

Managing Energy Price Volatility with Price Watch Service

Proprietary and Confidential

Energy. Experience. Expertise.

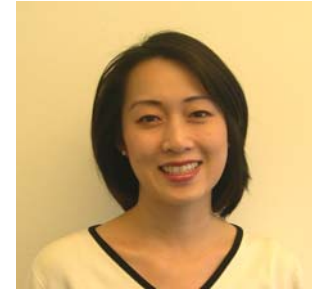
November 17, 2005

SVEZ
Energy Resources NA

Your Hosts

Lily Le

- Manager, Marketing
- 7 years retail energy experience
- Marketing and product development



Jay Harpole

- Director, Supply
- 7 years of energy experience
- Structuring, pricing, and risk management for Northeast markets



Kristine Robak

- Director of Sales, Key Accounts
- Certified Energy Manager
- Over 14 years of energy experience

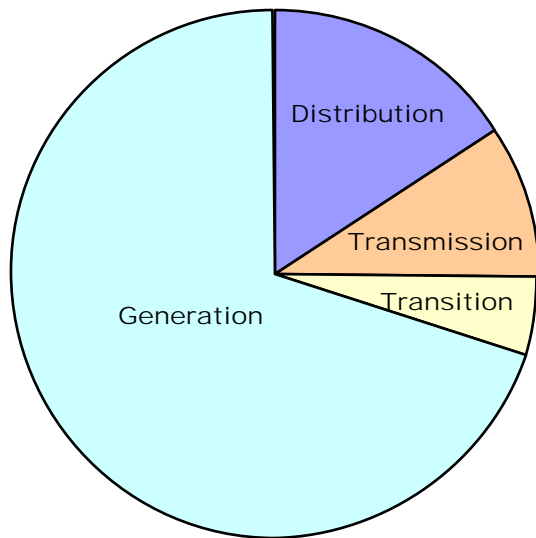


Agenda

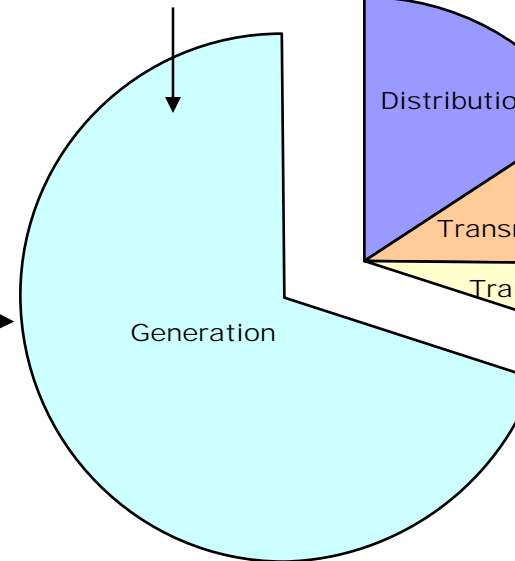
- ❖ About SUEZ Energy Resources NA
- ❖ What Drives Energy Costs?
- ❖ Managing Energy Prices with Price Watch
- ❖ Q & A

Competitive Markets

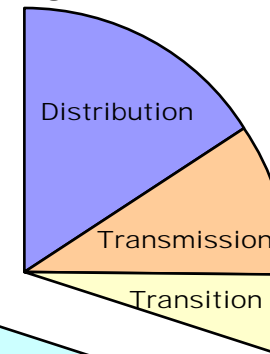
Choosing an energy provider affects the majority of your bill



Portion open to competition and savings



Utility charges



The majority of U.S. consumers have paid less for electricity since the onset of power system deregulation in 1997, achieving total savings of about \$34 billion compared with the costs if traditional regulation had continued, according to a new Cambridge Energy Research Associates (CERA), an IHS company, study titled *Beyond the Crossroads: The Future Direction of Power Industry Restructuring*.*

* CERA press release, October 19, 2005, Washington D.C.

