



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 3, 2004

NATURAL GAS MARKET NEWS

A spokesman for El Paso, the parent of ANR Pipelines, Friday contradicted reported statements made to the press by ANR employees yesterday that the source of the EIA reporting error had been ANR Pipelines. The spokesman said simply "Our EIA submission was correct and it was not revised." He went onto say that the ANR employee had misspoken and was referring to the posting of an error to the pipeline's bulletin board when she made her comments. The spokesman further said that the company would not allow further conversations between the press and the ANR employees and also would not release the company's

Generator Problems

ECAR – The 1,139 Mw Fermi 2 nuclear unit continues to warm up offline at 10% power. The unit restarted yesterday after being taken offline on November 8 to perform routine maintenance.

MAAC – The 1,100 Mw Salem units 1 and 2 will be taken offline by early Saturday due to the oil tanker spill in the Delaware River. The units will likely remain shut for several days.

The 1,100 Mw Hope Creek nuclear unit will remain shut for a repair and refueling outage until late December. The unit shut on October 10 due to the rupture of an 8-inch drain line.

MAPP – The 800 Mw Cooper nuclear facility is currently running at 96% capacity, down 2% on the day. The unit is preparing for a refueling and maintenance outage scheduled to begin January 15, 2005 and expected to last 30 days.

NPCC – The 515 Mw Rhode Island State Energy Partners natural gas-fired power station did not suffer major damage from a fire early today. There was a small fire in the air inlet duct housing for one of the plant's combustion turbines at about 9 AM.

SERC – The 693 Mw Turkey Point 3 nuclear unit is operating at 48% capacity, up 20% on the day. The unit restarted December 1 after shutting in late September for a 2-month refueling outage.

The 800 Mw Surry 1 nuclear unit restarted this morning and is warming up at 1% capacity. The unit shut October 31 for a standard refueling outage.

SPP – The 936 Mw River Bend nuclear unit is currently operating at 55% capacity, down 45% on the day. The unit was shut due to a charger malfunction, which has been repaired.

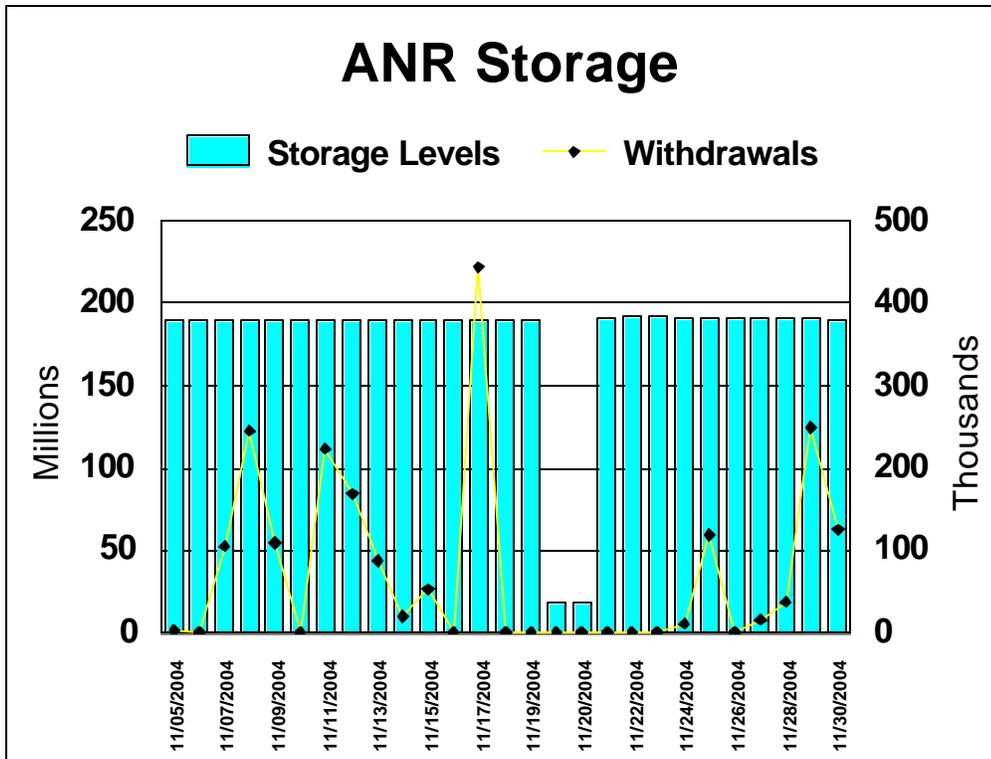
WSCC – The 790 Mw Mojave 1 coal-fired power unit has been increased in potential power. The unit's output was curtailed by just 40 Mw late Thursday.

