

Direct Energy Introduction

Leadership

Chris Weston
President and CEO



David Clarke
Chief Financial Officer



Maura Clark
President
DE Business



Eddy Collier
President
DE Services



Badar Khan
President
DE Upstream



Georganne Hodges
Interim President
DE Residential



Kumud Kalia
CIO and EVP
Customer Operations



Adèle Malo
EVP and
General Counsel



Janice Thomson
EVP HR &
Communications



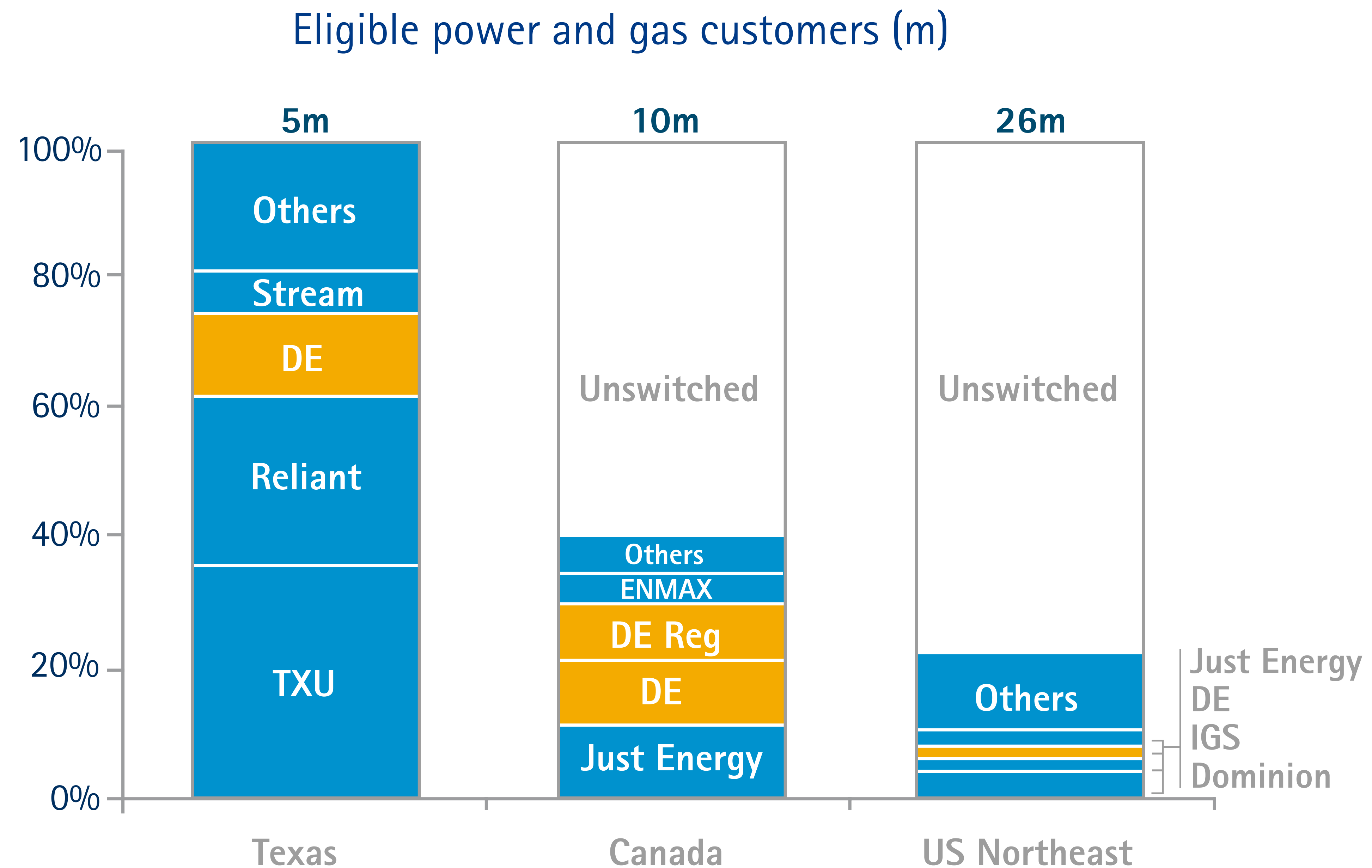
Strategy



Simple. Friendly. Direct.



North America Residential Market Share



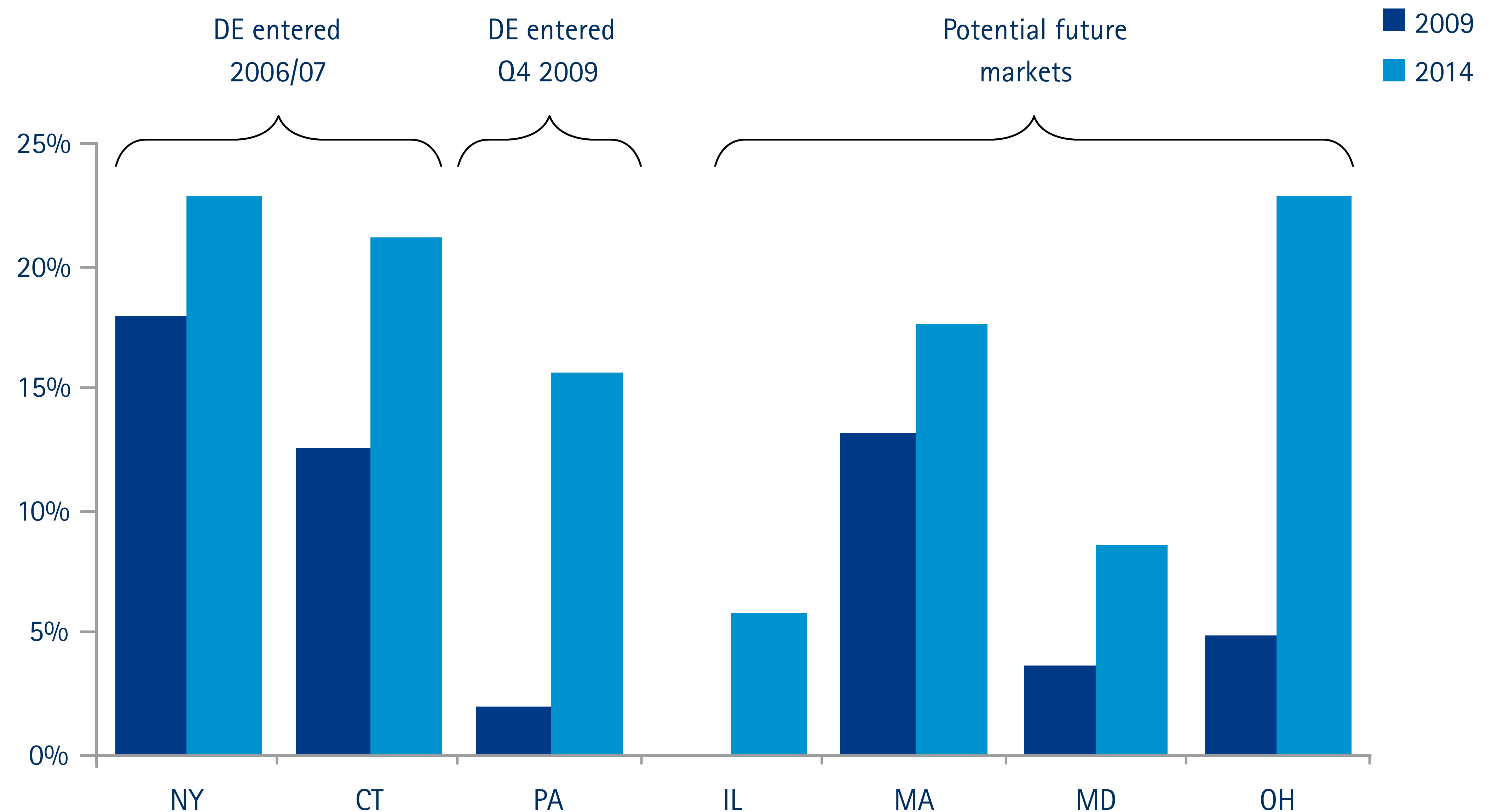
Source: KEMA US Retailer Landscape, EIA, competitor websites

