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## Savings in Massachusetts Territory

January 27, 2005



# Your hosts

## Cory McNinch

- Manager, Massachusetts Market
- Extensive energy market experience



## Kristine Robak

- Sales Manager
- 10 years of energy experience



## Vikram Kulkarni

- Manager, Product Structuring
- Extensive energy experience
- Structuring of products & services for Massachusetts markets



# About Tractebel Energy Services Inc.

- 6<sup>th</sup> largest and fastest growing retail electricity supplier to commercial and industrial customers\*
- Operational in 7 deregulated states
  - New York, New Jersey, Maryland, Pennsylvania, Massachusetts, Maine, and Texas
- Some of the well known companies we serve in Massachusetts:
  - Boston Properties
  - Tyco
  - New England Aquarium
- Our customers will tell you that our service does not stop with the sell. Customer service is top priority
  - 99.8% billing accuracy
  - 100% on-time switching accuracy
  - Less than one-day average to resolve customer issues with more than 80% answered within 20 seconds



\*Source: KEMA Consulting

# Agenda

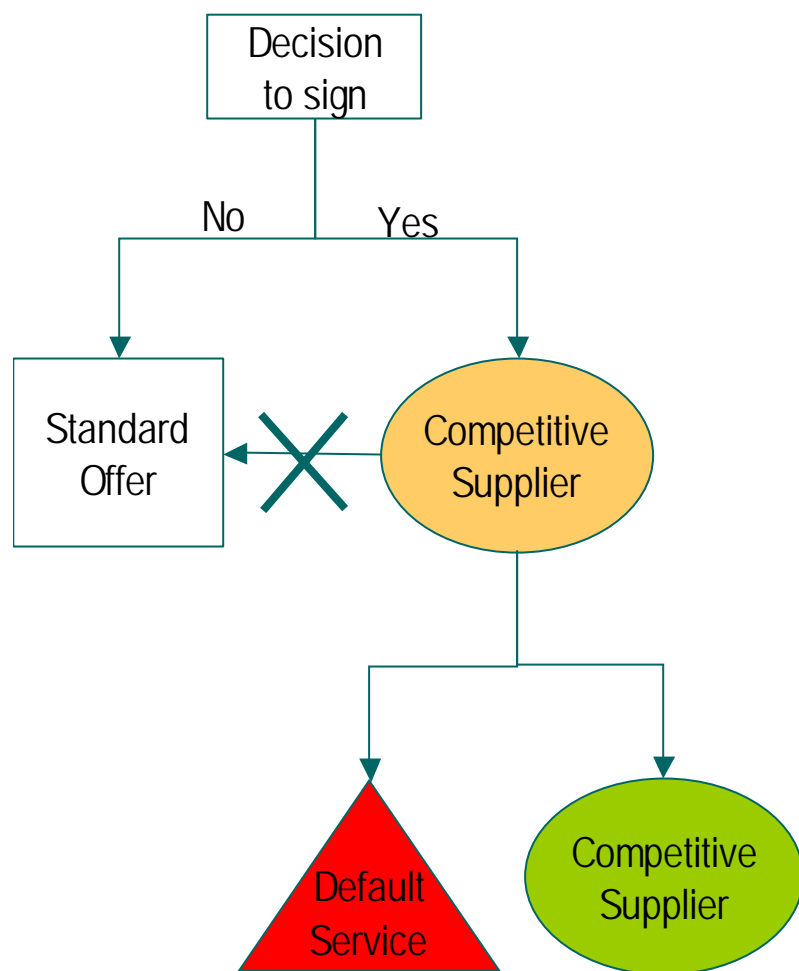
- Massachusetts Market & Deregulation Overview
- Change is easy and benefits you
- About Tractebel Energy Services and Suez
- Q & A

