gas Company stated that it will be lifting the restriction to schedule IDD injections to the extent that they create or increase a positive inventory balance. IDD daily injection amounts will still be limited by the injection allocation capacity. The company has reviewed its current and future storage inventory obligations and has determined that incremental IDD inventories can be

accepted at this time.

Trunkline Gas Company said it continues to expect a return to service of the Texas mainline through the Cypress Station starting today at 9:00 AM CT. The return will be at the full operating capacity of 330 MMcf/d.

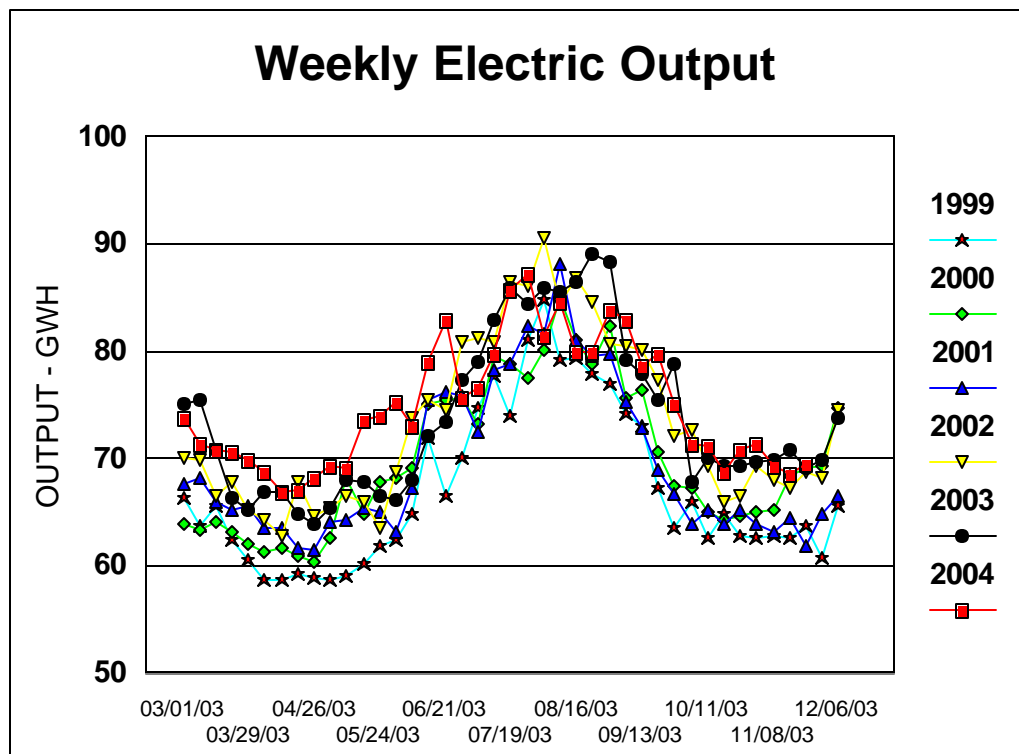
Florida Gas Transmission said temperatures in Florida are forecasted to be very mild over the holiday weekend, and historical burn patterns have been significantly less than



scheduled volumes for this holiday weekend. Therefore, for the upcoming gas day, FGT would like to alert their customers in the Market Area that there is the potential that FGT will issue an Underage Alert Day.

PIPELINE MAINTENANCE

Gulf South Pipeline Company said it will be performing scheduled maintenance on the Refugio Compressor Station Unit 4 beginning Monday, November 29, and continuing until further notice. Capacity through the Refugio Compressor Station could be reduced as much as 40 MMcf/d during this maintenance period.



ELECTRIC MARKET NEWS

Electricity production in the continental United States for the week ended November 20 increased 3.1% from the same 2003 period to 69,425 GWh, according to the Edison Electric Institute. The Rocky Mountain region showed the largest year-on-year percentage gain in output, rising 5.8% to 4,491 GWh. The Pacific Northwest, meanwhile, had the only year-on-year percentage decrease

in output, falling 2.3% to 2,981 GWh. For the first 47 weeks of the year, production totaled 3,479,883 GWh, up 1.8% from last year. For the 52 weeks ended November 20, production rose 1.7% to 3,839,455 GWh.

MARKET COMMENTARY

The natural gas market began the day with the spot contract standing with one of the four largest open positions on an expiration day and the highest open interest in an expiring contract since the October contract went of the board in September, when the spot contract saw gains of 46 cents on its expiration day. The potential for volatility of this large a number of open positions was compounded by a pre-holiday session, which typically can see even lighter volume. This market opened lower this morning on a general bearish mood throughout the energy markets as short term heating needs remained restricted by the upcoming holiday and compounded by moderate temperatures across much of the nation. The market continued to challenge support at \$6.65 throughout the morning but failed to breach this support level. But at noon when the EIA released its storage report, the market was caught completely off guard by a stunning 49 bcf decline in working gas stocks on the week. This draw down was basically three times as large as any projection in the marketplace. Its effect was to shoot prices through a month long trend line which today was providing resistance at \$6.928, and send prices soaring up into a \$7.40-\$7.00 trading range for the first half of the afternoon as some of the

shorts in the market ran for the exits. It appeared that many of the remaining shorts were stunned by the report and kept waiting for some notification from the EIA of some reclassification of working gas to base gas, to explain this sizeable decline in storage levels. But without any such classification coming it appeared that shorts in the expiring December contract were finally forced to begin to exit their positions in the final 45 minutes of trading sending prices even higher back above the \$8.00 level, something that the December contract had not seen since November 5th. This late day rally saw the Dec-Jan spread contract some 75 cents and reach levels not seen since early October before slipping back slightly and settling at 66.3 cents. The Jan-Feb and Jan March Spreads both saw January gain by 4 and 20 cents respectively by the day's end. Final volume on the day was relatively light for an expiration day, with just 85,000 futures traded.

We would look for weather forecasts to set the tone for price direction to start next week. But we feel that the lofty levels that the January contract went out at will be difficult to initially maintain to start next week. One must note that the January contract which a set a new near term low of the past two months this morning had by the end of the day retraced nearly 50% of the recent bear move. The weather outlook is just not that cold at this time. Therefore we would look for prices to see some early retracement next week. We would look for support at \$8.25, \$8.22, \$8.075 and \$7.928. More distant support we see at \$7.45 and \$7.40. Resistance we see at \$8.71, \$9.007 and \$9.43.