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US Northeast Residential Electricity Growth

Percentage of eligible customers switched to competitive suppliers



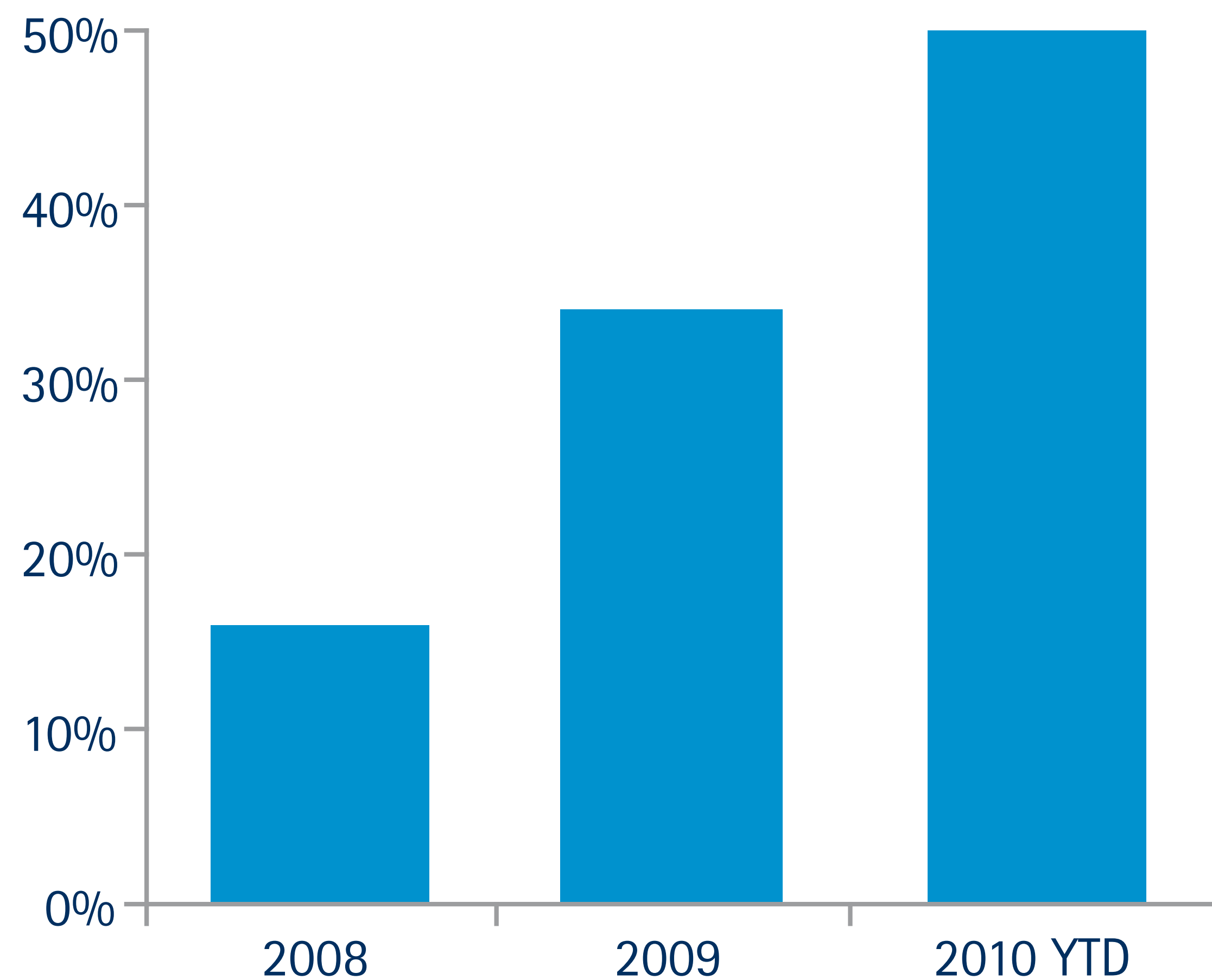
Source: KEMA and EIA

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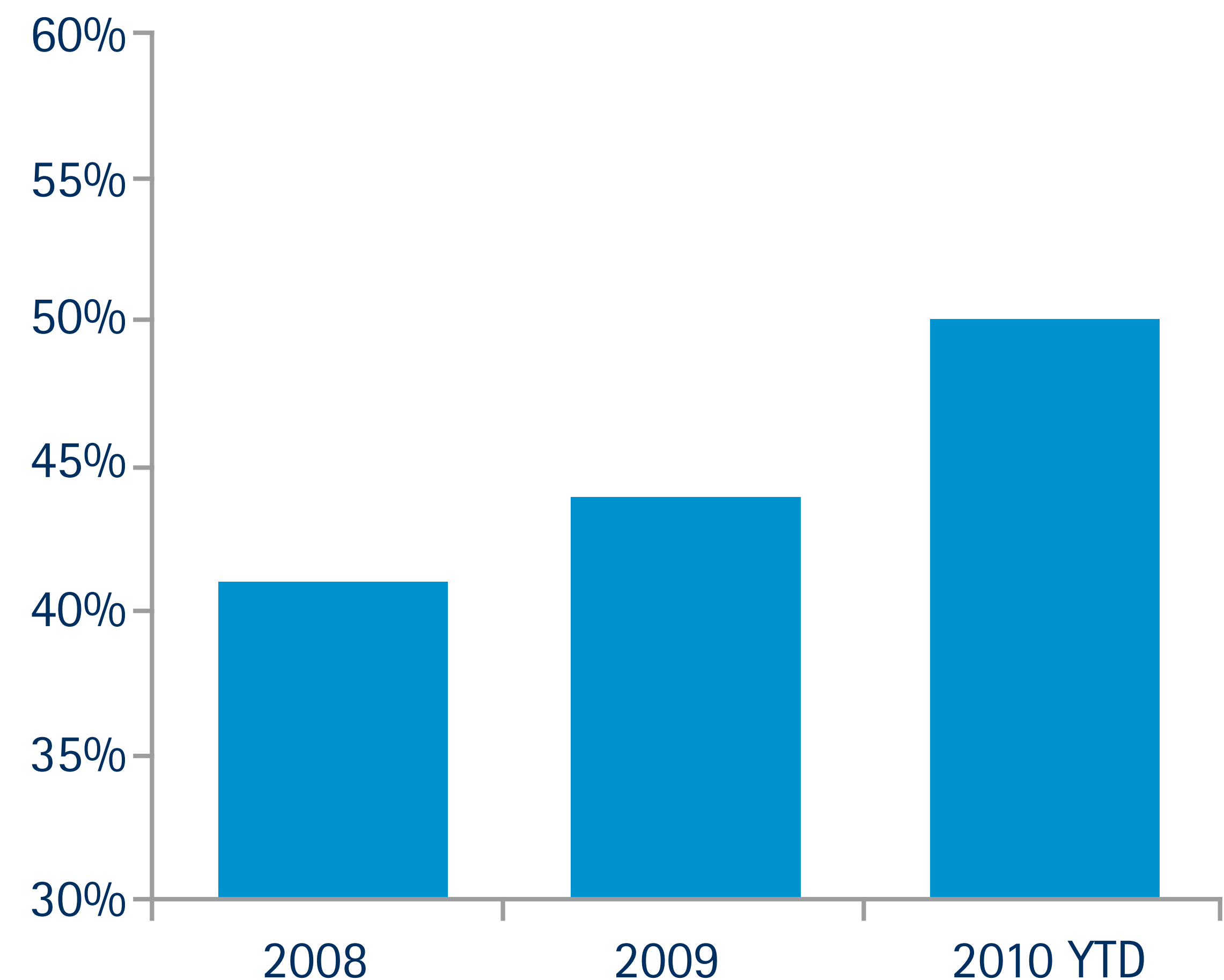