# Massachusetts Market

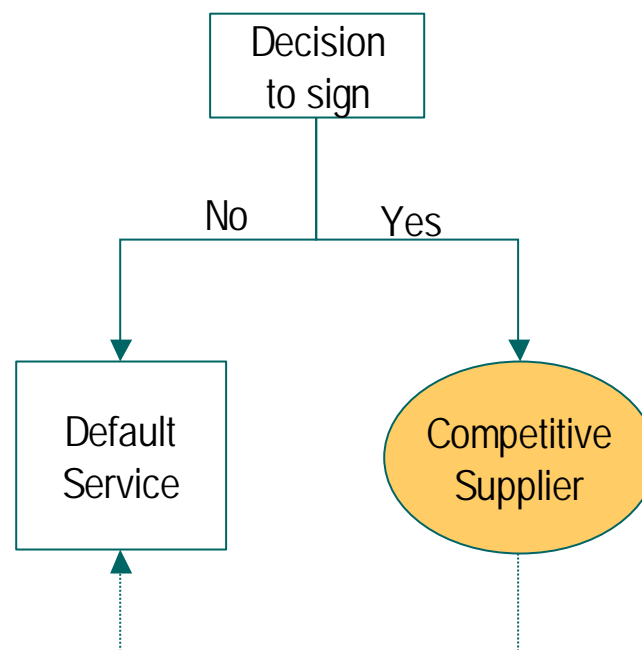
- On March 1, 2005, Standard Offer expires
- All customers on standard offer will be put on default service
- The distribution companies provide default service
  - NSTAR Electric Companies
  - Fitchburg Gas and Electric Light
  - Western Massachusetts Electric
  - Massachusetts Electric/Nantucket
- The distribution companies have the right to change prices every 3 months for customers on default