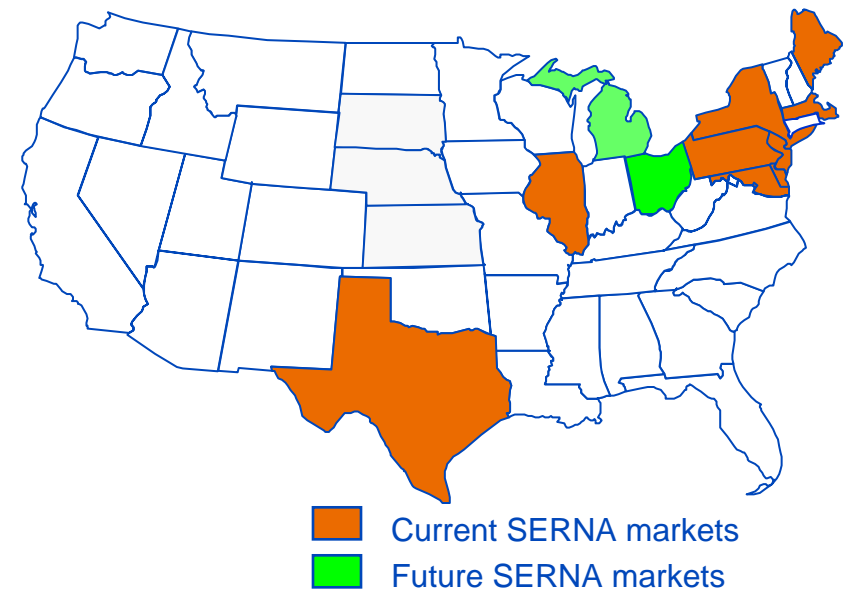
About SUEZ Energy Resources NA

- **5th** largest Retail C&I energy provider* in the United States
- Fast growing leading electricity provider → **34%** annual load **growth***
- Approximately **7,500** commercial, industrial, and institutional accounts
- 100% on-time enrollment guarantee
- A member of the **SUEZ** Group (NYSE:SZE)
 - World leader in energy, water, and waste management
 - Over \$50 billion in revenues and assets in excess of \$80 billion
 - Over 160,000 employees in 130 countries
 - **Highest credit rating** of leading energy providers in the US → A- rating by S&P



Fortune Magazine
2005 GLOBAL MOST ADMIRABLE
ENERGY COMPANIES

- 1 RWE
- 2 E. On
- 3 SUEZ**
- 4 Constellation Energy
- 5 American Electric Power



* Reported by independent consulting firm Kema August 2005

An Information Leader

SUEZ is a go-to resource for timely and meaningful information for energy consumers

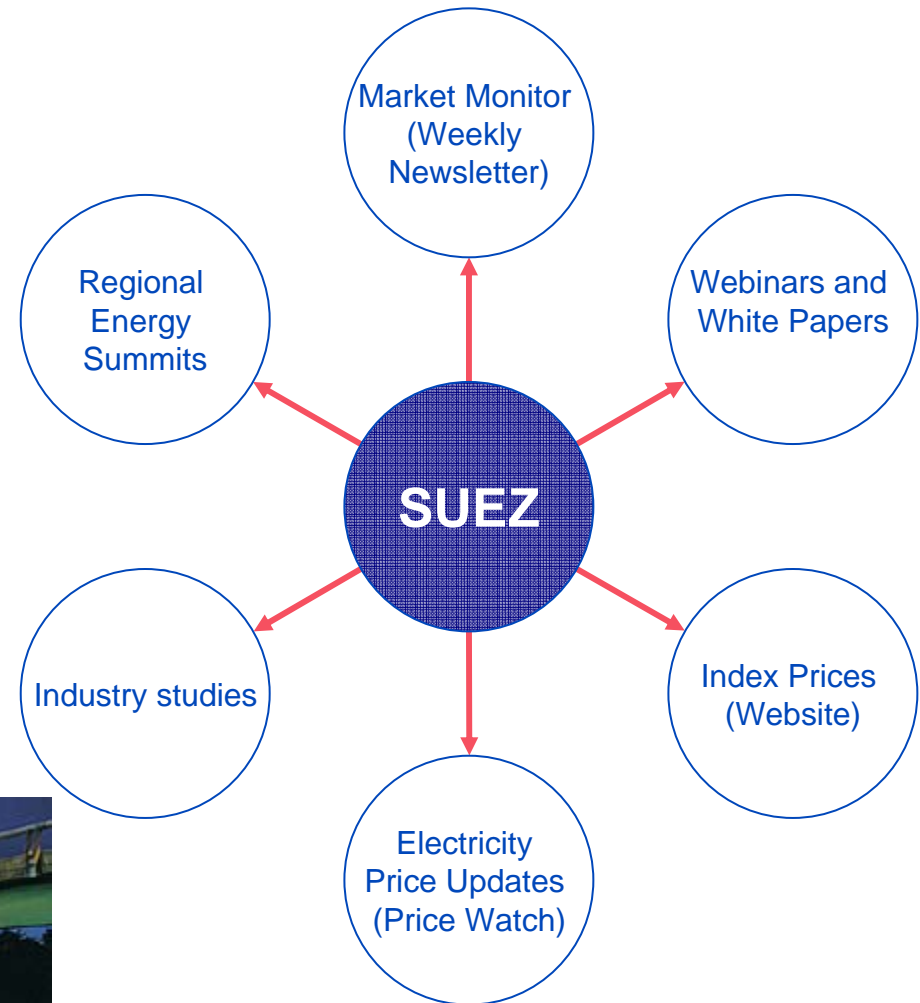
“In the new energy market, information is the most important commodity...an end user’s first line of defense against the potential supply risks associated with energy.”