Texas Transformation Initiatives: Retention and Bad Debt

DE inbound customer
retention (% of total)



DE debt recovery
rates* (%)



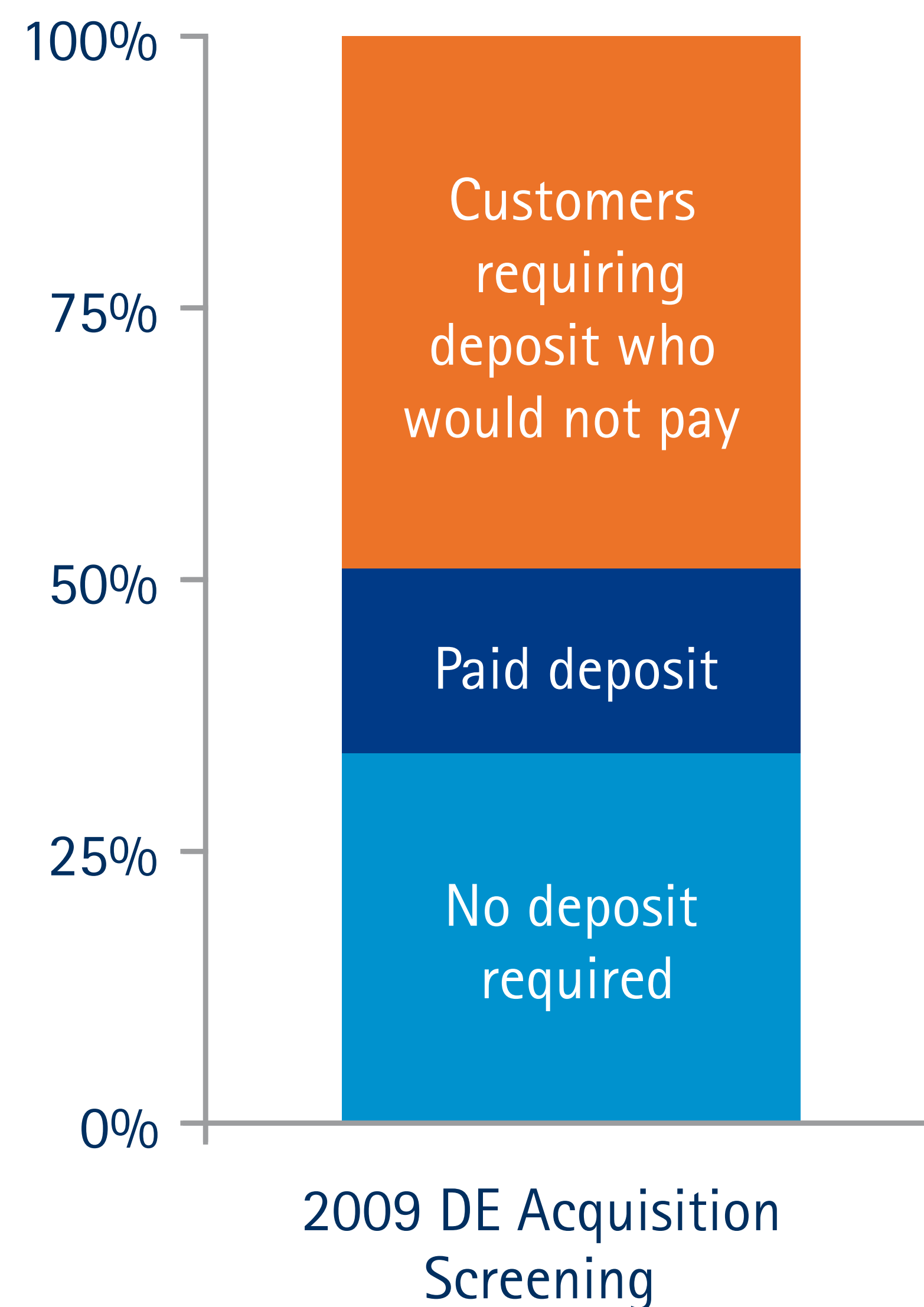
* Voluntary churn debt

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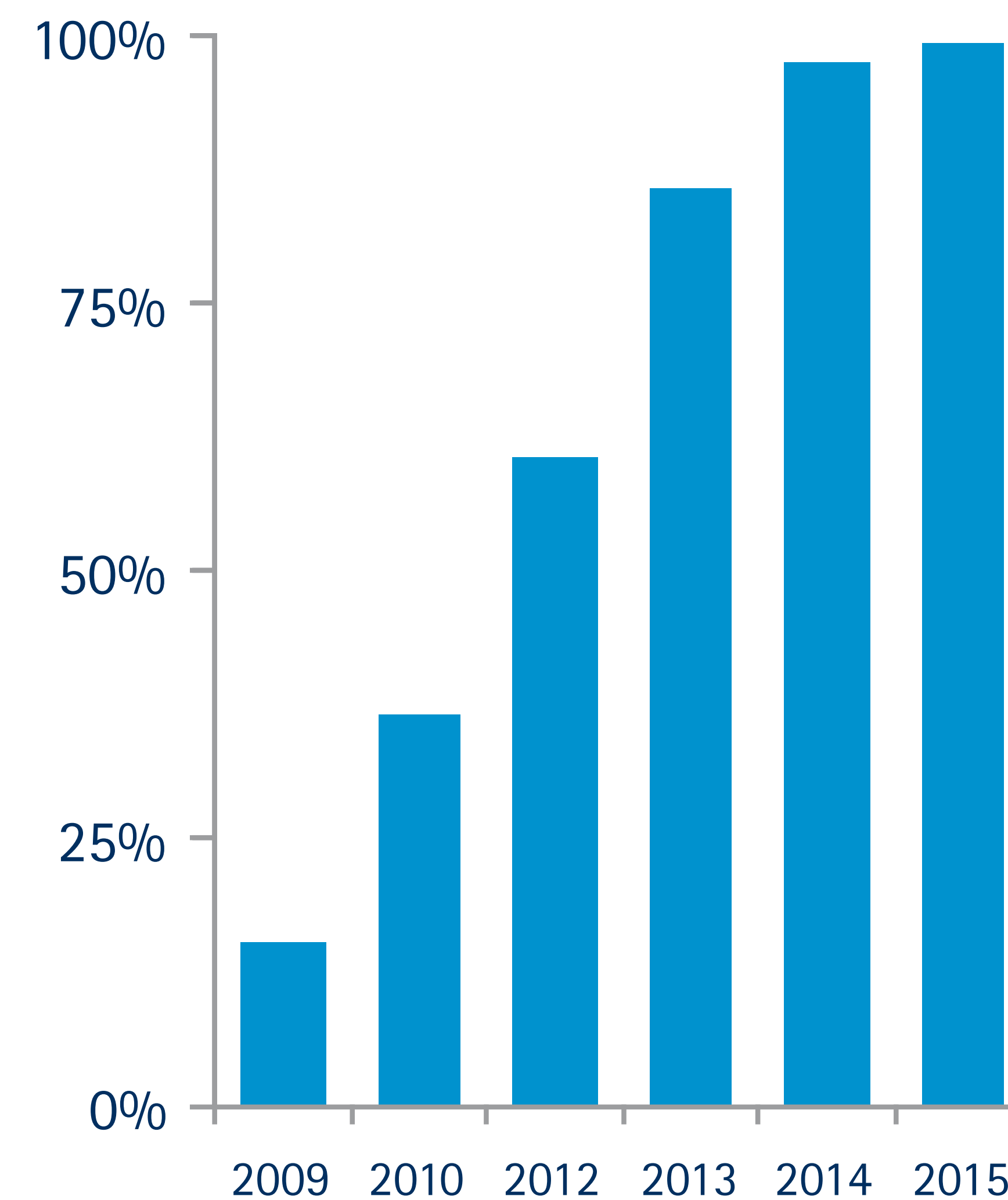


