

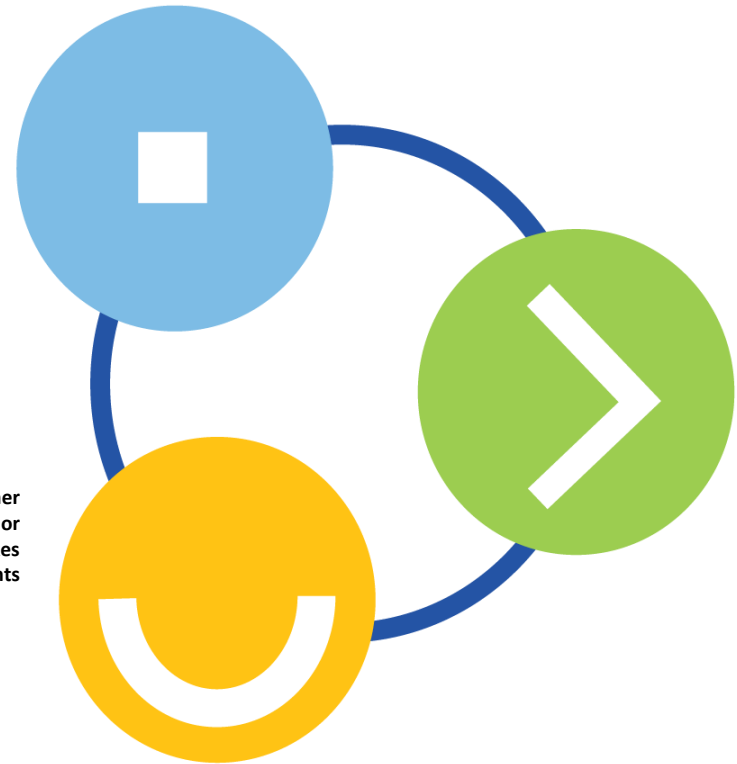
An Energy Retailer's Perspective on Smart Grid

NESEA BuildingEnergy 2014

March 6, 2014

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Introduction



- » Subsidiary of Centrica, a leading integrated energy company, and member of the FTSE 100
- » North America's largest competitive retail energy provider with 25% market share
- » Largest network of home services technicians in North America

	Power (Customers)	Gas (Customers)
Texas	800,000	N/A
US Northeast	700,000	700,000
Canada	400,000	950,000
Total	1,900,000	1,600,000



What do retailers think
about when we think
about Smart Grid?