Purchasing Magazine, 1999



An Information Leader

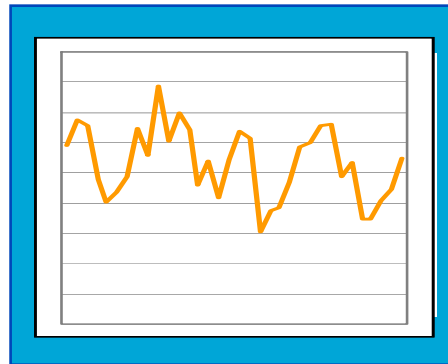
Market Intelligence
Market Prices
Industry Information



WHAT DRIVES YOUR ENERGY COSTS...

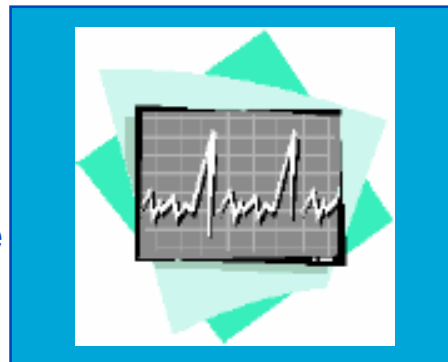
Price of energy supply is volatile & unpredictable

- Typical buyers see swings in the price of power
- Wholesale power markets are extremely volatile

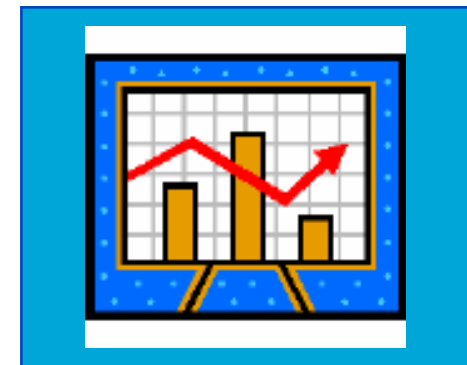


Demand is unpredictable & unresponsive

- Weather variance
- Load is usually not responsive to (real-time) price
- Economic uncertainty



