



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 22, 2005

NATURAL GAS MARKET NEWS

The American Gas Association (AGA), which represents gas utilities, earlier this week had its fingers crossed that Congress would approve a total of \$4.2 billion in funding for the Low-Income Home Energy Assistance Program (LIHEAP) for fiscal 2006. But after the legislative dust settled Wednesday, the Senate funded the program at only half that level and below what it had approved in fiscal 2005, despite record-breaking home heating costs this winter.

Keltic Petrochemicals Inc. took an important step in the development of its planned liquefied natural gas (LNG) import terminal in Goldboro, Nova Scotia, by signing an agreement with The Netherlands-based Petroplus International BV for management and operation of the proposed import terminal, including LNG supply procurement.

The Minerals Management Service reported that 1.96 Bcf/d of natural gas production remains shut-in in the Gulf of Mexico. That is equivalent to 19.6% of daily gas production.

PIPELINE RESTRICTIONS

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 due to cold temperatures and low linepack, it is issuing an Overage Alert Day at 20% tolerance.

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

Generator Problems

ERCOT— TXU Corp.'s 750 Mw Martin Lake #1 coal-fired unit is expected to restart tomorrow. The unit was shut Wednesday to repair a boiler tube leak and to perform other maintenance.

FRCC— FPL's 839 Mw St. Lucie #1 nuclear unit ramped output to 91% today. The unit was operating at 48% yesterday. St. Lucie #2 continues to operate at full power.

FPL's 760 Mw Turkey Point #3 nuclear unit increased output to 65% capacity. Yesterday, the unit was operating at 59%. Turkey Point #4 continues to operate at full power.

NPCC— Entergy Nuclear's 956 Mw Indian Point #2 nuclear unit reduced power to 24% this morning. The unit was operating at full power yesterday. Indian Point #3 continues to operate at full power.

SERC— Entergy Nuclear's 858 Mw Arkansas #1 nuclear unit restarted after being shut for two months. The unit is warming up offline at 4%. Arkansas #2 continues to operate at full power.

WSCC— Pacific Gas and Electric's 1,100 Mw Diablo Canyon #1 and #2 have increased power. Unit #1 is operating at 69% and #2 is operating at 66%. The units were reduced due to a storm in the Pacific ocean.

The NRC reported that U.S. nuclear generating capacity was at 93,298 Mw up .27% from Wednesday and up 2.51% from a year ago.

EIA Weekly Report

	12/16/2005	12/09/2005	Net chg	Last Year
Producing Region	780	823	-43	922
Consuming East	1645	1744	-99	1875
Consuming West	377	397	-20	417
Total US	2802	2964	-162	3214

*storage figures in Bcf

Kern River Pipeline said that linepack has returned to normal levels across its system.

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.

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.