# Market Changes

Before March 1, 2005

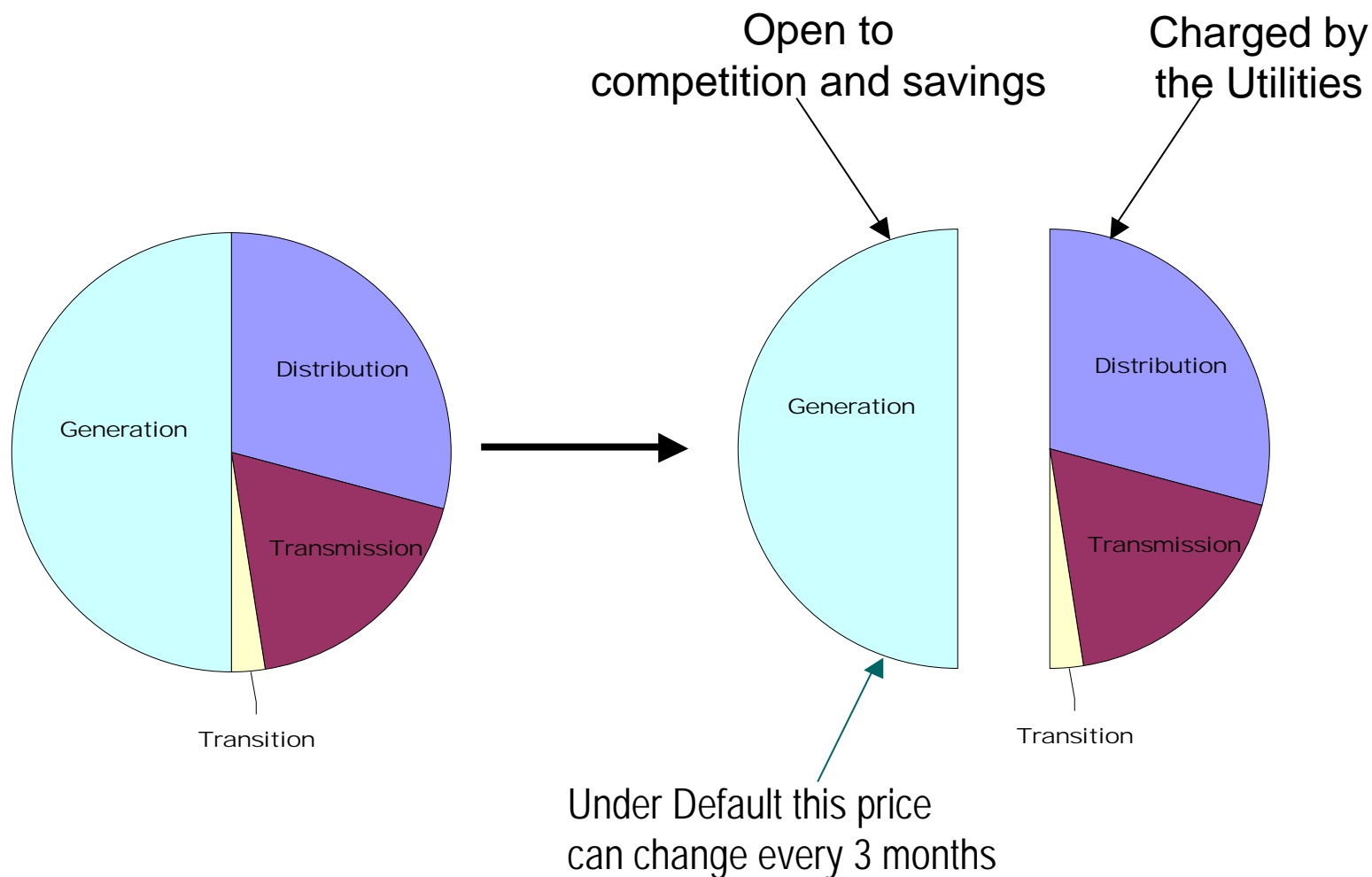


After March 1, 2005

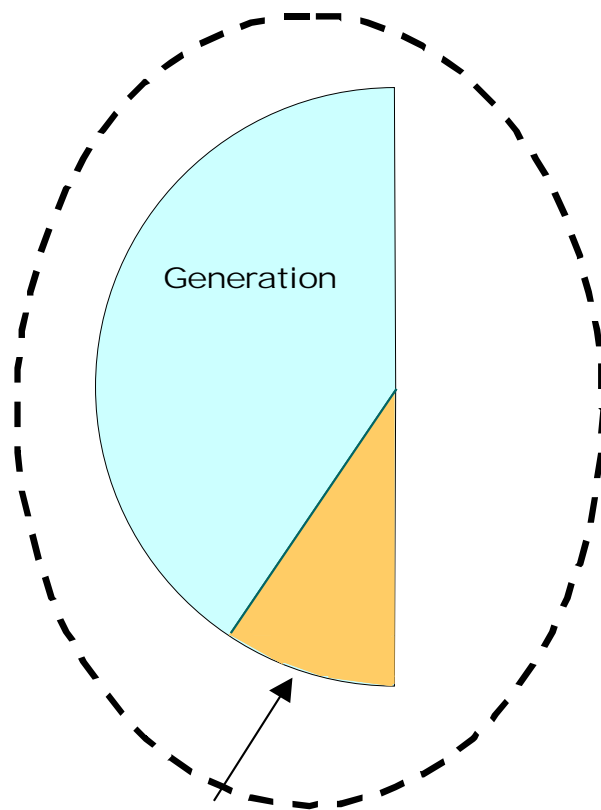


# What makes up your bill?

Over 50% of your bill is affected

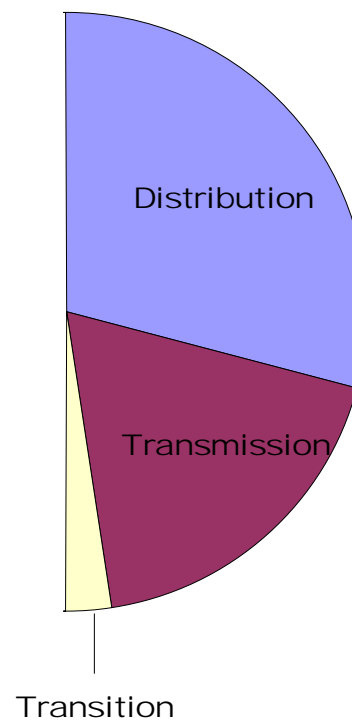


# What part of your bill are there savings?



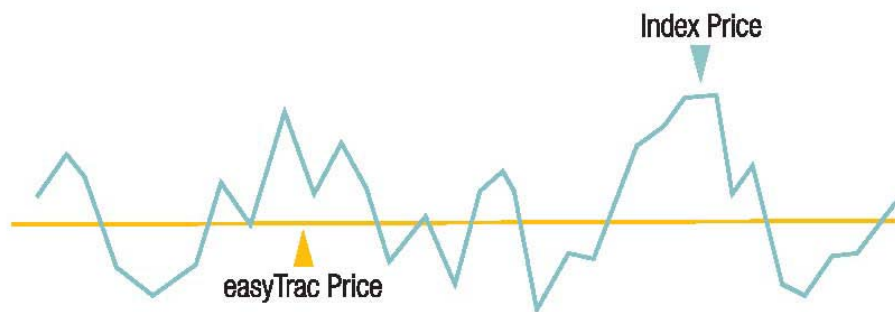
