



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 20, 2005

NATURAL GAS MARKET NEWS

The Alaska Gasline Port Authority (AGPA), which is touting an "All-Alaska Gasline" route to move North Slope natural gas to the Lower 48 states, late Monday filed a federal antitrust lawsuit charging ExxonMobil Corp. and BP plc with conspiring to refuse to sell gas from the resources they control on the North Slope.

Kinder Morgan Energy Partners LP (KMP) and Sempra Pipelines & Storage said Tuesday they received 1.3 Bcf/d in binding, conforming commitments for two separate open seasons for the proposed Rockies Express Pipeline project. The partners said they will make a final decision on the proposed west-to-east pipeline in February.

Freeport LNG Development LP on Tuesday said it dosed on \$383 million of private placement note funding with nine institutional investors for the construction of the first phase of its liquefied natural gas (LNG) terminal on Quintana Island in Brazoria County, TX.

Central New York Oil and Gas Co. LLC (CNYOG), an Inergy LP subsidiary, closed the nonbinding open season for the Stagecoach Phase II expansion, reporting a "strong response." Interest expressed exceeded 200% of the available field inventory capacity of 13 Bcf and 300% of available deliverability. Those expressing interest included local distribution companies, gas-fired generators and third-party marketers, many of whom do not participate in the existing storage field, CNYOG said.

The National Energy Board, Canada's energy regulator, will begin its public hearings for the proposed Mackenzie Gas Project on January 25, 2006. The announcement advances the proposed C\$7 billion project, which aims to supply Alberta's oil sands producers and the U.S. market with natural gas from Canada's western Arctic. The development process for Mackenzie had stalled earlier in the year when the Imperial Oil led consortium behind the project stopped work, demanding that land-access and regulatory issues were solved before it continued with negotiations. The Mackenzie Gas Project calls for the development of Arctic natural gas fields and for laying a gas-gathering network in the Mackenzie Delta. A pipeline with capacity of 1.2 Bcf/d would be built to transport the gas.

PIPELINE RESTRICTIONS

Generator Problems

FRCC— FPL's 839 Mw St. Lucie #1 nuclear unit continued to ramp power and the unit is now operating at 30%. Yesterday, the unit was warming up offline at 1%. St. Lucie #2 continues to operate at full power.

SERC— Progress Energy's 900 Mw Brunswick #2 nuclear unit returned to full power early this morning. The unit was operating at 91% yesterday. Brunswick #1 continues to operate at full power.