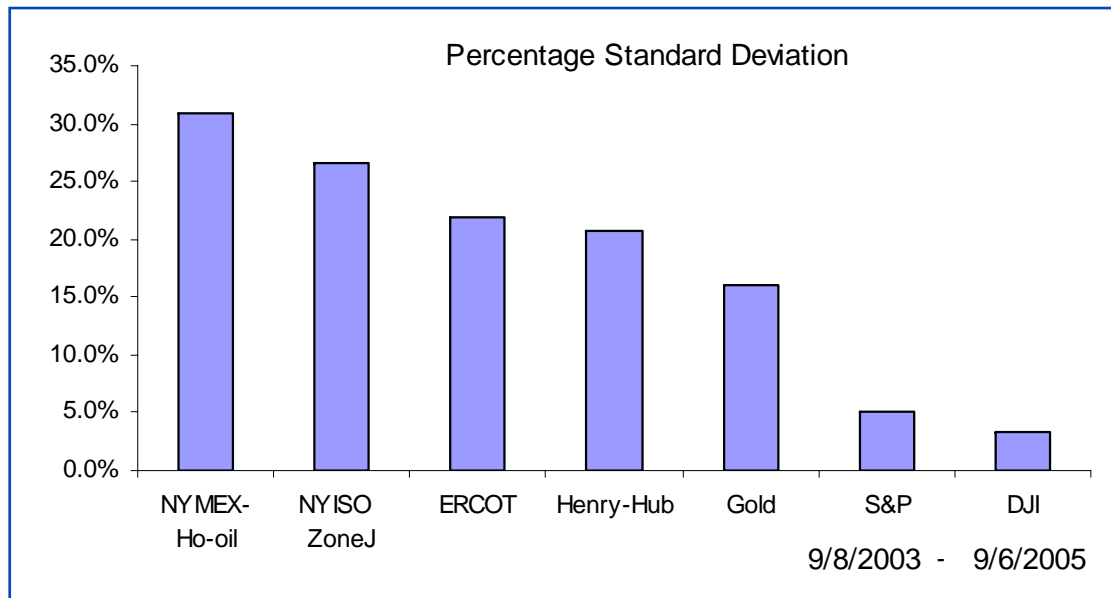
Uncertain energy costs



- The end-user is exposed to cost uncertainties

Market Volatility

Commodity/Index Volatility: % Standard Deviation

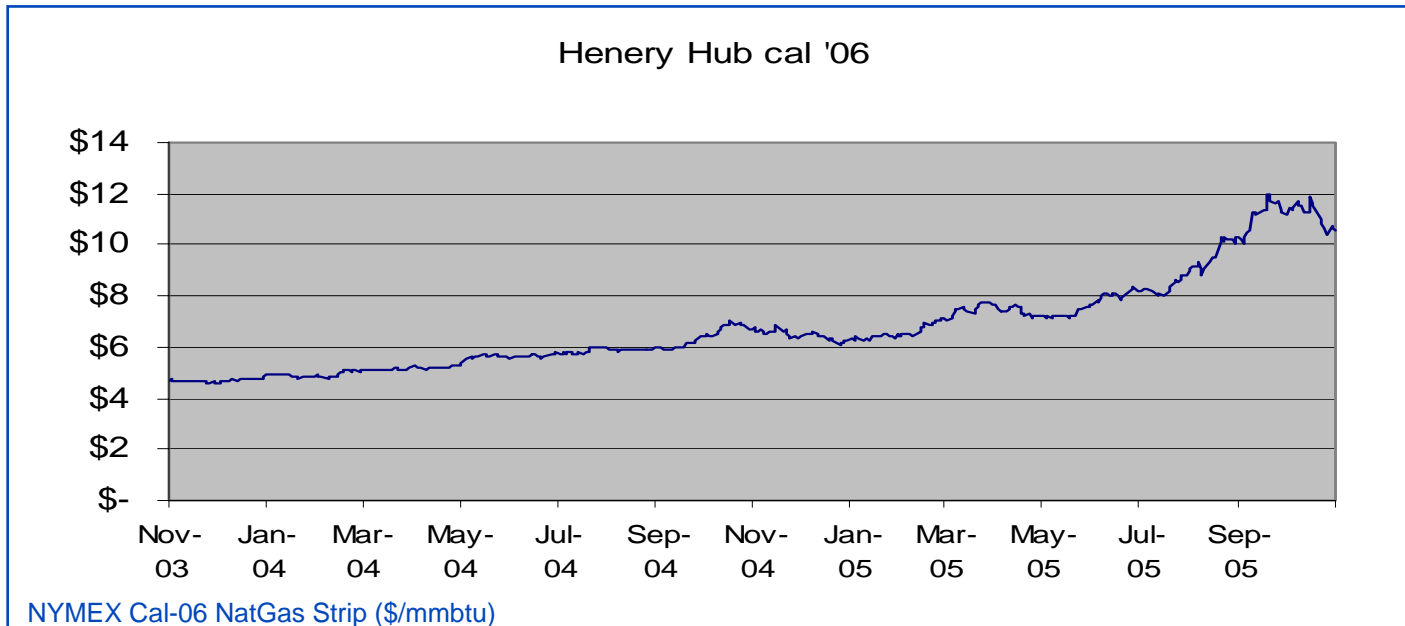


- The oil, power and gas markets are some of the **most volatile** commodity markets
- With all of the new gas fired power generation, **power and gas** have become highly correlated in most markets
- Two of the most popular stock indexes (S&P and DJI) are not nearly as volatile as the power market indexes