The 320 Mw Alamitos gas-fired power unit 4 shut early this morning for unplanned reasons. The unit was running at full power yesterday.

The California Department of Water Resources increased the potential power output of its 933 MW Hyatt-Thermalito hydropower plant by 528 Mw late last night.

Based on the latest NRC reports, total nuclear generation output this morning reached 87,106 Mw down 214 Mw or .25% from yesterday's levels. Total generation was some 1.07% higher than the same date a year ago.

submission to the EIA. EIA also confirmed that it would not release the identity of the company making the erroneous submission, saying it is under confidentiality provisions. Interesting to note though that the company's bulletin board during this time did show some rather unique or strange fluctuations in storage data levels that were obviously out of recent norms.



Southern Natural Gas Company announced today it has received firm commitments from Progress Energy Florida and BG LNG Services, for capacity on a proposed pipeline expansion from Savannah, Georgia to Jacksonville, Florida. The company will host a binding open season beginning December 3, 2004 and ending January 17, 2005 in order to secure additional commitments for capacity on the expansion. The proposed pipeline project would provide

expanded access to natural gas supplies for markets in Georgia as well as northeast Florida. The 24-inch, 175-mile pipeline would transport natural gas from Elba Island, the company's LNG importation facility near Savannah, providing additional pipeline infrastructure and supply diversity these markets.

The Chairman of Artic Resources Company warned yesterday that the proposed Trans-Alaskan Gas Pipeline would end up charging a \$4 to \$5 Mmbtu transportation tariff, a price that would effectively negate what is expected to be a relatively low gas cost of \$4-\$5 mmbtu. He claimed that his company's alternative pipeline proposal via an undersea route via the Beaufort Sea and into Northern Canada's Mackenzie Delta and down into Alberta would charge somewhere in the range of \$3 per Mmbtu.