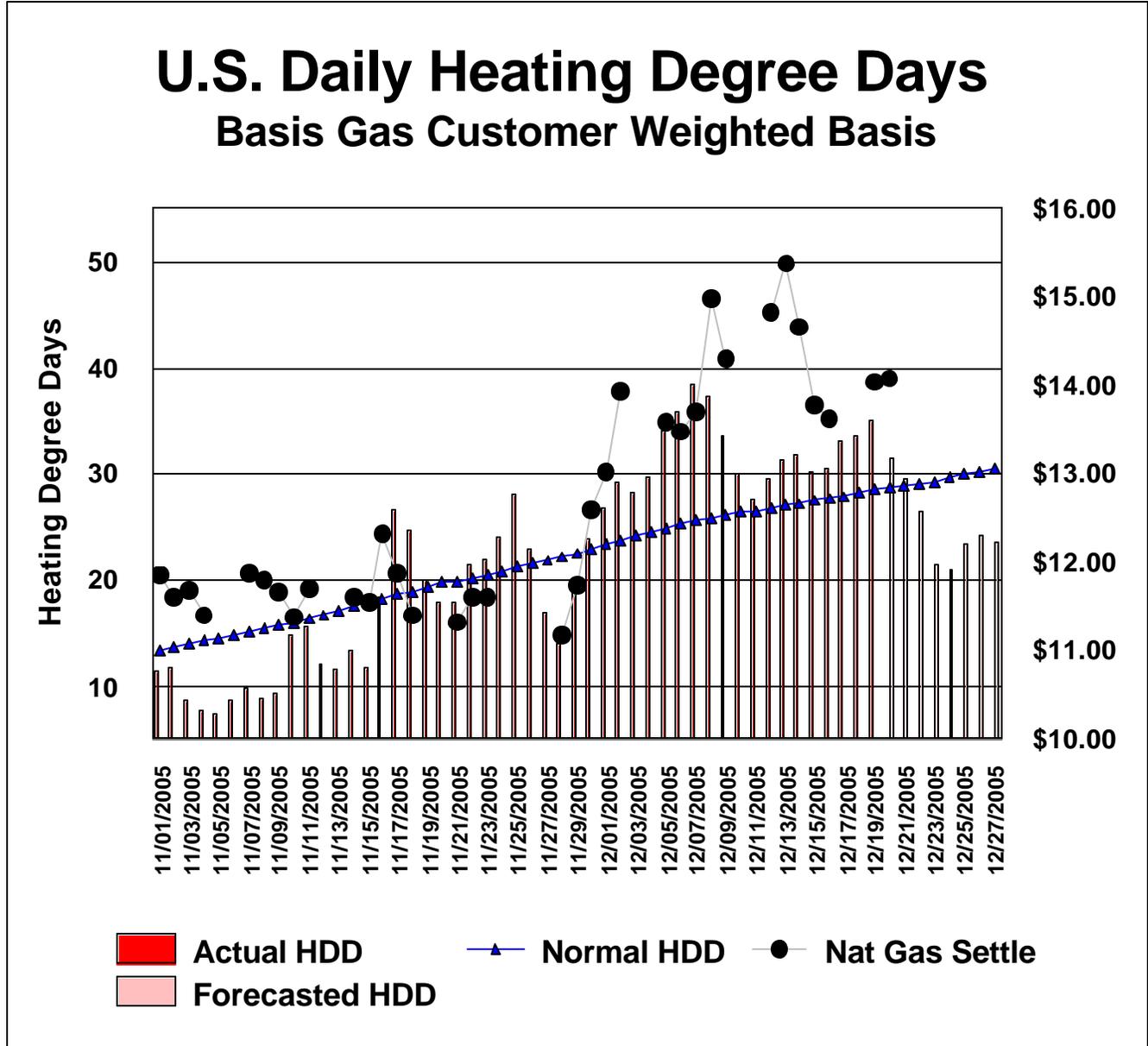
Duke Power's 1,100 Mw McGuire #1 nuclear unit increased power to full capacity. The unit was operating at 49% after restarting yesterday. McGuire #2 continues to operate at full power.

Southern Nuclear Operating Company's 1,215 Vogtle #1 nuclear unit continues to increase output, operating at full power today. Yesterday, the unit was operating at 25%. Vogtle #2 continues to operate at full power.

WSCC— Constellation Energy Group's 830 Mw High Desert natural gas-fired power station was out of service yesterday to perform unplanned work.

The NRC reported that U.S. nuclear generating capacity was at 94,501 Mw up 1.97% from Monday and up 2.32% from a year ago.

East Tennessee Natural Gas said that it has scheduled and sealed nominations flowing through Boyds Creek compressor station. No increases sourced west of Boyds Creek for delivery east of Boyds Creek will be accepted. Furthermore, no due shipper resolution, or creation of due pipe imbalances, will be available east of Boyds Creek. Delivery meter operators are required to flow volumes equal to or less than scheduled volumes. LMSMA parties cannot use undertakes west of Boyds Creek to offset overtakes east of Boyds Creek.



Florida Gas Transmission said that its linepack is currently below target levels, and cold weather is forecasted in Florida over the next couple of days. Consequently, it said that there is the potential that FGT may issue an Overage Alert Day on one of the upcoming gas days.