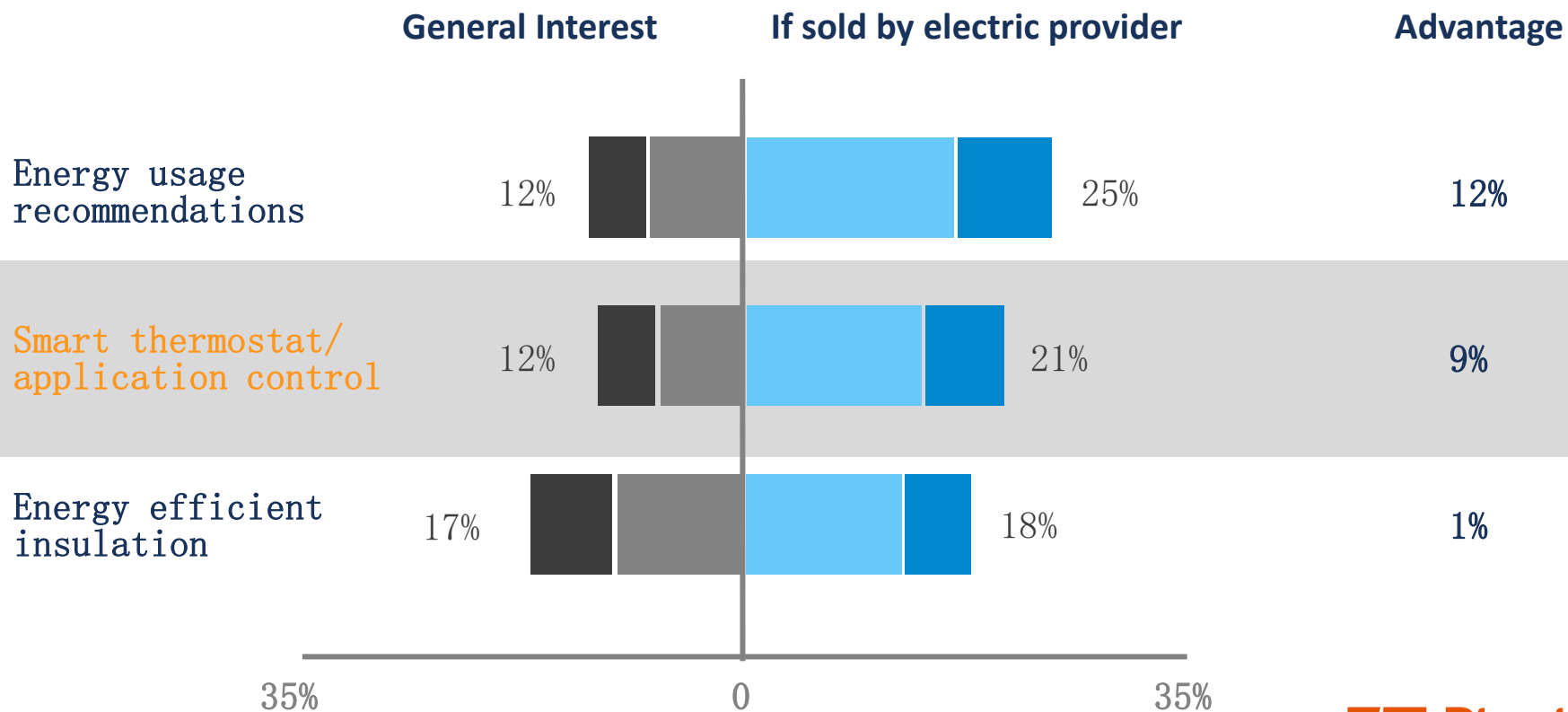


1. Customer value

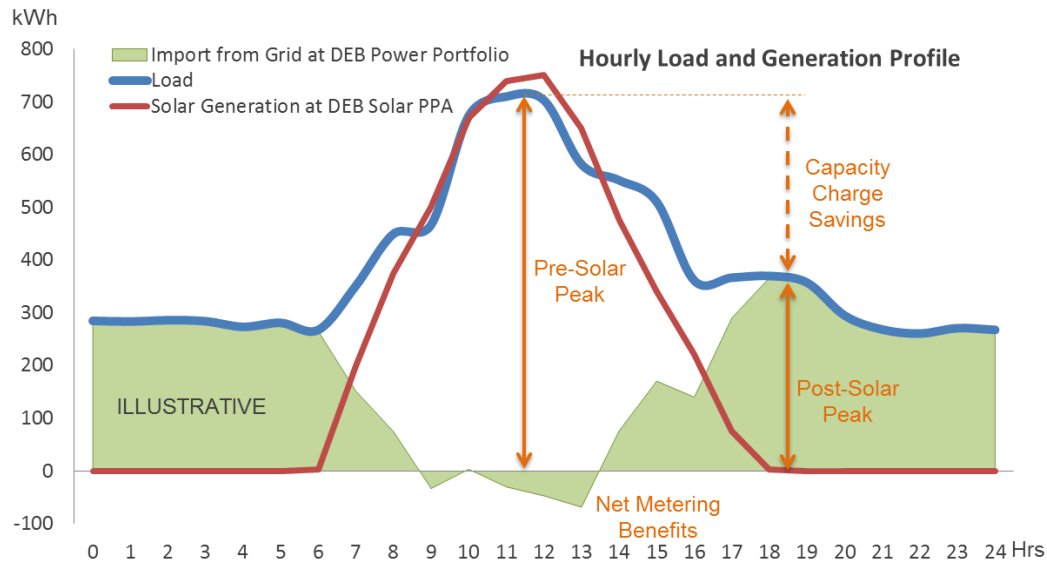
Customers look to us

Q: Please choose your level of interest in buying the following products and services in the next 12 months.