## Potential Discount

Can result in significant savings of 5%-15%



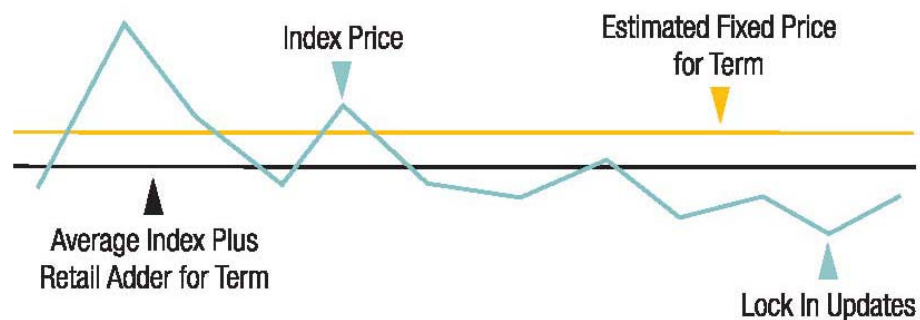
# Product Description

- Fixed Price



Tractebel easyTrac – Fixed Price Retail Generation

- Index Price  
(Variable Pricing  
or time of use)



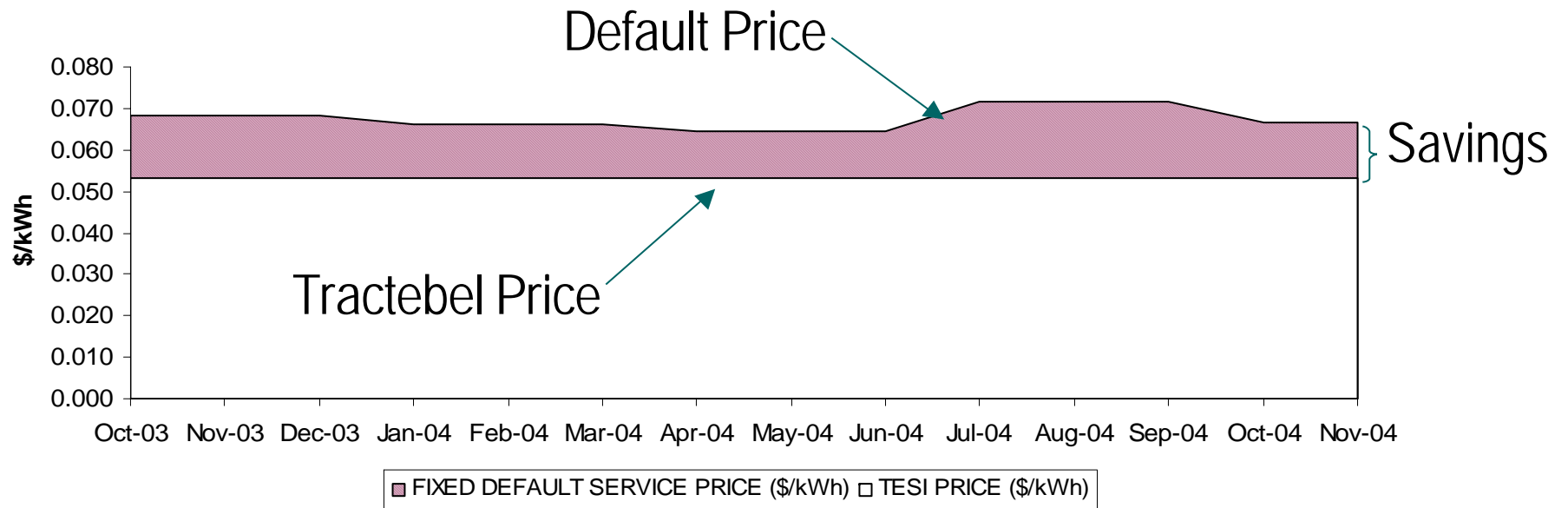
Tractebel markeTrac – Index with Fixed Retail Adder