Prepaid in Texas

Texas customer credit quality



Texas smart meter deployment (% of total)



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Smart Meters and Home Energy Management



HVAC Management and Diagnostics



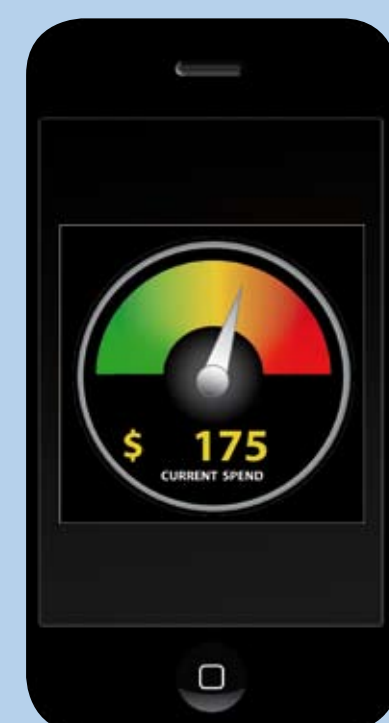
Meter



Appliance Management and Diagnostics



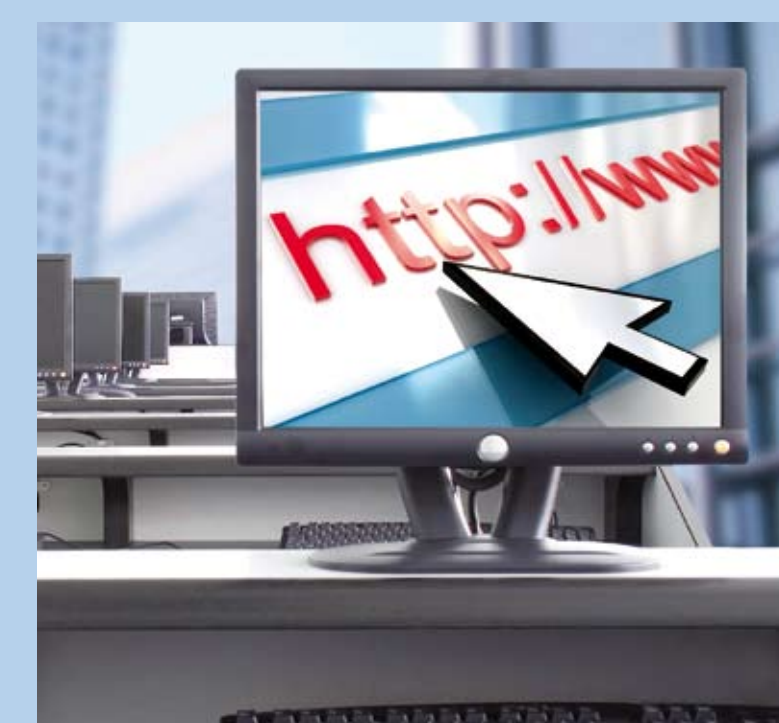
Customer Applications



Mobile



TV



PC



OpenFrame touch screen control panel



Schedule an Appt



Need an Audit?



Energy Efficiency Store

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Downstream Financial Performance

DE Residential

DE Business

Services

	2007	2008	2009
Revenue (£m)	2,437	2,652	2,644
Operating Profit (£m)	110	118	155
Operating Margin %	4.5%	4.4%	5.9%
Gas Customers '000 (period end)	1,692	1,723	1,724
Electricity Customers '000 (period end)	1,313	1,369	1,351

	2007	2008	2009
Revenue (£m)	978	2,015	2,491
Operating Profit (£m)	1	11	34
Operating Margin %	0.1%	0.5%	1.4%
Gas Production (mmth)	627	603	689
Electricity Consumption (GWh)	13,925	27,411	33,430

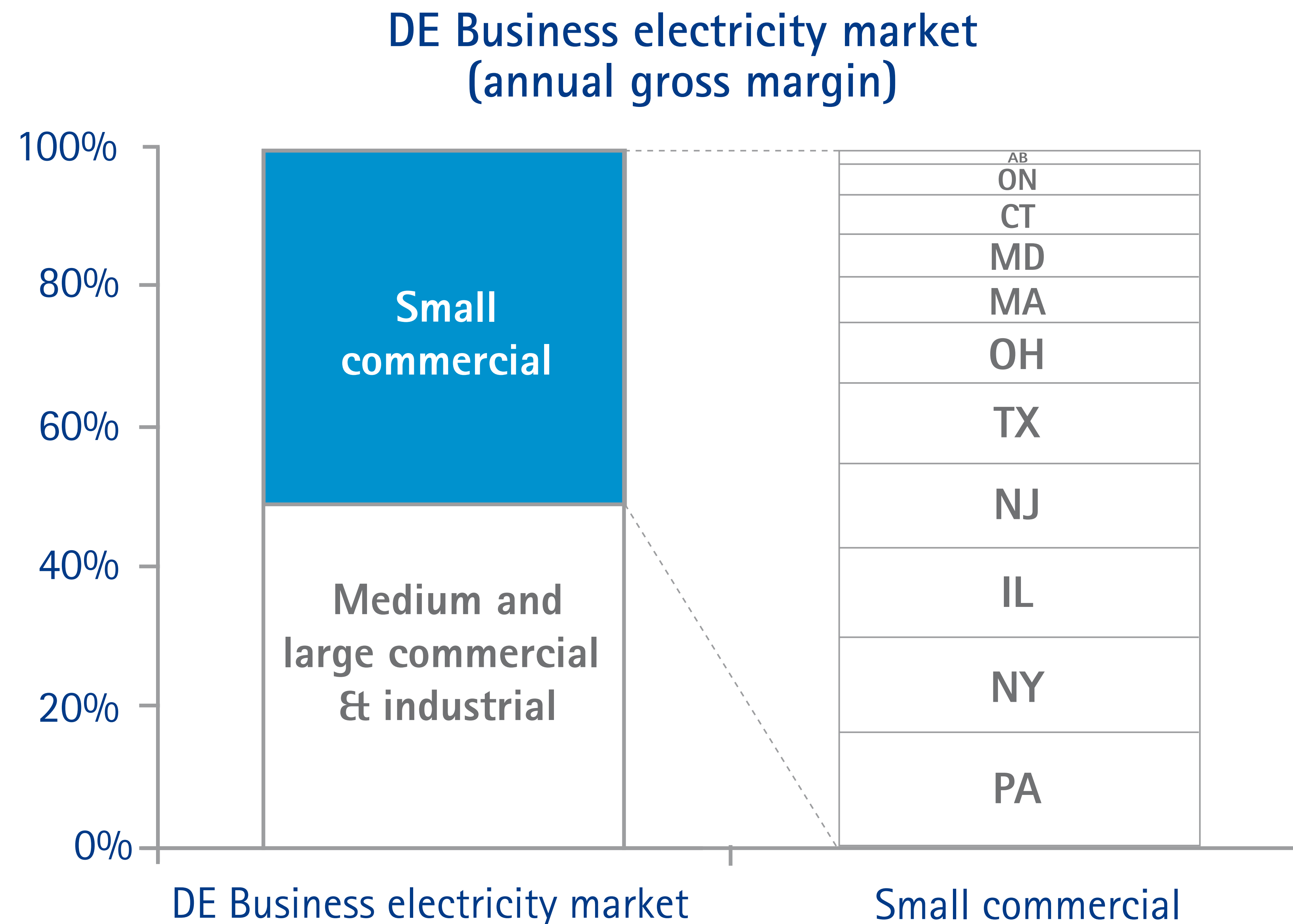
	2007	2008	2009
Revenue (£m)	351	375	406
Operating Profit (£m)	17	16	18
Operating Margin %	4.8%	4.3%	4.4%
Gas Customers '000 (period end)	2,033	2,140	2,111

