



Options for Energy Buyers

 Gaz de France ESS

Jon Davies – Sales Manager - South

Agenda



- Introduction to Gaz de France
- Reducing Costs
- Conclusions

What are our UK activities?



Exploration & Production

Gaz de France Britain



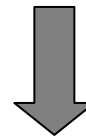
Electricity Generation

Gaz de France ESS



Energy Supply

Gaz de France ESS



Services & Facilities Management

Cofathec

Gaz de France ESS



- Based in Leeds
- A team of 175 people
- 12% market share in the Industrial & Commercial gas market, the 3rd supplier by volume
- 7% market share in electricity, the biggest growth in the last 2 years in the Industrial & Commercial market

“To be a major player in the UK energy market providing innovative products, value and excellent service to business customers”

What can I do to reduce costs?

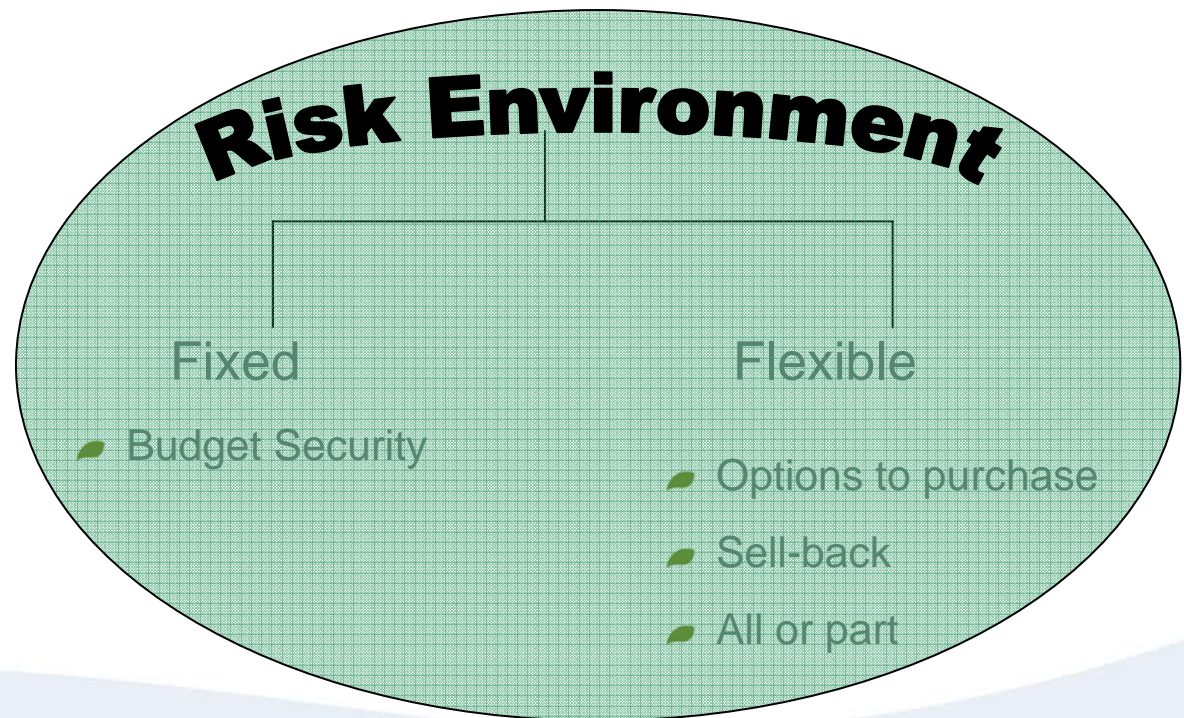


- Beat the curve!
- Reduce consumption

Beat the curve?



- Considerations
- Fixed Price v Flexible Options



Risk Environment



- Need to understand your drivers
- Need to understand your supplier's products & capabilities

- Give yourself time
- Can your supplier actually deliver?
- What information do you want?



Price information

| Electricity BaseLoad | 21-Sep-05 | 22-Sep-05 | % Change |
|----------------------|-----------|-----------|----------|
| 21MWh | 32.90 | 31.20 | -5.1% |
| Oct-05 | 38.35 | 38.60 | 0.7% |
| Nov-05 | 45.15 | 44.80 | -0.8% |
| Dec-05 | 52.50 | 52.50 | 0.0% |
| Q4 2005 | 48.00 | 45.50 | -5.2% |
| Q1 2006 | 55.95 | 55.25 | -1.3% |
| Q2 2006 | 43.50 | 43.30 | -0.5% |
| Q3 2006 | 43.30 | 43.30 | 0.0% |
| October 05 Annual | 47.00 | 46.40 | -1.3% |
| Winter 05 | 50.35 | 50.25 | -0.2% |
| Summer 05 | 43.20 | 42.50 | -1.6% |
| Winter 06 | 55.75 | 56.10 | 0.6% |
| Summer 2007 | 43.35 | 42.75 | -1.4% |
| Winter 2007/08 | 54.50 | 54.50 | 0.0% |
| Summer 2008 | 43.00 | 42.50 | -1.2% |

Comments
The market
marked
filtered
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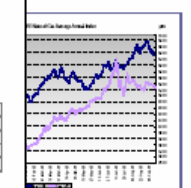
Week