# Sample Savings vs. Default Rate

Utility: BECO

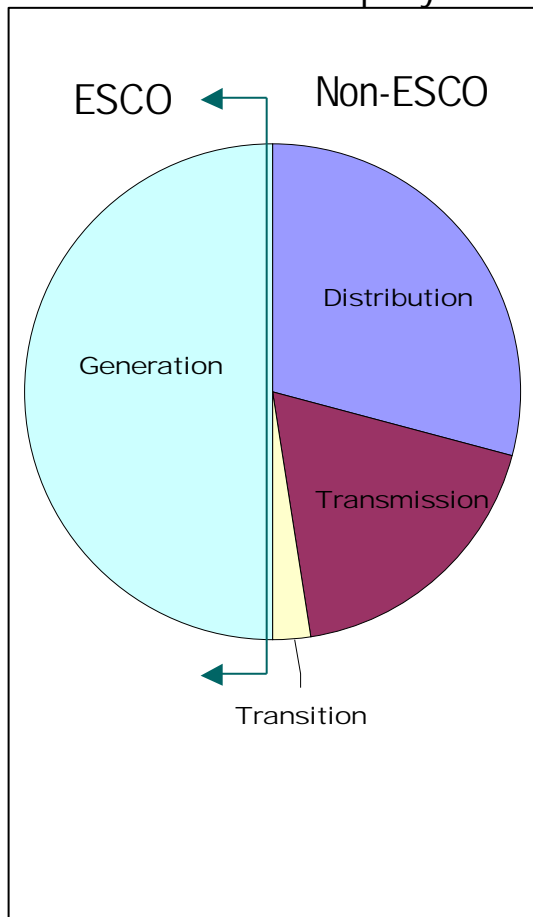
Zone: NEMA

Product: Fixed Price

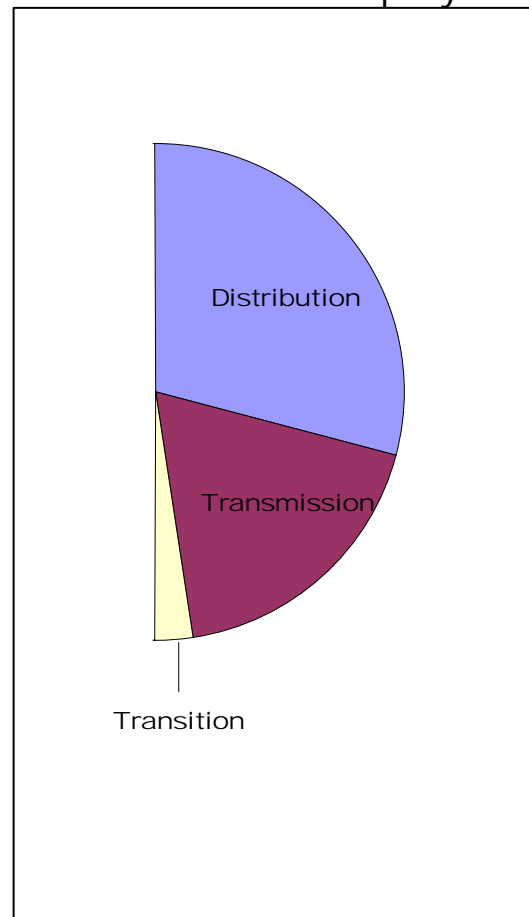
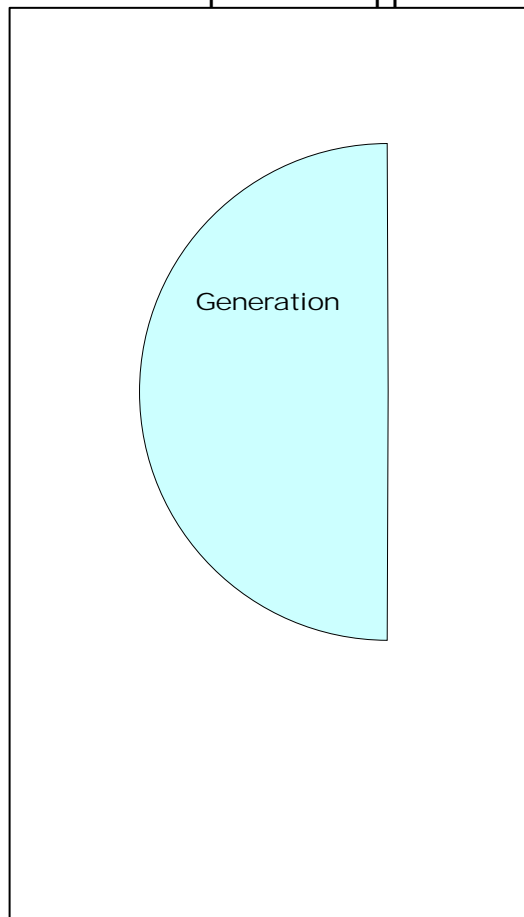