Timeframe: 9/8/2003 – 9/6/2005 historical prices

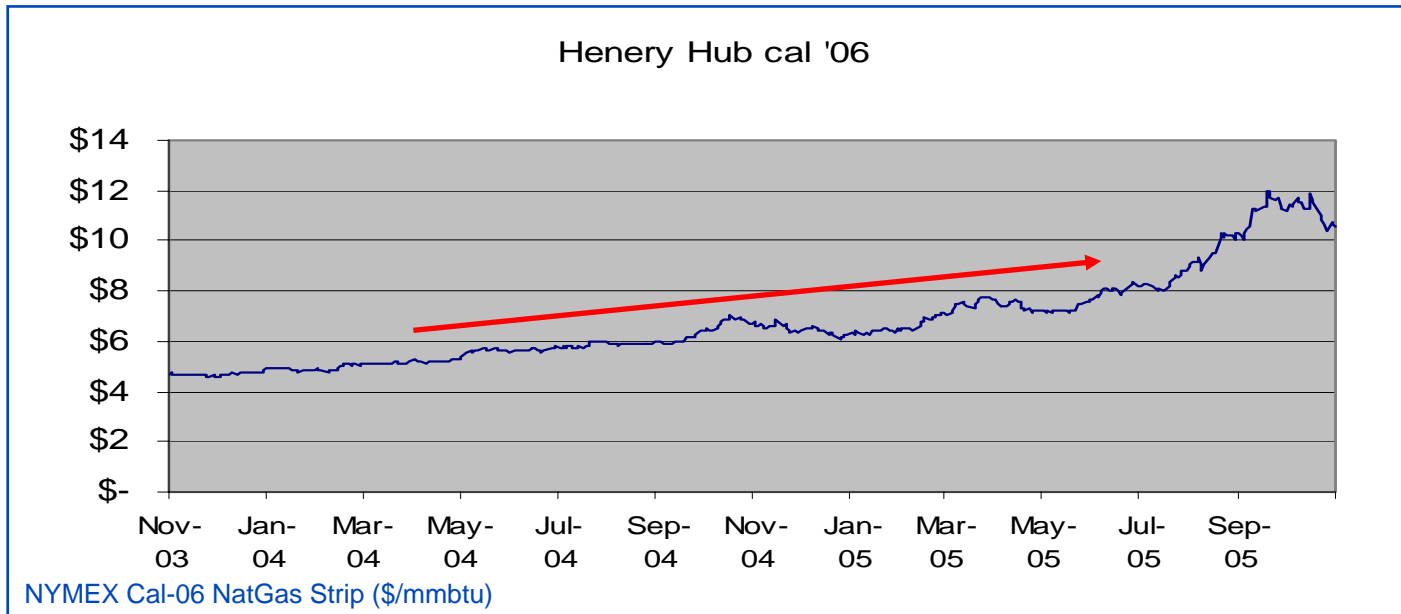
Source: Yahoo

Market Pricing – Natural Gas



**Forward price of gas to be delivered in 2006.
How has that price tracked over time?**

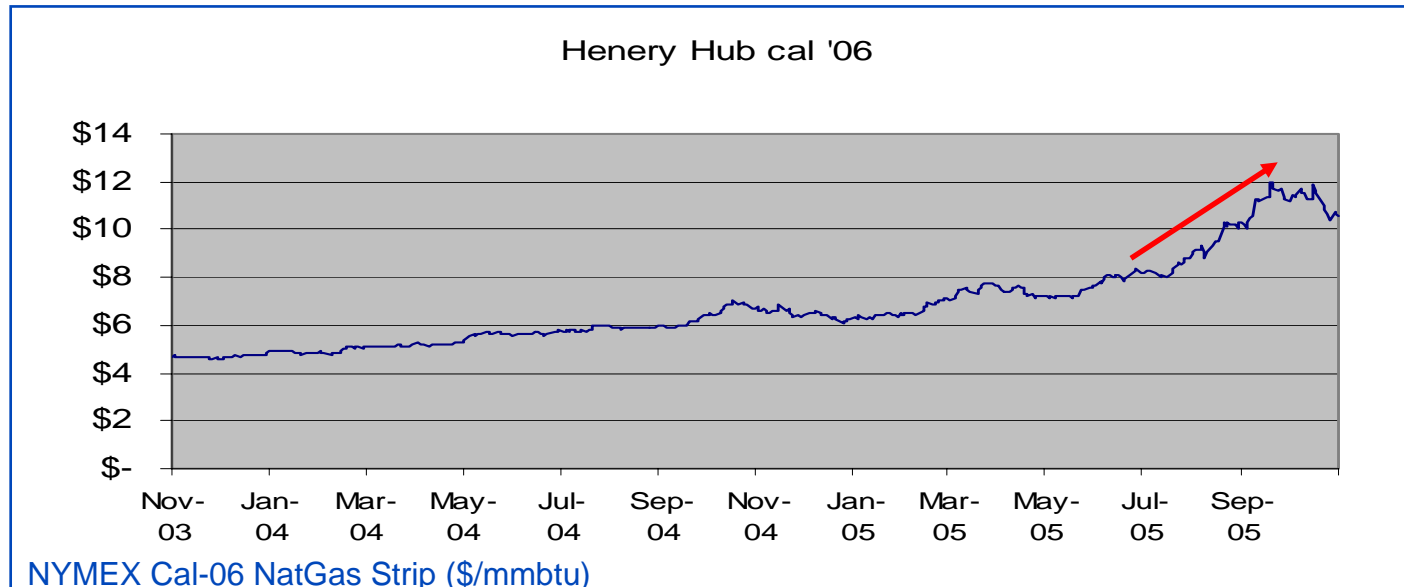