Note: DE Residential is before £61m one-off provisioning

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Electricity Markets: Small Commercial Opportunity



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Texas Transformation Initiatives

Cost to serve

- Bill print vendor switch
- IVR enhancements
- Platform consolidation
- Bill improvements

Retention

- Segmented pricing
- Inbound saves
- Transfer of service
- Proactive retention
- Automatic payments

Acquisition

- Prepay
- Online channel
- Pre-acquisition loss:
 - Priority move-ins
 - Credit engine
- Incumbent MF partnership

Bad debt

- A/R management: outbound vendor, debt path and skip tracing
- Regulatory rulemakings: tampering, deferred payment plans and critical care
- Credit assessment and deposits strategies
Prepay application for high-risk customers

Prepay

- Prepay launch
 - Go-to-market
 - Payments
 - IS/Ops
 - Finance
 - Legal/Regulatory

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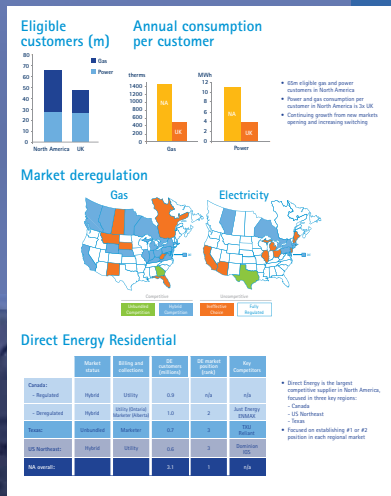




Downstream

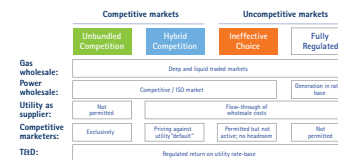
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Residential energy



Deregulation in North America

Energy market types



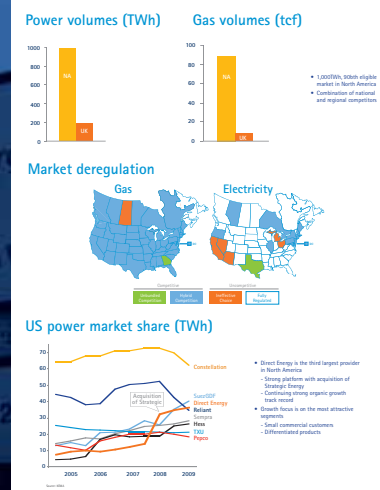
- Retail market deregulation established generally at state and provincial level
- Different market structures adopted with two general models for competition
 - Unbundled markets (eg. Texas) provide structure like the US
 - Hybrid markets (eg. Canada & US Northeast) regulated utility as default supply option

Services

North American residential heating/cooling services market (C\$bn)

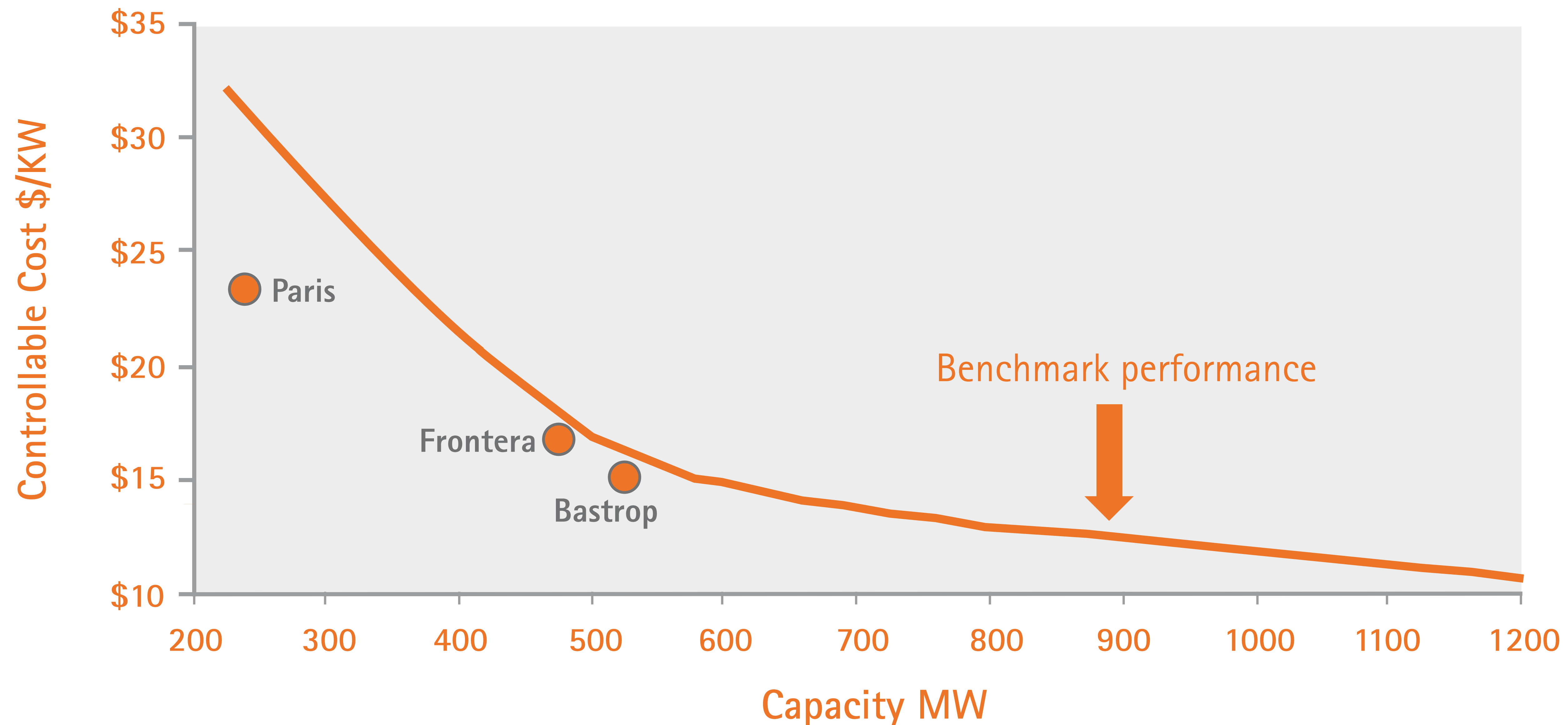


Business energy



Direct Energy: Power Asset Operational Performance

Competitive cost performance (2007 - 2009)