# Billing Options

## 1. UDC consolidated Distribution Company



## 2. Dual billing Competitive Supplier      Distribution Company



# Decision & Enrollment Process

1. Fax a copy of your electric invoice to fax number (713) 636-1601
2. We send you a Letter of Authorization for you to sign and return
3. We contact you to review pricing options
4. Sign an agreement to accept the contract and lock in the price
5. We will do the rest
  - Seamlessly switch your service
  - Start billing your account

# The Tractebel Advantage

- Tractebel Customer Experience
  - ✓ 100% on-time switching
  - ✓ >98% on-time and accurate billing performance
  - ✓ Comprehensive invoice statements
  - ✓ Fully staffed customer service group available to meet your needs
  - ✓ Ease of contact, 800 #, web, direct dial
  - ✓ Dedicated account manager
  - ✓ Convenient hours – 8 am to 7 pm EST
  - ✓ < 1 Day average for open customer issues
- Contracts
  - Bilateral and flexible terms cover all key market issues
  - Easy to understand with no hidden risks

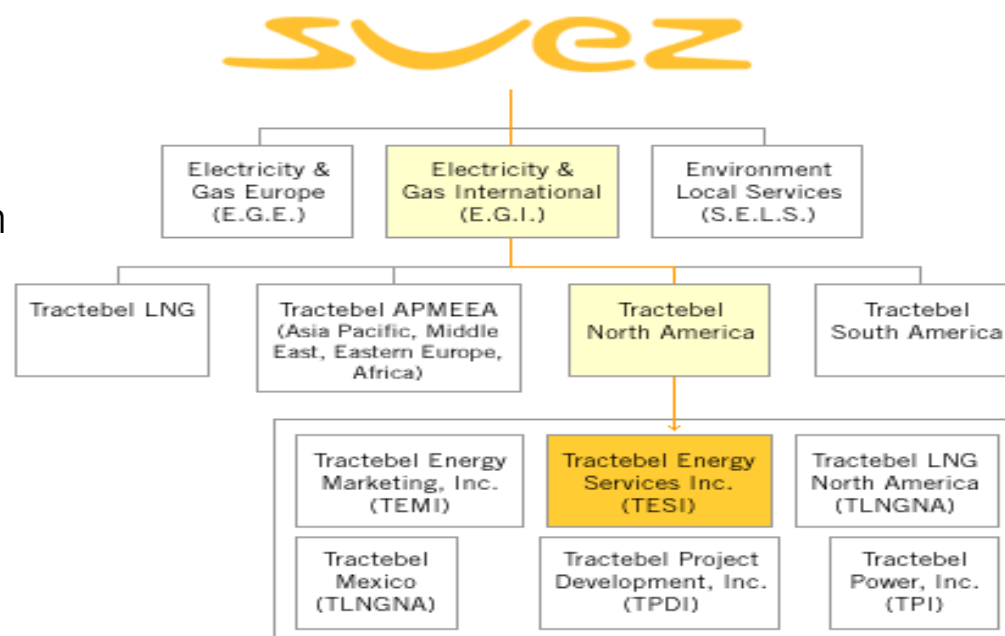
# About Tractebel Energy Services Inc.