Q: How likely are you to buy the following products and services in the next 12 months if they are offered by your current electric company?

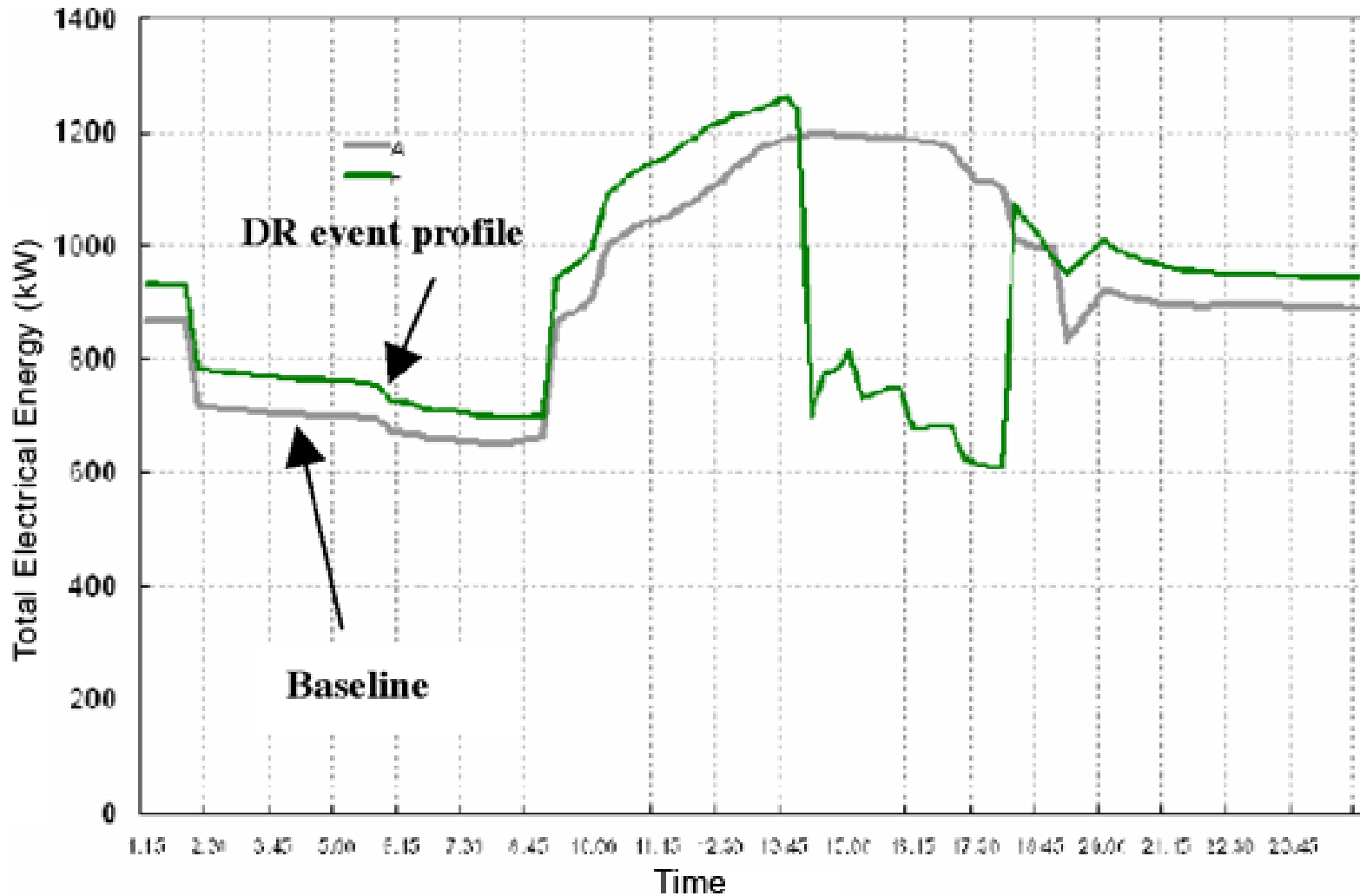


Potential Benefits of Smart Grid-Enabled Solar



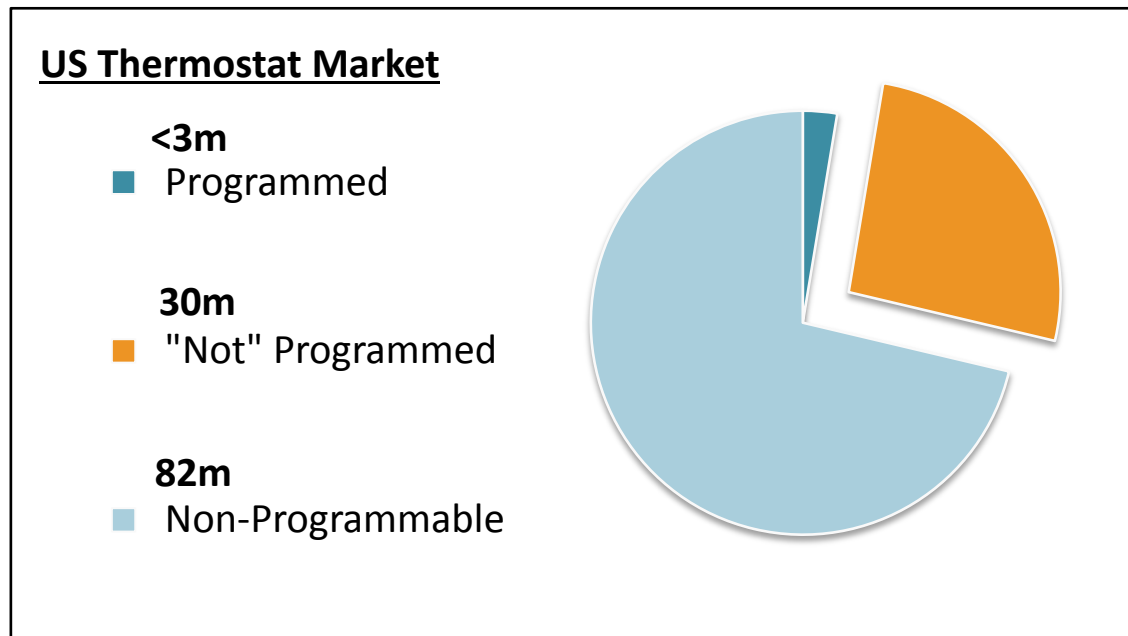
- Off-take arrangements at attractive pricing levels (relative to the utility's all-in power cost)
- Long term price certainty against increasing energy and transmission costs
- An energy source that follows peak demand profile, reducing capacity charges and avoiding on-peak prices
- Potential source of additional revenue from net-metering
- Insulation against regulatory change in retail energy markets
- Alignment with corporate responsibility goals and targets
- Green marketing benefits

Potential Benefits of Smart Grid-Enabled DR



Smart Thermostat is a new consumer-driven market

30m US Homes with Programmable Thermostats that are “Not” programmed ...