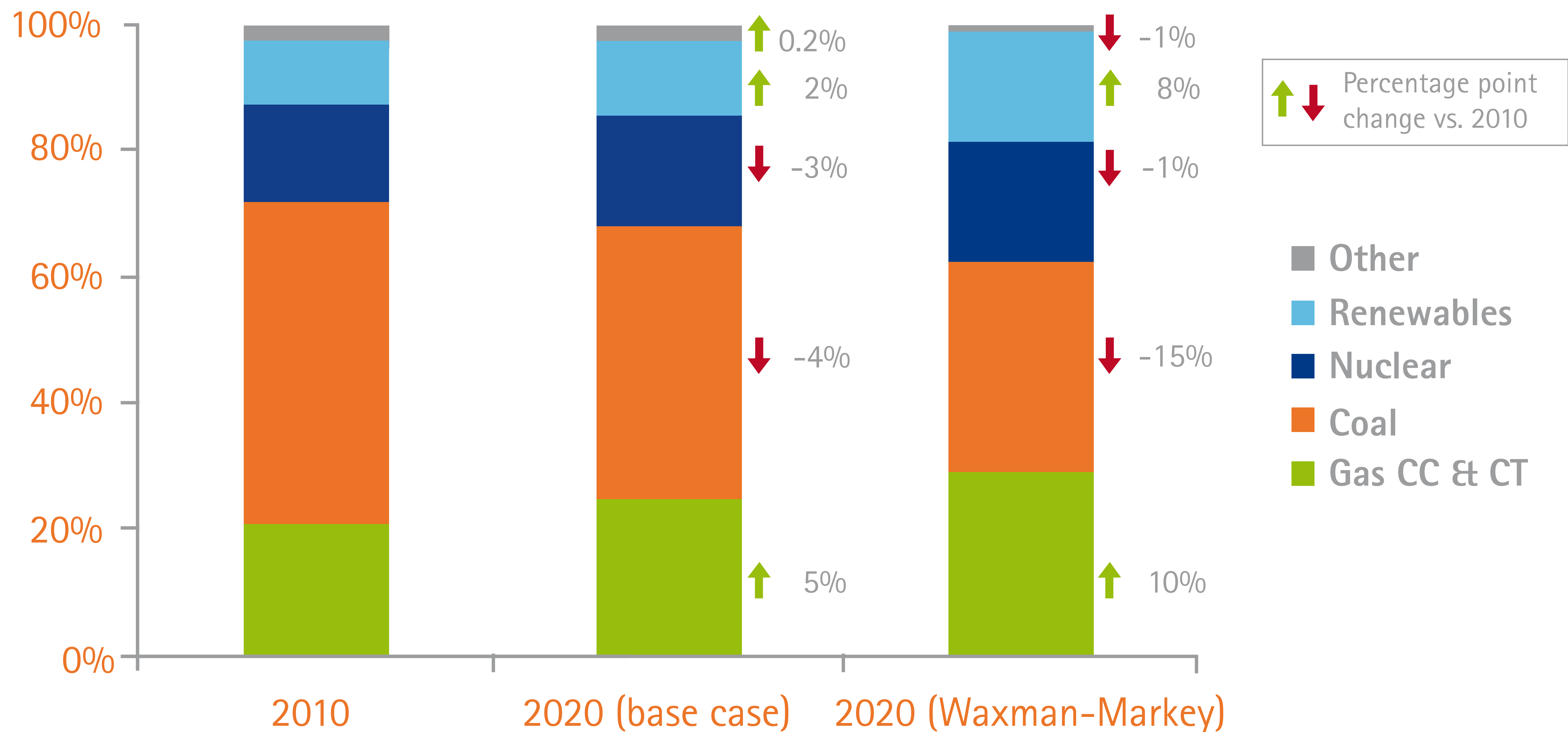


Source: Solomon benchmarking

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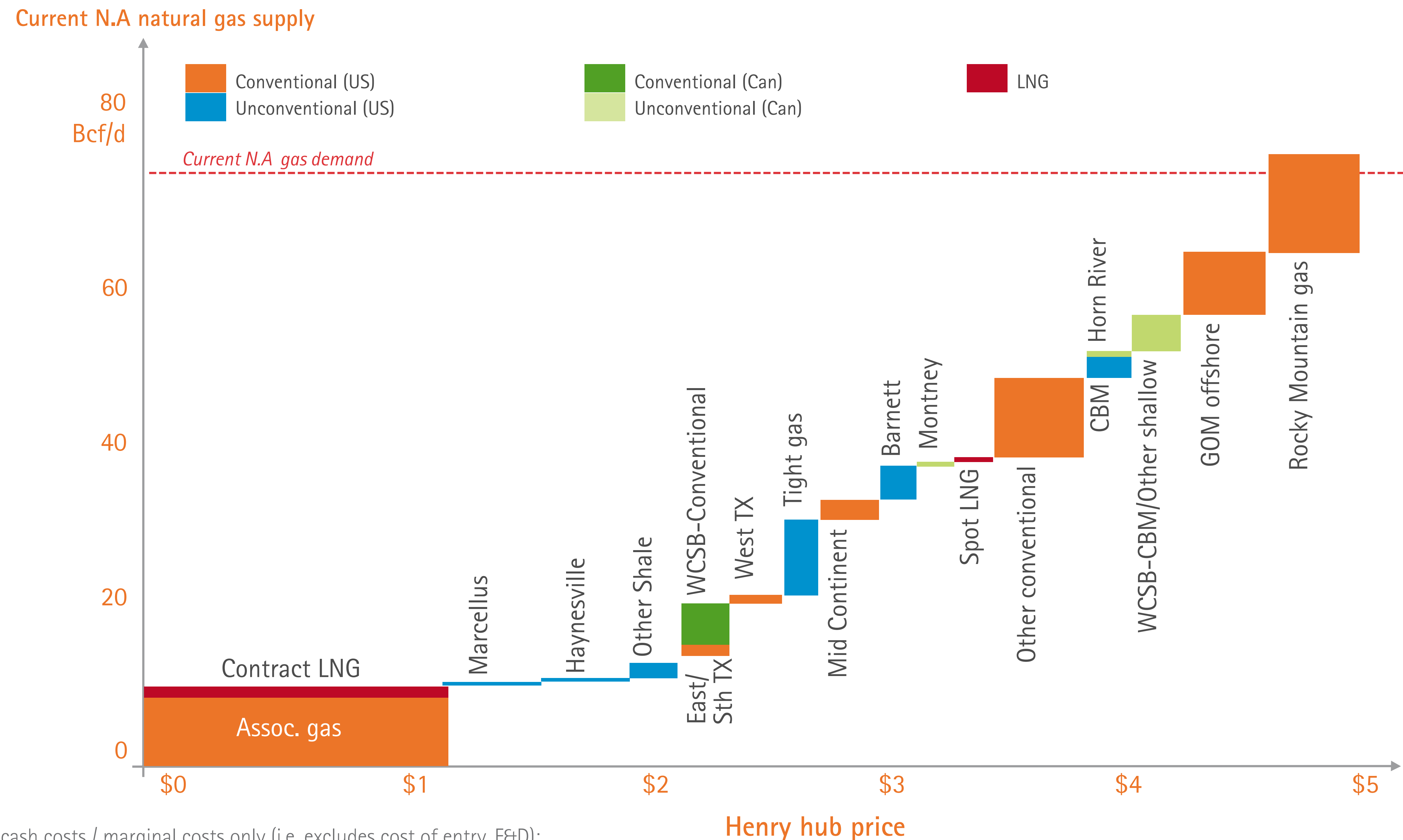
Total US Power Generation Output (by fuel)



