



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 29, 2005

NATURAL GAS MARKET NEWS

Looking to test interest in a storage expansion at its Midland, KY storage field, Boardwalk Pipeline Partners LP said Tuesday that its subsidiary, Texas Gas Transmission LLC., will hold a non-binding open season for firm storage service (FSS) and no-notice service (NNS).

Houston-based Enterprise Products Partners LP said Tuesday it will more than double brine storage capabilities to expand its natural gas liquids (NGL) and petrochemical storage services at the Mont Belvieu, TX facility.

World energy demand will continue to grow, but new oil and natural gas discoveries ramping up across the globe will likely lead to stabilized prices and perhaps even a dip in the long term, the CEO of BP plc said Tuesday.

BP plc Group Chief Executive John Browne said he's hopeful that a deal will soon be reached on a project designed to bring much-needed natural gas supplies from Alaska's North Slope to market. Browne noted that he is frustrated with the amount of time it's taking to move forward on the project. Last month, ConocoPhillips reached an agreement with the state and now, lawmakers are urging the two other North Slope producers BP and ExxonMobil to agree to contract terms with the state as well. Browne pointed out that the contract negotiations are very complicated because the project, which has been estimated to cost upwards of \$20 billion – is an enormous engineering project and a huge investment. The project probably won't be producing gas until 2014, and it'll take many more years after that to provide cash to investors, so there needs to be provisions in place to make investors comfortable.

The Minerals Management Service reported that 2.99 Bcf/d of natural-gas production remains shut-in. That is equivalent to 30% of the daily gas production in the Gulf of Mexico.

The New York Mercantile Exchange announced that it will change margins for its natural gas futures contracts and other related natural gas futures contracts effective at the close of business on November 30. The margins on the first month of the natural gas futures contracts will remain unchanged at \$14,850. Margins on the second month will decrease to \$15,525 from \$16,200 for customers. Margins on the third month will decrease to \$15,525 from \$16,875 for customers. The margins on the fourth month will decrease to \$9,450 from \$15,525 for customers.

PIPELINE RESTRICTIONS

Generator Problems

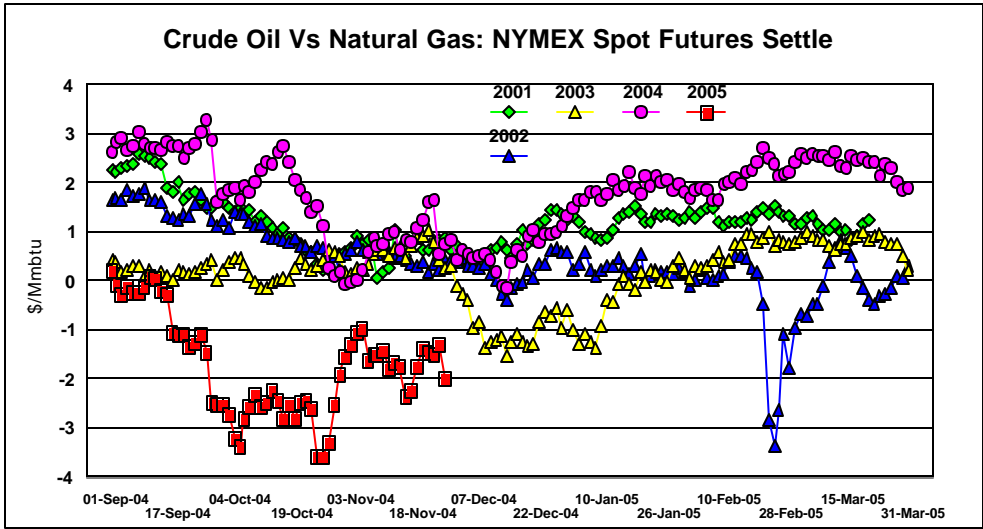
ECAR— FirstEnergy Nuclear Operating Company's Davis-Besse nuclear unit increased to full power following work on the main feedwater pump.

MAIN— Dominion Resources' 574 Mw Kewaunee nuclear unit again shut following a main feed pump trip. The unit was operating at full power yesterday.

SERC— Duke Power Company's 846 Mw Oconee #2 nuclear unit restarted today and is warming up at 17% power. Oconee #1 and #3 continue to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 90,189 Mw down .30% from Monday and up 3.56% from a year ago.

Gulf South Pipeline said that based upon its initial review of nominations, NNS demand, and other factors, Gulf South may be required to schedule available capacity and implement scheduling reductions on Sarepta to Sterlington 18-inch Index 250; Tyler 12-inch Index 8 / Palestine 8-inch Index 11 & 70 / Dallas 18-inch Index 1; Hall Summit; Koran Station; West 30 North; Barron (To Columbia Gulf); Bayou Sale to Napoleonville; Montpelier to Kosciusko, Kiln to Mobile, and Lake Charles Receipts – Capacity Area 6.



Kern River Pipeline said that line pack is low across its entire system. It requests that all customers to be on rate.

KM Interstate Gas Transmission said that effective today and until further notice, CIG Weld (PIN 6997) has limited capacity available for delivered volumes. Based on the level of nominations, interruptible flow, authorized overrun, and secondary volumes may be scheduled.