Canadian Gas Association

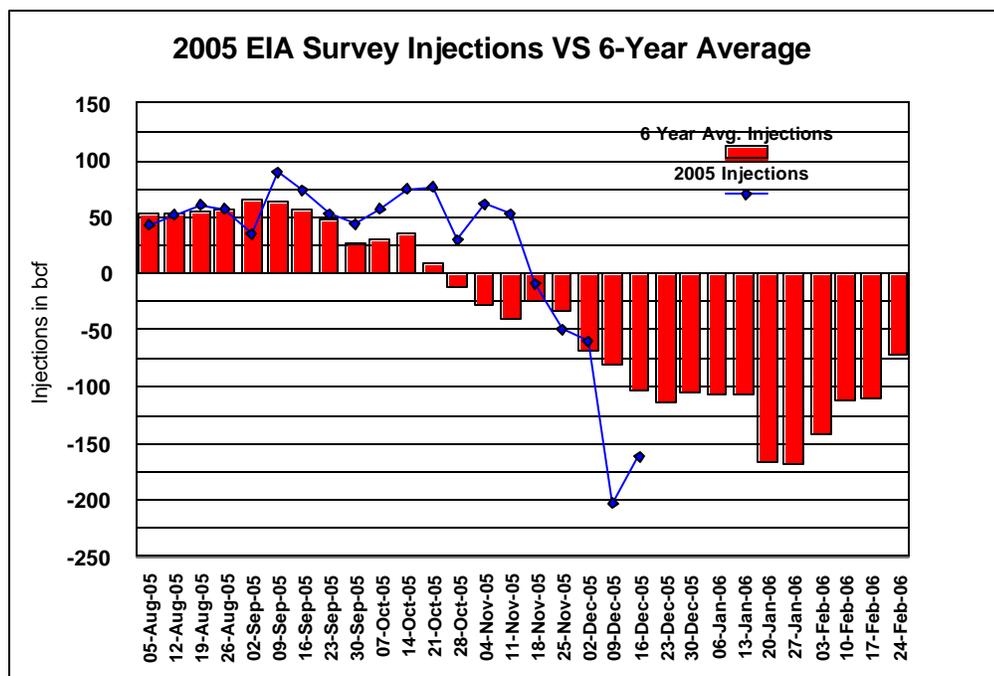
Weekly Storage Report

	16-Dec-05	09-Dec-05	17-Dec-04
East	210.9	213.8	228.8
West	205.1	217.0	189.7
Total	415.9	430.8	418.5

storage figures are in Bcf

PIPELINE MAINTENANCE

Kern River Pipeline said on January 16-30, it will complete necessary repairs to the lube oil cooler on unit #3 at the Veyo Compressor Station. The scope of the project requires that unit #3 remain unavailable for the duration of the work. Kern River anticipates no impact to firm transportation. Firm shippers are reminded to get their primary nominations scheduled no later than the Intraday 1 cycle to avoid the “no bumping” NAESB rule in the Intraday 2 cycle. Kern River anticipates an estimated system capacity of 1,910 MMcf for gas days January 16-30.

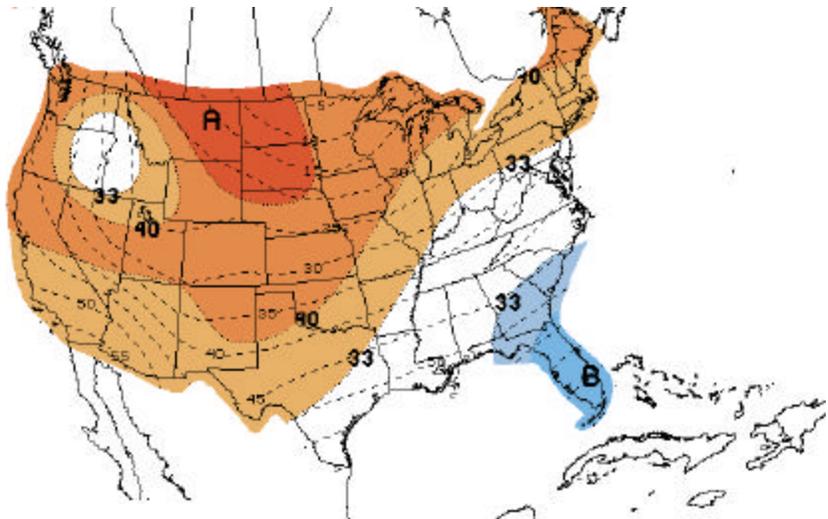


Natural Gas Pipeline Company of America announced its maintenance schedule for the month of January. On January 56, Natural will begin rehab work on the Gulf Coast #3 Mainline south of Station 303 in Angelina County, Texas. This rehab work is in Segment 26 of Natural's Texok Zone and on these two gas days Station 303 will be unavailable. This scheduled work will result in a reduction of available capacity southbound through Station 302 in Segment 26 into Segment 25.

Natural therefore expects to schedule a reduced level of primary firm and secondary in-path transports from Segment 26 into Segment 25 on these days. ITS/AOR and secondary out-of-path transports from Segment 26 into Segment 25 will be unavailable these two days. From January 7 to February 7, Natural will be replacing 400 feet of pipeline and hydro testing a section of the Gulf Coast #3 Mainline south of Station 303. On January 11, Natural will be installing an inlet scrubber at Station 802, and on January 18, Natural will install a hot tap on the Wise County Lateral south of Station 155 in Wise County, Texas.

ELECTRIC MARKET NEWS

The EIA reported that warmer than normal weather in October accounted for a 9.7% drop in total electricity generation and sales, compared to September. The EIA's monthly Flash Estimates of Electric Power Data said the average retail price of electricity rose 5.5% in the first 10 months of 2005, reflecting higher oil and natural gas prices and decreased nuclear power output.