Market Pricing – Natural Gas



How did we get to these high price levels?

- Global commodity demand increase in China/India

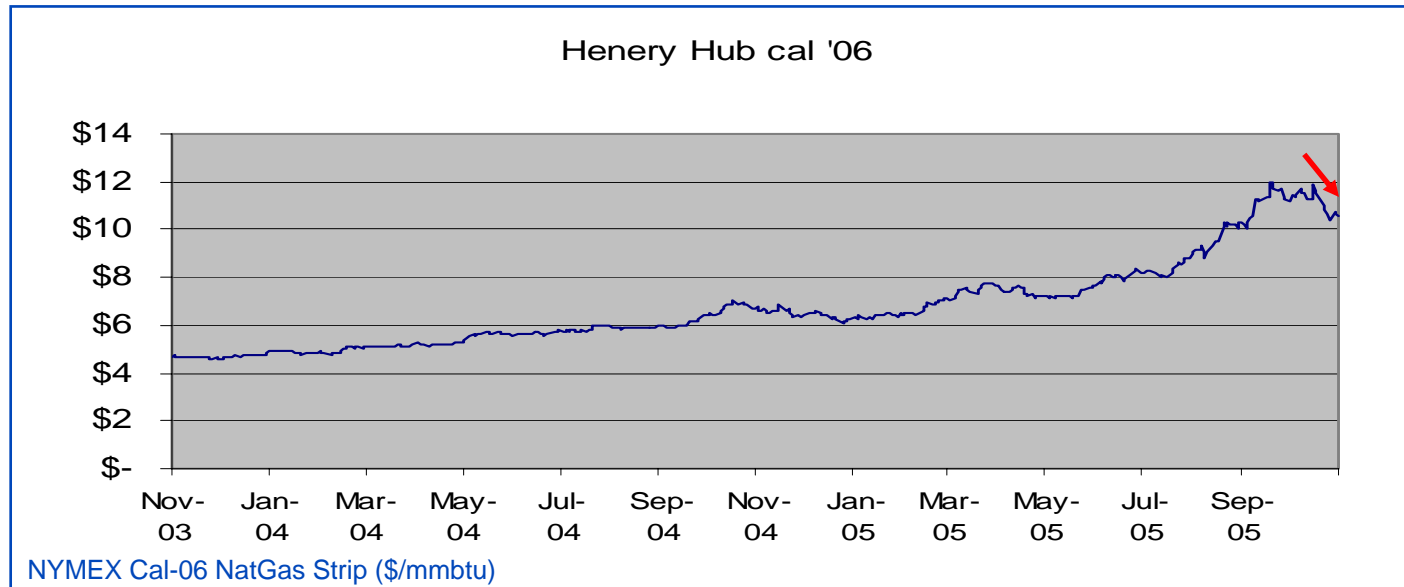
Market Pricing – Natural Gas



How did we get to these high price levels?