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 linepack is at a low level, according to an informational posting on their website. Kern River urges shippers to refrain from drafting.

Natural Gas Pipeline Company of America said that limited capacity is available in Segment 18 for gas received to be transported eastbound. Limited ITS/AOR and secondary out-of-path transport volumes are available. Segment 18 is located in the South Texas-Gulf Coast Zone in Jim Hogg County, Texas.

Texas Eastern Transmission said it has restricted STX and ETX to capacity. No increases in receipts between Mt. Belvieu and Little Rock for delivery outside that area will be accepted. Tetco has also scheduled and sealed M1 and M2 24-inch. No increases between Little Rock and Batesville for delivery outside that area will be accepted. Tetco has scheduled and sealed receipts sourced at Monroe Station. No increases in receipts sourced at Monroe will be accepted.

PIPELINE MAINTENANCE

Northwest Pipeline Corp. said it has completed the necessary repairs on the #2 unit at the Glendale compressor station. Therefore, effective immediately, Northwest will set the available capacity back to the Design Capacity of 547 MMcf/d. Also, Northwest anticipates that effective for gas day December 21, it will be able to return approximately 170 MMcf of delivery point capacity to Colorado Interstate Gas Company at its Green River, Wyoming interconnect. Based on the estimated return of this capacity, Northwest will begin accepting nomination requests for the Timely cycle on December 20 and end the declared deficiency period. Northwest will continue to provide updates on its plans to restore the full design capacity of 271.4 MMcf/d as information becomes available.

Williston Basin Interstate Pipeline Company said that maintenance is being performed at the Saco Compressor Station for approximately three weeks, beginning immediately. At this time, Williston does not anticipate any restrictions to the system.

ELECTRIC MARKET NEWS

A Delaware court today ordered Calpine Corp. to repay money that it misspent for fuel by January 22, ending weeks of legal wrangling that pitted the embattled company against representatives for some of its biggest creditors. The final order from the Delaware Court of Chancery affirms the Dec. 2 ruling by Vice Chancellor Leo Strine that Calpine violated the terms of its bond indentures by using proceeds from asset sales to buy natural gas for its plants. Calpine also must repay the \$312 million in misspent funds plus interest.

El Paso Marketing announced today that it has reached an agreement to sell the majority of its remaining wholesale power trading portfolio to Morgan Stanley Capital Group for a total of \$442 million. The sale includes all power positions other than its Cordova tolling arrangement and certain positions in the PJM power pool.

The Wyoming Infrastructure Authority and National Grid have signed a Memorandum of Understanding to jointly conduct a transmission study that will help lay the groundwork for a significant increase in electric transmission capacity between Wyoming and neighboring states to the west. The Wyoming-West transmission development study will build upon the Rocky Mountain Area Transmission Study, which was a consensus planning study conducted by regional industry, governmental, and environmental stakeholders in 2004 that was co-sponsored by the Wyoming and Utah governors.

MARKET COMMENTARY

The natural gas market opened 14 cents lower today to start another quiet trading session, as the January contract traded between positive and negative territory today. Initially, natural gas traded to the lower end of the day's range reaching as low as 13.75, but remaining for the most part above the 13.80 level. At about midday, prices moved up to yesterday's high and were able to slightly push higher, posting the day's high at 14.245. With thin volume and a sparsely populated trading floor due to the transit strike in New York City, traders are not inclined to make a major move. Natural gas finished the day up 3.7 cents at 14.08.

The lack of fundamental support is going to weigh on this market, but first traders have to get through the EIA's storage report, which following last week's cold is expected to range between a 125 Bcf draw to a 190 Bcf draw. This will compare bullishly to last year's 114 Bcf pull and the five-year average draw of 119 Bcf. We see

resistance at \$14.25, \$14.57 and \$14.80. We see further resistance at \$15.60 and \$15.78. We see support at \$13.38, \$13.00 and \$12.78. We see further support at \$12.59 and \$12.25.