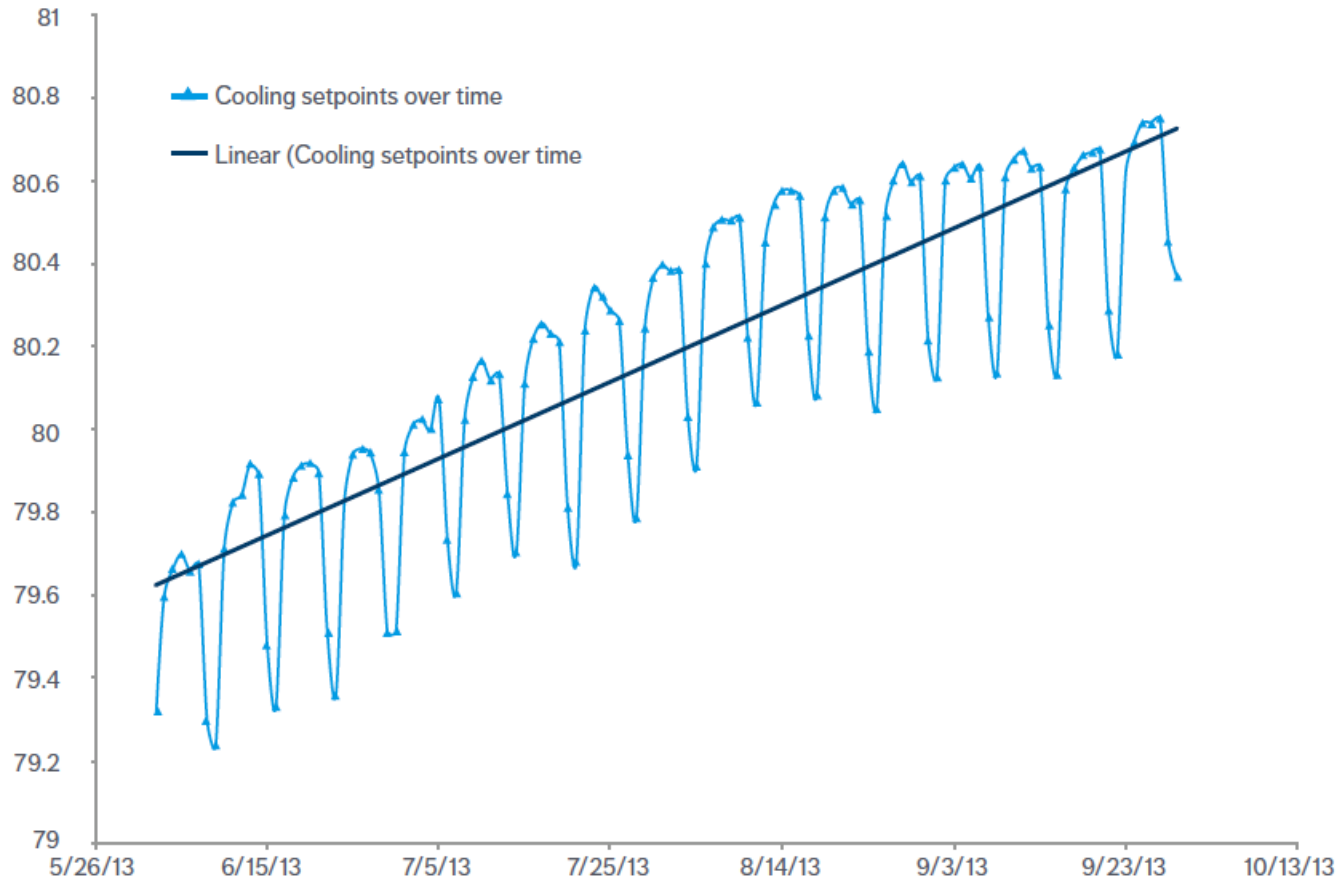


Source: DOE and DE Innovation Research

Engagement leads to Savings over time

Cooling Set Points over Time

(Data from Opower thermostat field trial, n=500)