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North American Natural Gas Supply



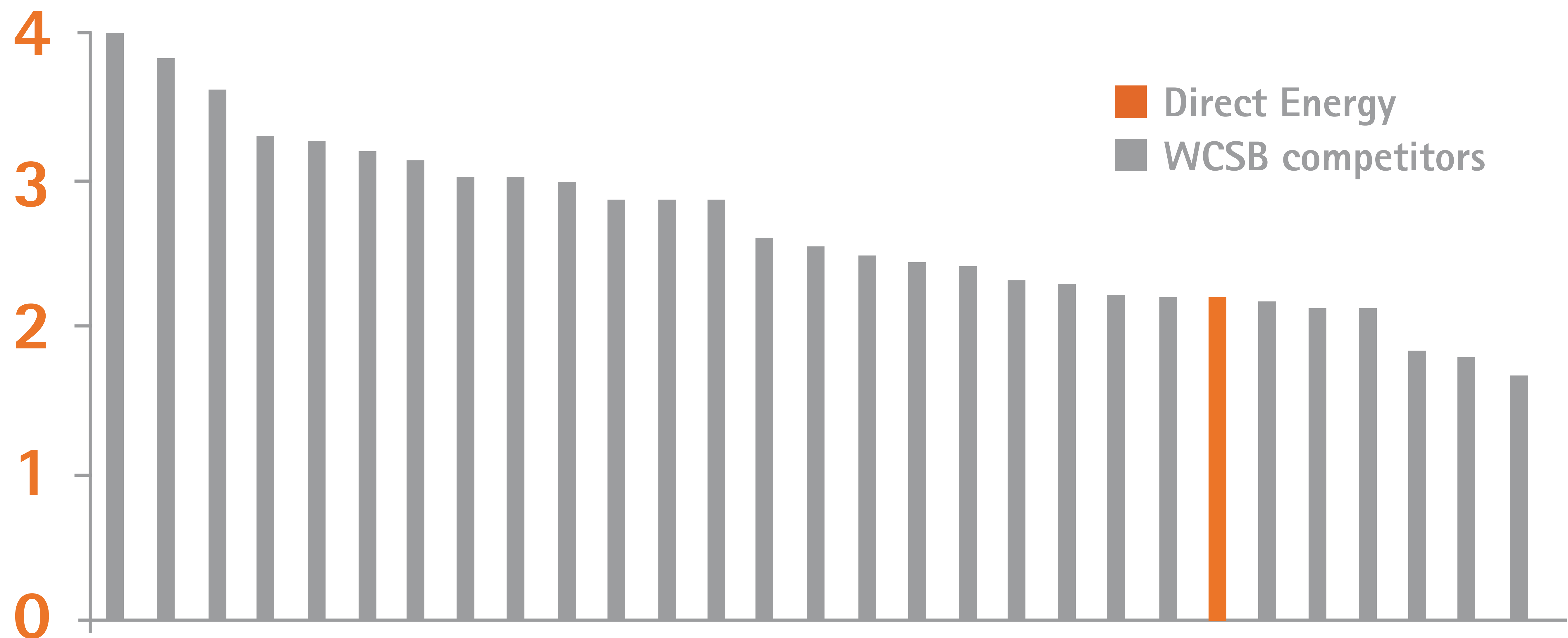
Note: Economics based on cash costs / marginal costs only (i.e. excludes cost of entry, F&D);
 Associated gas and contract LNG assumed to flow regardless of short term price movements
 Source: Warlick International, Credit Suisse, expert interviews

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Direct Energy's Competitive Upstream Gas Position

WCSB producer cash costs (\$/mcf)¹



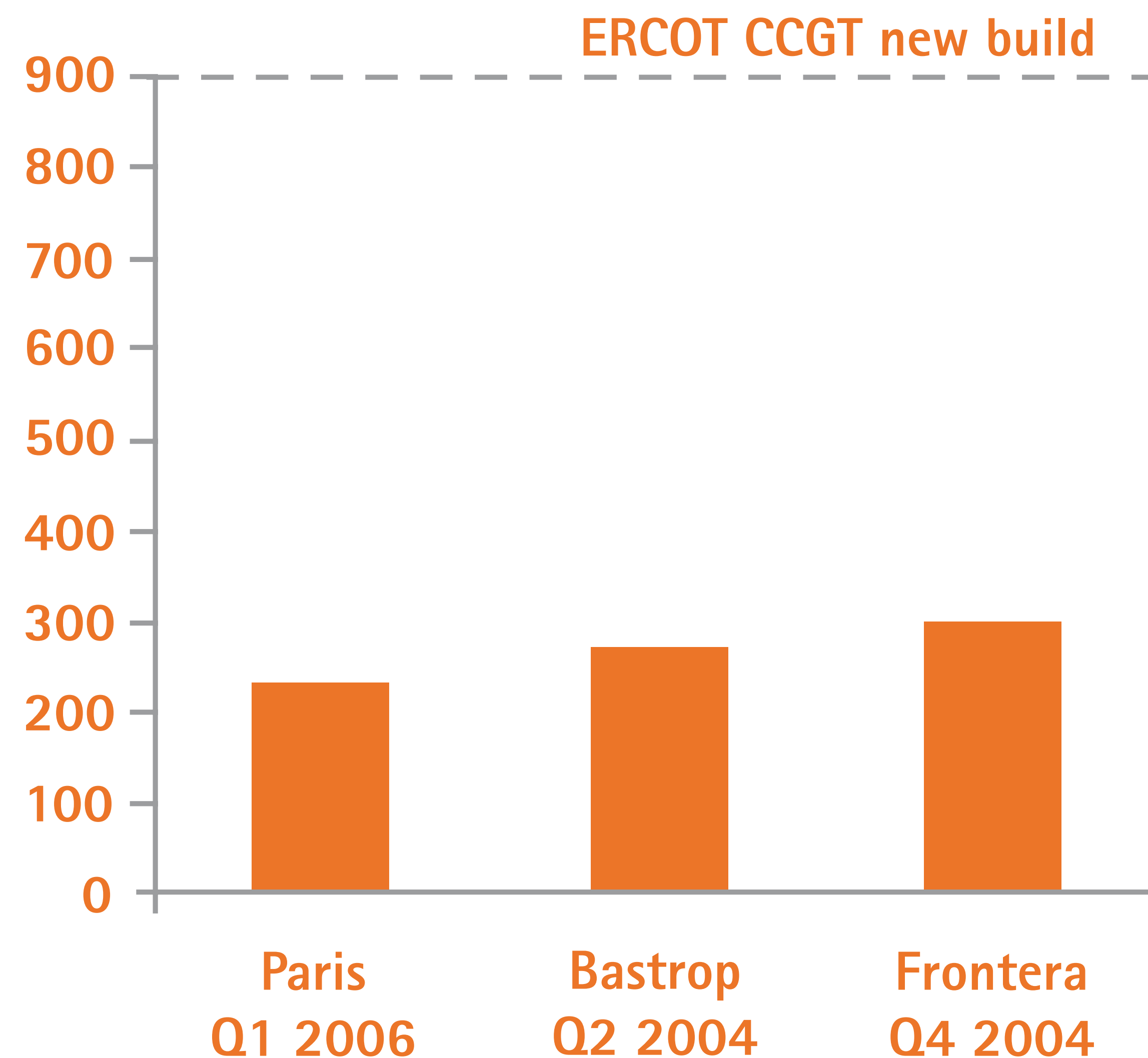
¹ Q3 2009 cash costs for WCSB producers >50% gas weighted