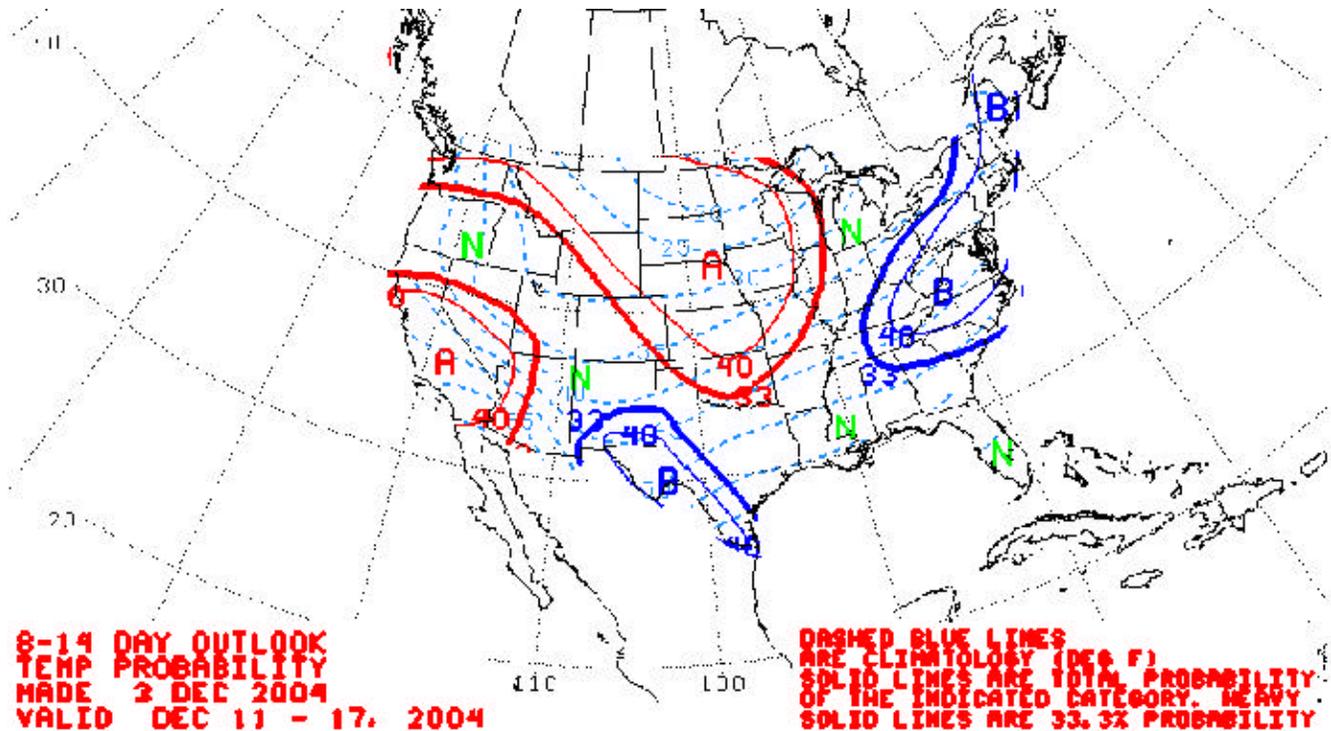
PIPELINE RESTRICTIONS

Northwest Pipeline Corp. said additional receipt capacity at the tailgate of Jonah Gas Gathering Northwest Pipeline has increased its receipt meter capacity at the interconnect point with Jonah Gas Gathering's Pioneer Plant. Northwest receives gas from Jonah at the Frontier Receipt Meter Station. The physical meter capacity has been increased to 250 MMcf/d.

Natural Gas Pipeline Company of America said that it is at capacity for gas received upstream of Compressor Station 155 in Wise County, Texas in Segment 1 going northbound. Increases to interruptible flow, authorized overrun and secondary out-of-path transportation volumes are at risk of not getting scheduled.

ANR Pipeline Company reminded that it will continue to allow daily injections to DDS, MBS and Overrun injections into Firm Storage Service accounts. The total daily injection capacity is currently 300 MMcf/d for all services.

Westcoast Energy said the DEGT pipeline system is continuing to experience low linepack conditions. Therefore, the company is ensuring any accounts in a drafted position to trend toward zero to a slight pack. The weather forecast for the weekend in the British Columbia and Pacific Northwest regions is calling for colder weather. Historically, during the first cold snap, production tends to be at risk of falling off. If DEGT observes that production has been lost the shipper's account availability may be reduced to match actual production. Ideal linepack for winter months is approximately 2,900.



PIPELINE MAINTENANCE

Alliance Pipeline stated that the Tampico Compression Station will be offline for 24 hours starting at 9:00 AM CT on December 7. This outage is to perform a critical inspection. Authorized overrun will be affected but will be determined at a later time. The Towner Compression Station will also be offline for 36 hours starting at 9:00 AM MT on December 7. This outage is to perform a critical inspection. AOS will be impacted. Scheduled maintenance will require Unit 1 of the Carson Creek Lateral to be unavailable for 8 hours on December 7. Station capacity will be reduced to 14 MMcf/d for this gas day.

Williston Basin Interstate Pipeline Company announced that there will be maintenance at the Northern Border-Manning Station for a 6-hour period each day December 8 and 9. At this time, Williston does not anticipate any restrictions to the system. Also, due to maintenance on the Baker Booster, Point ID 04018 Baker Area Mainline may potentially be affected. At this time, Williston does not anticipate any restrictions to the system.

El Paso Natural Gas Company said that completion of the Gersham station piping project gas been delayed by rain and subsequent muddy conditions at the site. The current estimate for completion is December 31. The capacity from Waha West will be reduced by 85 MMcf/d through December 31.

Colorado Interstate Gas Company recently listed 3 maintenance projects for the month of December. In Wyoming at the Muddy Gap Compressor Station, one unit will be out of service December 1-20 due to unexpected maintenance. Capacity through Wind River Lateral will be reduced to 210 MMcf/d. In Colorado at the Kit Carson Compressor Station, 2 units will be out of service December 1-31. At the Springfield Compressor Station, one unit will be out of service December 6-17.

