

Price Watch Webinar Q&A

1. Can you set up a trigger price (fixed price) along with the necessary documents needed to have SUEZ automatically execute on the trigger price when it is achieved?
 - a. The Price Watch service offered to customers does not include any automatic triggering mechanism. However, customers interested in trigger contracts that allow SUEZ to execute a contract on their behalf when a specific trigger point is reached can contact their sales rep for more details.
2. Does Price Watch have provisions for so-called “Blend and Extend” pricing?
 - a. The term “Blend and Extend” refers to a customer’s ability to amend an existing contract to (1) extend the term of the agreement and to (2) blend the contract price for the remaining term with the extension term.
 - b. Currently, Price Watch does not support Blend and Extend pricing requests. We expect to roll out this added service in the second quarter of 2006. If you are interested, please inform your SUEZ sales rep.
3. Can SUEZ provide pricing for regions that SUEZ does not currently serve (for example, California)?
 - a. SUEZ only provides pricing for regions where we are currently active, which includes certain markets in the following states: TX, IL, NY, NJ, PA, MD, ME, MA, and DC.
4. How is MCPE calculated? What are the considerations that we, as end-users, need to understand?
 - a. The term “MCPE” stands for the Market Clearing Price for Energy and applies only to the ERCOT market in Texas.
 - b. The energy charge for customers choosing an MCPE contract is typically based on the product of the MCPE price for the applicable zone and the customer’s consumption in every 15 minute period. In addition to this, the customer may be charged a fixed retail adder that accounts for additional retail components such as ancillary services, renewable energy requirements, distribution line losses, etc.
 - c. When considering an MCPE product, you should keep in mind the fact that MCPE can be extremely volatile
 - d. You can visit our website to download a copy of ERCOT’s whitepaper on how MCPE is calculated and also for MCPE price updates.
<http://www.suezenergyresources.com/Decision/ERCOT.shtm>
5. Are the market prices provided by Price Watch indicative or executable prices?
 - a. The prices are indicative.
6. Are you actively marketing in Illinois or do you have plans to do so?
 - a. Yes. We are currently marketing in the Commonwealth Edison service territory.
7. Are you serving the Ameren service territory in Illinois?
 - a. We are not serving the Ameren region at this time.
8. The examples shown are for fixed price products. Can Price Watch work with heat rate, MCPE index, or block type pricing structures?
 - a. Price Watch currently supports fixed price products and conversions of index contracts to a fixed price.
 - b. Currently, Price Watch does not include heat rate and index quotes.

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- c. We are currently developing Price Watch capabilities to support block pricing. The functionality should be available in the second quarter of this year.
9. Does this mean that Price Watch can be employed to deliver daily pricing to the ABC channel for individual customer loads? Also, would we continue to interface with the indirect sales desk to lock in rates via Price Watch?
 - a. The term “ABC” is an acronym for “Aggregator Broker and Consultant.” Contact your indirect sales rep to discuss how Price Watch may be applied in your situation.
10. Is historic pricing available or is it just forward looking?
 - a. Price Watch provides customer-specific pricing for future periods. For customers enrolled on the Price Trend report, SUEZ can provide a summary of prices quoted over time. The storage of these quotes begins when the customer is effectively enrolled for the Price Trend report.
11. What do the following terms mean: Bal 06, Cal 07, Cal 08?
 - a. “Bal 06” is short hand for Balance of 2006 and refers to the remainder of this year beginning with April. So Bal 06 translates to April 2006 – December 2006.
 - b. “Cal 07” is shorthand for calendar year 2007 and refers to January 2007 – December 2007. Similarly, “Cal 08” refers to January 2008 to December 2008.
12. Can you insert another column in your price table that shows the natural gas strip when SUEZ priced the price per kWh?
 - a. Price Watch does not have this capability.
13. Does Price Watch also look at power prices that are available from the regulated supplier?
 - a. No.
14. When we get a contract with SUEZ, do you actually purchase an energy supply agreement from a generator or do you hedge with natural gas or other energy futures? How much supply is hedged?
 - a. We use any hedging instruments at our disposal. We try to maintain a balanced book but are not at liberty to discuss specific hedging methods.
15. Are the prices quotes a net delivered cost?
 - a. The price excludes regulated utility charges and taxes except in NJ where SUT is included.
16. How far in advance can we purchase a contract to blend and extend? If a customer has a 24 month on his contract, can we add 24 more months and blend the prices?
 - a. You can extend your contract and blend the price at anytime during the original term as long as there are one or more months remaining on the contract.
17. We entered into a 3 year fixed contract with SUEZ in 10/2006 when pricing was high. After we wrote the contract, pricing lowered... Typically we look to the spring and fall for the lowest pricing. Would you look to the spring 2006 to extend and lower the price?
 - a. See responses to question 21 for factors to consider.

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- b. While the shoulders have traditionally been a favorable time of the year to look at pricing, market conditions and your company's specific goals to mitigate price risk should be your primary decision criteria.
 - c. For example, the 2005 hurricane season last year severely impacted the traditional fall shoulder season. This year we have seen significant price drops before the traditional spring shoulder season as a result of a mild winter.
18. I heard that natural gas can't be kept in storage for longer than one year. Do you expect the market to be flooded soon with gas due to the mild winter?
- a. There is no limitation on the length of time that natural gas can be kept in storage facilities. There is, however, a level above which storing incremental gas becomes a problem, due to availability of storage capacity. Last year storage peaked above 3.2 TCF and we are close to 1.7 TCF currently.
 - b. More data can be found from the Energy Information Administration's website.
19. Can we put a buy stop in place while being on an index rate?
- a. You can use Price Watch to monitor price trends. You are in control of when you want to lock in. Your sales manager can facilitate that request.
20. What was the "ratio" used in the example of "if gas prices rise by X amount, electric prices will increase by Y amount"?
- a. We used market implied heat rates ranging from 8 to 12. A HR of 8 is indicative of ERCOT while a HR of 12 is more indicative of NY Zone J. A Heat Rate designates the MMBTU in 1000's that are required to generate a MW of electricity.
21. Where do you think (with your expertise) the natural gas prices are going? Also, have you thought of buying electricity on a bulk basis and selling it to your customers?
- a. We would not want to make a prediction on where we expect natural gas prices to go, since we believe customers should make hedging decisions based on their own risk tolerance. Instead, I'll point to some factors that we see influencing the market going forward. Factors that could indicate softer gas prices include,
 - i. the absence of a significantly cold winter leaving us with a historically high gas storage surplus,
 - ii. recovery of production capacity in the Gulf of Mexico, and
 - iii. the perceived "demand" destruction that occurred in the post hurricane period.
 - b. On the other hand, expectations for an extremely warm summer coupled with a projected active hurricane season are helping keep gas price high through the summer and following winter period. There is also the prospect of demand recovering in response to the significant drop in natural gas prices in the last 2-3 months.
 - c. One observation that can be made is that gas prices have come off in the spring shoulder period, but the decline has not been nearly as pronounced in the fall 2006 out through 2008 period.

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