2. Shareholder value

Innovation Focus

Engagement

Drivers – Retention and cross-sell



- Weekly Energy Email
- Web Portal
- Mobile Web/App

Choice

Drivers – Product differentiation, customer satisfaction, Off-peak



- Free Power Day
- Free Power Saturday
- Prepay

Control

Drivers – Innovation and expansion into new markets



- Smart Thermostats
- Connected Home
- DR, Solar and EV

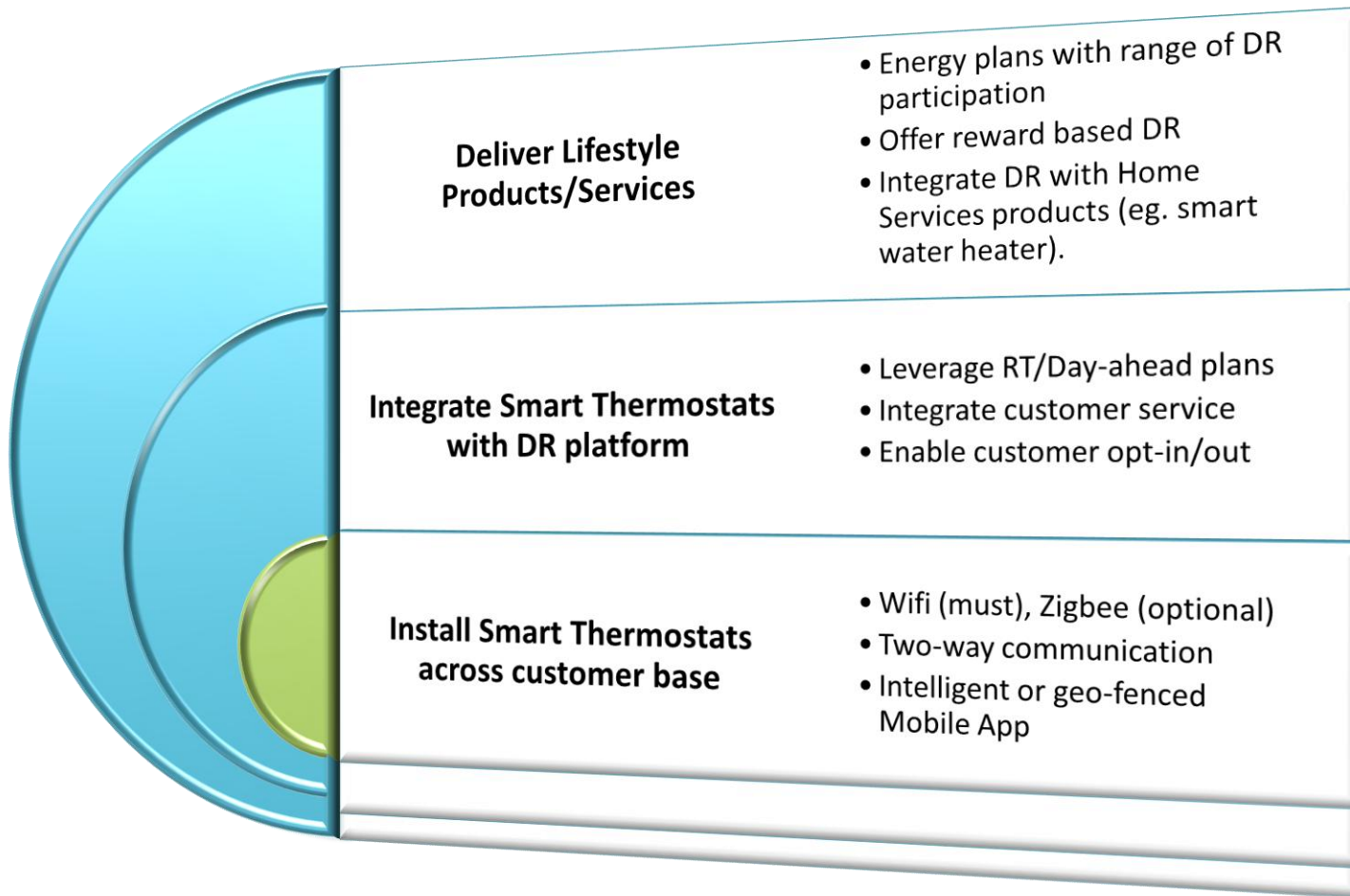
Innovation Mandate

- Advance DE's innovative service offerings at an entrepreneurial pace
- End-to-end offer development and commercialization (Strategy, Tech, Marketing and Ops)
- Develop leading edge products that consumers chose and would recommend

DE Residential DR Road Map

Residential DR begins with DER/DES scaling an inter-operable smart thermostat platform.

- ✓ *Wifi enabled Tstats expand base of eligible homes with two-way communication.*
- ✓ *Smart Tstats with learning capability improve customer profile and shrink DR opportunity.*



3. A level playing field

What looks level to us

- Clear delineation of roles and responsibilities
 - Utilities do infrastructure
 - Retailers do products and services
- Equal access to customer data
- Standardized data exchange
- Equivalency of billing options

Other issues

- Proper alignment of incentives in commercial market
- Can you have a Smart Grid without smart meters?