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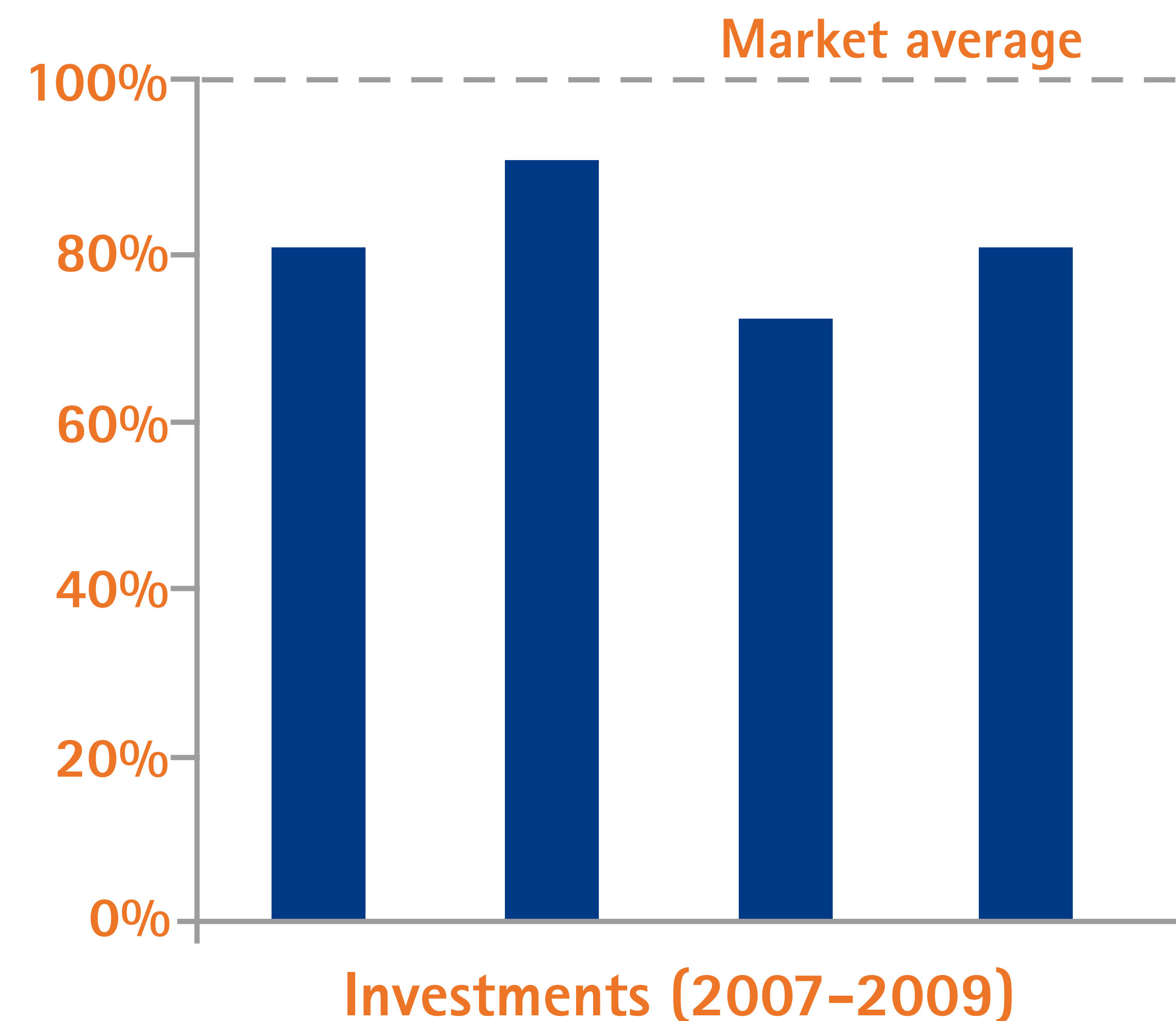


Disciplined Investment Track Record

Power investments
(US\$/kW)



Gas investments
(100% = market transaction average¹)



¹ Quarterly market transaction averages for WCSB acquisitions (reserve multiples – 2P)

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DE Upstream Financial Performance

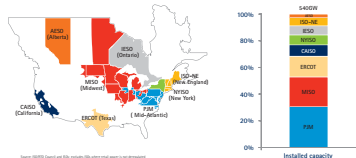
	2007	2008	2009
Revenue (£m)	226	786	567
Operating Profit (£m)	46	51	7
Operating Profit margin	21%	7%	1%
Gas Production volume (mmth)	297	365	375
Power Generated (GWh)	5,053	4,688	4,982

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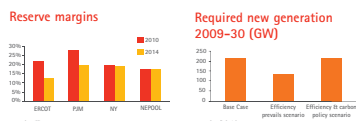
Power generation in North America

Competitive wholesale power markets



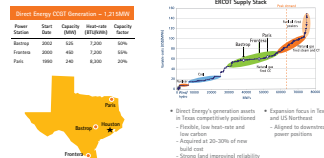
- Several competitive wholesale power markets in North America
- Current low spark spreads creating challenging economics
- Strong fundamentals
 - Capacity margins shrinking in key markets
 - Large requirement for investment in new capacity

Reserve margins and new capacity requirements



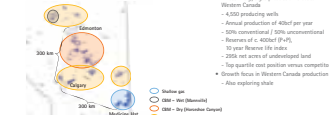
Direct Energy

Direct Energy power generation assets



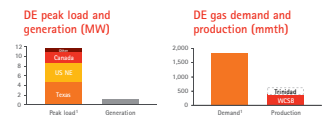
- Direct Energy's generation assets in Texas competitively positioned
 - Flexible, low heat-rate and
 - Aligned to downstream power positions
- Expansion focus in Texas and US Midwest
 - Aligned to downstream power positions

Direct Energy gas operations



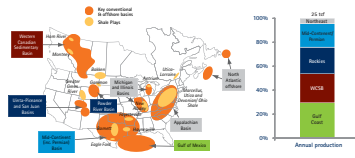
- Direct Energy's gas production is based in Western Canada
 - ~4,500 producing wells
 - Annual production of 400 bcf per year
 - ~90% conventional / 10% unconventional
 - Reserves of ~400 bcf (P+U)
 - 30 year Reserve life index
 - 200+ net acres of undeveloped land
 - Top quartile asset position versus competitors
- Growth focus in Western Canada production
 - Also exploring shale

Direct Energy – vertical integration



Gas production in North America

Gas basins



- Gas production in North America spread across several basins and reserve types
- Decreasing conventional production will be offset by growing unconventional (shale) production
- Current low gas prices impacting returns and creating opportunities to increase reserves

Gas production (tcf)