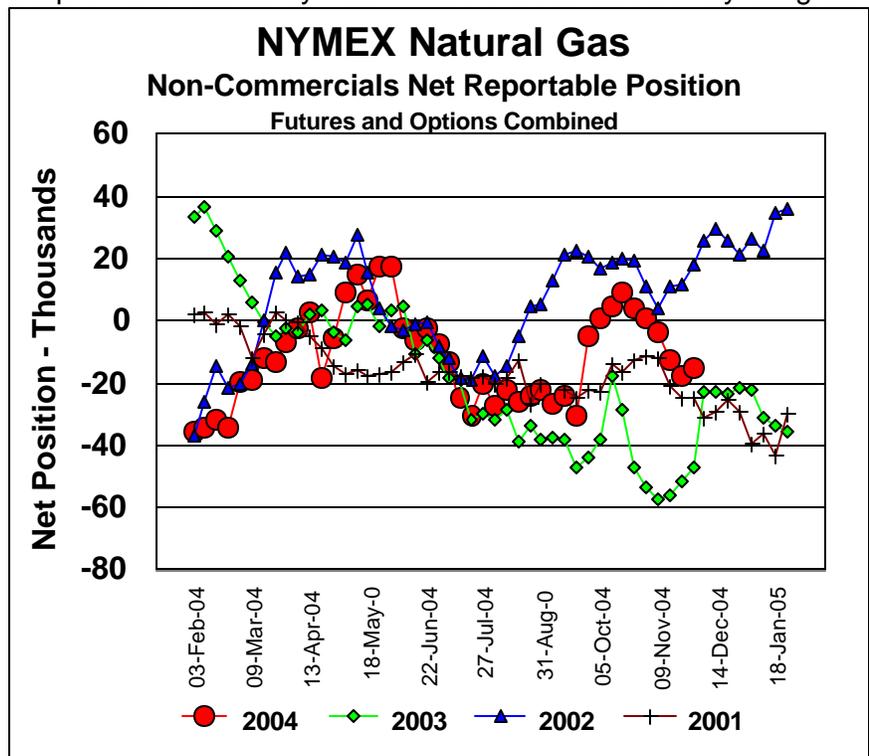
Southern Natural Gas Pipeline Company stated yesterday that it experienced another unscheduled outage at its Bienville Compressor Station in north Louisiana. However, the unit has been repaired. Capacity west of Bienville has return to normal.

ELECTRIC MARKET NEWS

The Chicago Climate Futures Exchange confirmed once again today that it will launch its international sulfur dioxide futures trading contract next Friday. The contract will consist of 25 tons of SO2 emissions allowances, with a minimum price increment of \$1 per ton and daily price limits of \$50 per ton. Allowances acceptable for delivery are current and prior year vintage allowances and allowance vintages for the first year subsequent to the calendar year of the contract expiration. There will be six quarterly contracts plus out-year December expiration contracts, starting with March 2005 and ending December 2008. A limited number of trading memberships will be open to companies such as futures commission merchants, utilities, corporations or proprietary traders.

MARKET COMMENTARY

The natural gas market opened lower again this morning for the fifth time out of the last six trading sessions as traders were met again this morning with near term weather forecasts that continued to moderate and intermediate term forecasts that continue to show little or no consensus when winter temperatures will finally arrive across the nation for any thing more than a couple of day period. The



market after the opening quickly slid lower and retested yesterday's low at \$6.69 as oil prices quickly plunged to make new near term lows. But natural gas held these lows and actually rallied some 20 cents before settling into a typical sideways and lightly traded Friday trading session. Final volume was estimated just over 50,000 lots traded in the futures contracts.

This evening's Commitment of Traders Report showed little change in non-commercial, commercial or reportable positions through the last weekly period ending Tuesday, November 30th. But it appears that this may have changed on Thursday. The NYMEX this afternoon reported that the

natural gas market saw open interest basis yesterday's trading swell by 5308 contracts in what has to be seen as new shorts flooding into the market.

We feel that barring a significant change in the weather forecasts this market will once again open lower come Monday and work lower just as it has done over the past two preceding Mondays. Given that today was an inside trading day that makes us look for the high probability of Monday being a volatile trading session. We again see the \$6.69 level as the first key area of support followed by \$6.505, \$6.425 and \$6.308. Resistance we see at \$6.90-\$6.95, \$7.00, \$7.46, \$7.695, \$7.785 and \$7.932.