- Global commodity demand increase in China/India
- Very hot Summer in 2005 – consumption increased 10% in many areas
- Hurricanes Katrina and Rita had significant impact on Gulf coast production

Market Pricing – Natural Gas



Why have prices been decreasing recently?

- Recent high prices has caused some demand destruction
- Mild Autumn has allowed gas storage levels to increase (3.2Tcf vs 3.1Tcf avg)
- Oil and Gas production back on line post devastating hurricanes

Wholesale Market Outlook

Bullish

- **Colder than normal Winter** could rapidly consume the gas inventory surplus
- Nervousness in energy markets about overall **supply-demand** balance, storms, terrorism
- Reserve margins tightening in most electric markets
- Underlying growth in both cooling and heating demand for natural gas combined with weather oscillations may outstrip inventory and production capacity's ability to cope => price level required for adequate demand destruction?

Bearish

- Elevated price levels may be having some impact on demand
- **Supply response** to high prices – increased production and imports
- Belief that generation market is recovering may result in renewed investment in electric supply

Bottom Line: Higher energy prices are certainly possible given current uncertainties but they should not increase unbounded – have seen a post summer seasonal decline but hints of a normal to colder winter may well cause another run in gas prices – demand will have to respond at some point to bring any moderation over the near term

A New Solution for an Old Problem...

PROBLEM

Volatile market prices

No time to monitor price movement

Not sure what contract term to choose

Requires heavy investment of your time
and attention



FRUSTRATION

SOLUTION

Tell SUEZ what price you want to pay

SUEZ will monitor prices for you

SUEZ will notify you when prices meet your
threshold for a variety of terms

Let SUEZ do the work for you



SATISFACTION

SUEZ Price Watch Service

Who?

Price Watch Service is ideal for business:

- Want to stay informed of about market movements
- On default tariff, looking to contract when market prices are better
- Unsure of how long to contract and interested in finding a “sweet spot”
- Want to contract as soon as market prices reach a desired level

What?

Price Watch Set-up:

- Customer communicates needs and requirements to a SUEZ sales manager
- SUEZ prices your load in search of the ideal price and term for the you

When?

Price Watch Notification:

- SUEZ will contact you as soon as market prices reach customer’s pre-specified trigger price or based on your desired frequency

How Much?

We can enroll you for free

How Do I Get Started?

Existing SUEZ Business Partners

Contact your sales representative and ask for Price Watch

Prospective SUEZ Business Partners

Contact Lily Le

SUEZ Energy Resources

1990 Post Oak Blvd

Suite 1900

Houston, TX 77056

(713) 636-1288 Office

Lily.Le@SUEZenergyna.com

Act Now. Stay Informed.

Questions?

SUEZ In The News

- “This business is about risk management, and at the end of the day, the consumer will benefit when risks can be transferred to those most willing and able to handle them,” said Guy Braden, vice president, SUEZ Energy Resources.
 - *Houston Chronicle (6/15/2005)*
- In an effort to save money on electricity costs, many Dutchess County school districts have decided to go to Texas. They’re changing their electricity supplier to Houston-based SUEZ Energy Resources.
 - *Poughkeepsie Journal (10/14/2005)*
- SUEZ Energy Resources last week unveiled a plan to ensure that commercial and industrial customers who switch to the marketer will not pay any penalty if the switch doesn’t go smoothly. The retailer now ensures that customers will recover any premium charges they might incur when switching from one supplier to another.
 - *Power Markets Week (9/12/2005)*
- SUEZ Energy Resources has developed a one-step system that links front, mid and back office functions to deliver faster pricing to customers. This new low touch solution produces pricing proposals in a matter of minutes compared to as many as several days when using traditional processes.
 - *Energy and Power Management (6/5/2005)*