A predominantly bearish week
rise on the back of nuclear outages
fall as hurricane worries ease
to 210000 for 2005 contract

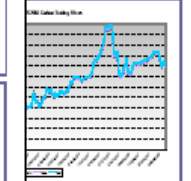
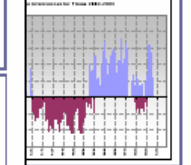
2 Week

Continued bearish throughout the week. As the
continued the previous Friday's mood and sold
was attributed to the one or two players activity as
was remained at the first day of the Athens Test
saw a small amount of bullish activity but this was
months and was attributed to the rise on the
crashes in value to be noted over the week the
the relaxation of oil values after the hurricane

| Front Month (Oct) | 10 Sep 05 | 09 Sep 05 | Change |
|--------------------|-----------|-----------|--------|
| Gas (p/ft) | 35.53 | 35.41 | +0.12 |
| Power (€/MWh) | 40.90 | 38.95 | +1.95 |
| Brent Crude (\$/b) | 61.81 | 62.54 | -1.03 |



| Leads (months) | Paris (months) |
|----------------|----------------|
| 17/12 | 20/7 |
| 1/1 | 2/2 |
| 1/6 | 2/8 |
| 1/9 | 2/5 |
| 1/2 | 2/3 |



| 10 Sep 05 | 09 Sep 05 |
|-----------|-----------|
| 21.50K | 23.50K |

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Market Review

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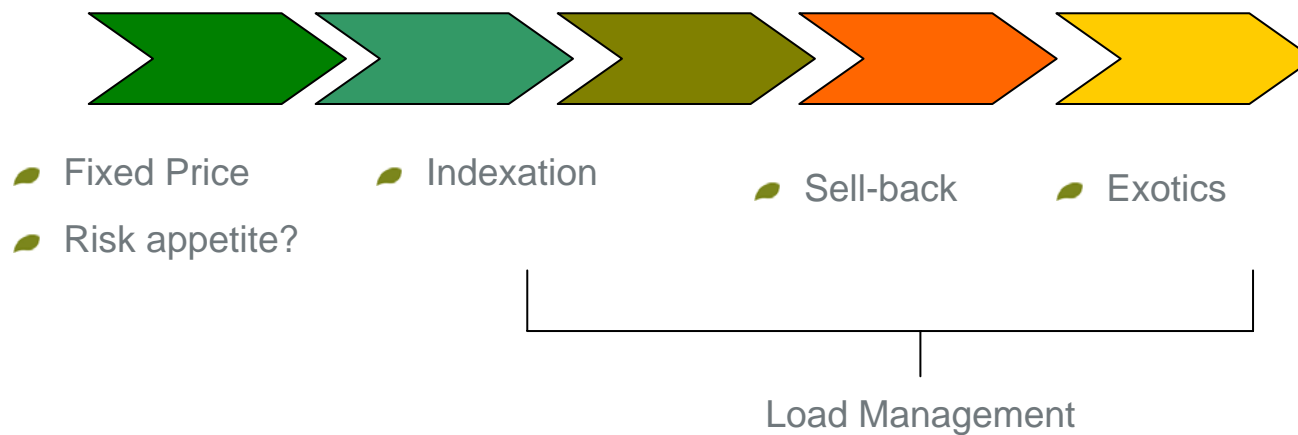
Risk Environment Contd...



How active do I want to be?

Passive

Active



Load Management – from Energy Efficiency to Demand Side Response



■ Energy Supply & Management

- Guaranteed Energy Consumptions & Internal Conditions
- All elements of energy management process from procurement to Controlling Consumption
- Enhanced service offering with Optimise package

Demand Side Response - Benefits for Customers



- Get compensated for demand response v no compensation in an emergency
- Guaranteed income from option payments for being available in certain circumstances – incentive to investigate opportunity
- Can still benefit from flexible contracts
- Increased awareness within organisations
- Allows for faster decision making and response times
- Restore confidence in supply/demand balance which may reduce wholesale market volatility and smooth market prices

What are your options?



■ Buy at these levels

■ Considerations

- Budget/MTM
- On cost. i.e. end product
- Damage to bottom line

■ Leave open medium term

■ Considerations

- Take advantage of short term corrections
- Risk of upward movement
- Manage around budget (stop losses/trigger prices)

■ Leave open to prompt

■ Considerations

- Forward risk premium removed
- Price spikes are possible
- Difficult to budget

■ A combination of all of the above!

Options longer term (i.e. Sum 07, Win 07, Sum 08 and going out)



■ Budget Management

■ Considerations

- Risk committee
- Established ToR
- Policy VaR

■ Price Signals

■ Considerations

- Market intelligence and “technicals”
- Trigger levels

■ Financial Derivatives

■ Considerations

- Treasury and supplier
- Swaps and options

■ Oil Infrastructure

■ Considerations

- Refurbishment
- Supplies
- Procedures

■ Plus all as detailed for Win 06



Conclusion

- or COME OFF! (Win 05)
- Contract and product flexibility
- Adaptive
- Contract variation (accommodation)
- Access to real time “OTC” markets
- Sell back
- Market intelligence
- Technical Analysis
- Risk management tools
- Proactive account management



Thank you

Inventors of adaptive energy^Y