- Over \$1 billion in contract revenue & over 925 customers
- Based in Houston, TX
  - Local office at: One Liberty Square, 10<sup>th</sup> Floor, Boston, MA 02109
- Operational in 7 deregulated states
  - New York, New Jersey, Massachusetts, Maine, Maryland, Pennsylvania, and Texas
- Comprehensive product suite that addresses customer drivers including risk tolerance and budgeting timelines



# About Suez

- One of the largest and most established companies in the world
  - NYSE: SZE
  - Founded in 1822
  - More than 150,000 employees in more than 100 countries
  - \$80 billion in assets
  - Strong credit rating (S&P A-)
  - 200 million individuals served daily
  - 465,000 industrial and commercial clients
  - 48 power, cogeneration, steam and chilled water plants
  - 2,870 MW of controlled electricity generation capacity (2,215 MW owned)
  - 2,680 MW of merchant generation capacity in construction
  - 44.4 TWh sold in 2003



Questions?

# Questions (added after the presentation)

- **Does it matter what utility you are in for switching?**
  - No, as long as you are in area that is open to competition you can switch to a competitor supplier. The utilities that are open to competition are:
    - > NSTAR Electric Companies
    - > Fitchburg Gas & Electric Light
    - > Western Massachusetts Electric
- **If you are with a competitor supplier now, can you switch?**
  - Chances are if you are with a competitor supplier you are under contract for expected length of term for that contract. You can switch to another supplier or default as soon as the contract expires or blend and extend your current contract. However, you will want to start negotiations for the new contract a few months before your current term ends
- **What happens if you have multiple sites across the state?**
  - The locations that are in areas that are open to competition can be signed up either individually or as a group. If you fax in your information we will follow up with you to determine which locations are eligible to switch to a competitor supplier.

## Questions (added after the presentation)

- **When did you first enter the market?**
  - We entered into Massachusetts in October 2002. In the Massachusetts market we have about 10% of the load that has moved. We have over 100 customers with their average size of 2.2 MW and almost 2 million of booked MWh's.
- **Under the index price structure what happens if the retail adders increase? Is the increase passed through?**
  - No. The Retail Adder remains fixed for the term of the contract. If there is a regulatory change outside of Tractebel control that introduces additional cost components, the retail adders will be revisited.
- **Does Tractebel serve any residential load?**
  - No, currently we do not serve residential load.
- **If a Standard Offer Customer does not enter a third party supply agreement, which Default Service rate will they default to as of March 1? Fixed or Monthly Variable?**
  - Depending on your size and utility you may be placed on fixed or variable default service. Check with your local utility to see which scenario applies to you.

## Questions (added after the presentation)

- I have a multitude of meters with much smaller consumptions relative to our largest load. Would you include all consumptions under a single contract?
  - Yes, multiple meters can be included on one contract.
- What is the index price based on? Can you set triggers?
  - The index price is based on market price of electricity and triggers can be set
- Can we stay on the default rate on a month to month basis? What are the pros and cons?
  - Yes you can stay on a default rate month to month. The cons for this is your price can be changed every three months depending on market movement. The pros to do something like this it allows you the option of signing a contract later if you believe the market is moving in your favor
- Is the Index price available to all customer classes?
  - Index price is typically only available to medium and large customers
- What is your definition of size?
  - Large customers tend to be greater than 2.5 MW's; however, there is not a strict guide line to this.

## Questions (added after the presentation)

- **Are there several competitors now to choose from?**
  - Yes, the complete list of licensed electric suppliers can be found at: <http://www.mass.gov/dte/restruct/company.htm>
- **How can you offer a fixed price 2 year contract when the market is so volatile?**
  - When a 2 year price is signed we buy the load for the term of the contract, by doing this we are locking the price of the load for our customers
- **If we choose default service can we change to competitive service at a later date?**
  - Yes, you can switch to competitive service from default at anytime