**8-14 DAY OUTLOOK
TEMP PROBABILITY
MADE 22 Dec 2005
VALID Dec 30, 2005 - Jan 05, 2006**

DASHED BLACK LINES ARE CLIMATOLOGY (10° F). SHADED AREAS ARE FCST. VALUES ABOVE (A) OR BELOW (B) NORMAL. UNSHADED AREAS ARE NEAR-NORMAL.

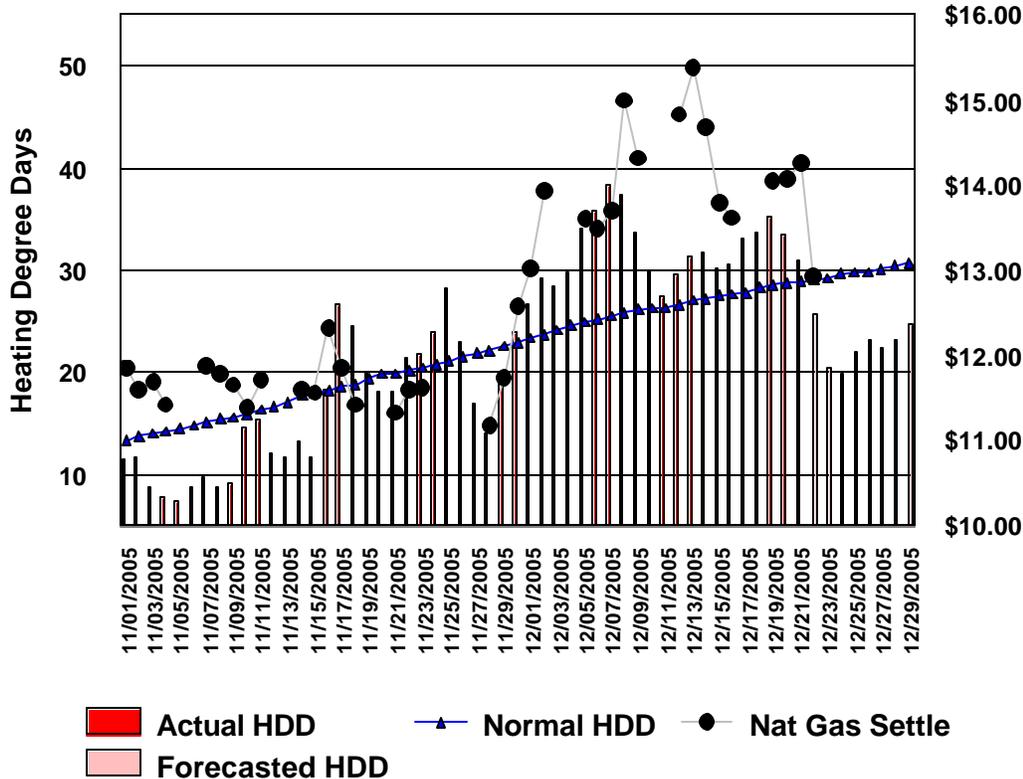
MARKET COMMENTARY

The natural gas market opened 67 cents lower today following yesterday's overbought rally. The overnight market saw prices relax following Wednesday's rally due to moderating weather, which is calling for temperatures east of the Rockies to thaw in the coming week. Pressure was added to the

market following the EIA inventory storage report which showed a smaller than expected draw storage.

Expectations centered around a 170 Bcf draw, but the actual figure showed that last week underground storage reduced by 162 Bcf, pressuring prices below 13.50. The market found intraday support just above 13.00 and moved sideways for the majority of the afternoon until a new wave of selling pushed the market below 13.00 to the day's low of 12.75. January natural gas ultimately fell 1.348 to settle at 12.923.

**U.S. Daily Heating Degree Days
Basis Gas Customer Weighted Basis**



The lack of liquidity

in the market helped to exaggerate today's move, and with the recent run-up, moderating weather, and bearish inventory report, the market was set to tumble. With no supportive weather out there right now, we feel this market will continue to trend lower and look to the next support levels above 12.00. As was the situation before the cold snap at the beginning of the month, natural gas is settling in its wide range between \$12.00 and \$14.00. We see resistance at \$13.70, \$14.50 and \$14.80. Further resistance we see at \$15.60 and \$15.78. We see support at \$12.75, \$12.59 and \$12.25.

We would like to wish everyone a happy holiday and will publish our next report on December 27th.