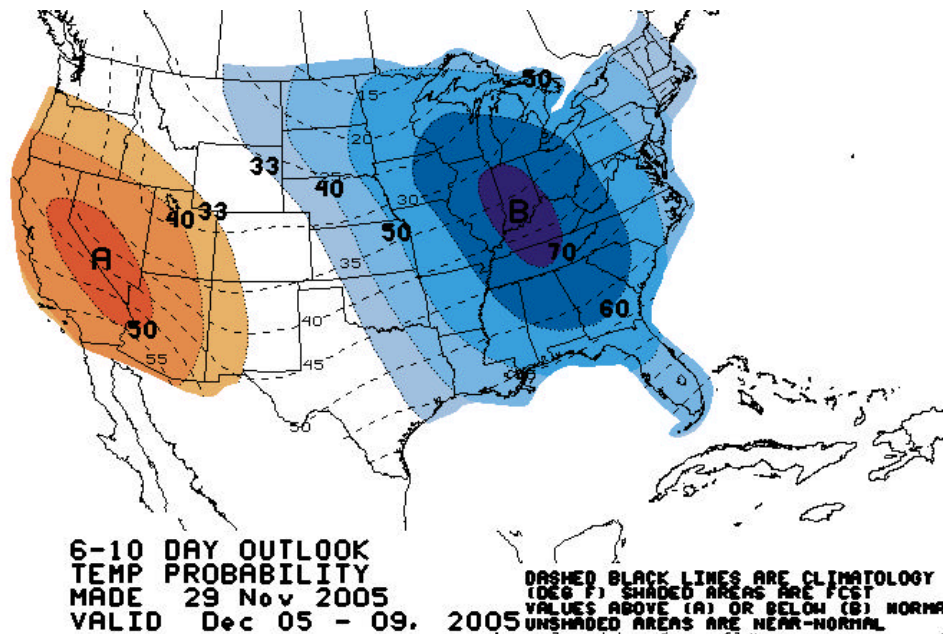
Texas Eastern Transmission said that Zones STX and ETX have been sealed to capacity. No increases in receipts between Vidor and Little Rock for delivery outside that area will be accepted. Tetco has scheduled and sealed the M1 24-inch system to capacity. No increases in receipts between Little Rock and Fagus for delivery outside that area will be accepted. Also, Tetco has scheduled and sealed receipts sourced at Monroe station. No increases in receipts sourced at Monroe will be accepted.

Williston Basin Interstate Pipeline Company said that a number of line sections are in pipeline Capacity Constraint. Penalties will be imposed at the following line sections: 002 Dickinson – Bismark; 003 Bismark – Cleveland; 004 Cleveland – Grafton; 007 Williston – Bismark; 024 Cleveland – Mapleton; and 025 Portal – Tioga.

PIPELINE MAINTENANCE

Gulf South Pipeline said that it began performing unscheduled maintenance at the Longview Texas #2 Compressor Station yesterday that will continue until further notice. Capacity through the Longview #2 Compressor Station could be affected as much as 30 MMcf/d during this maintenance period.

PG&E California Gas Transmission said it will be performing PLC work at the Tionesta K-1 Compressor on December 20. Capacity on the Redwood Line will be reduced to 2,055 MMcf/d, 96% of capacity.



ELECTRIC MARKET NEWS

The Kentucky Public Service Commission has approved the merger of Cinergy Corp, parent company of The Union Light, Heat & Power Co., with Duke Energy Corp. As a result of the PSC's decision, ULH&P's 145,000 ratepayers in northern Kentucky will receive credits totaling at least \$7.6 million over the five years following completion of the merger. The credits will be used to reduce the base rates ULH&P charges retail electric and natural gas customers in six Kentucky counties. ULH&P will continue to operate as a subsidiary of Cinergy, while Cinergy will become part of Duke Energy. Total net savings for the new corporation in the first five years following the merger are projected to be \$1.34 billion. Regulators in North Carolina, South Carolina, Ohio and Indiana still must approve the merger.

MARKET COMMENTARY

The natural gas market opened 26.6 cents higher today as fresh forecasts are calling for a wintry blast to scour key consuming regions of the Midwest and Northeast. The market traded to a high of 12.15 at the open but quickly came under pressure as a slumping crude market overlapped allowing prices to sag. Natural gas traded down to a low of 11.67 by midday and low volume in the afternoon let the market drift to settle at 11.736, up 10.2 cents from yesterday. Natural gas was the only one of the energy complex contracts to finish higher today, crude, unleaded gasoline and its heating substitute, heating oil, all finished lower.

The market continues to have trouble sustaining rallies, because of slumping crude prices, and an unclear picture of the weather. Current mild temperatures in the east seem to be keeping a lid prices, but cooler conditions towards the end of this week and into next could add some support to the market. Early expectations for Thursday's inventory figure are calling for a draw of between 30 to 61 Bcf. We see support at \$11.67, \$11.55 and \$11.13. We see further support at \$11.00, \$10.69 and \$10.10. We see resistance at \$12.25, \$12.60 and \$13.03. Further resistance we see at \$13.10 and \$13.38.