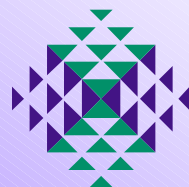


Anatomy of a Gas Buyer's Portfolio; Marketing a "Win-Win" to the Purchaser

Gas Mart

Chicago, IL

May 10, 2007

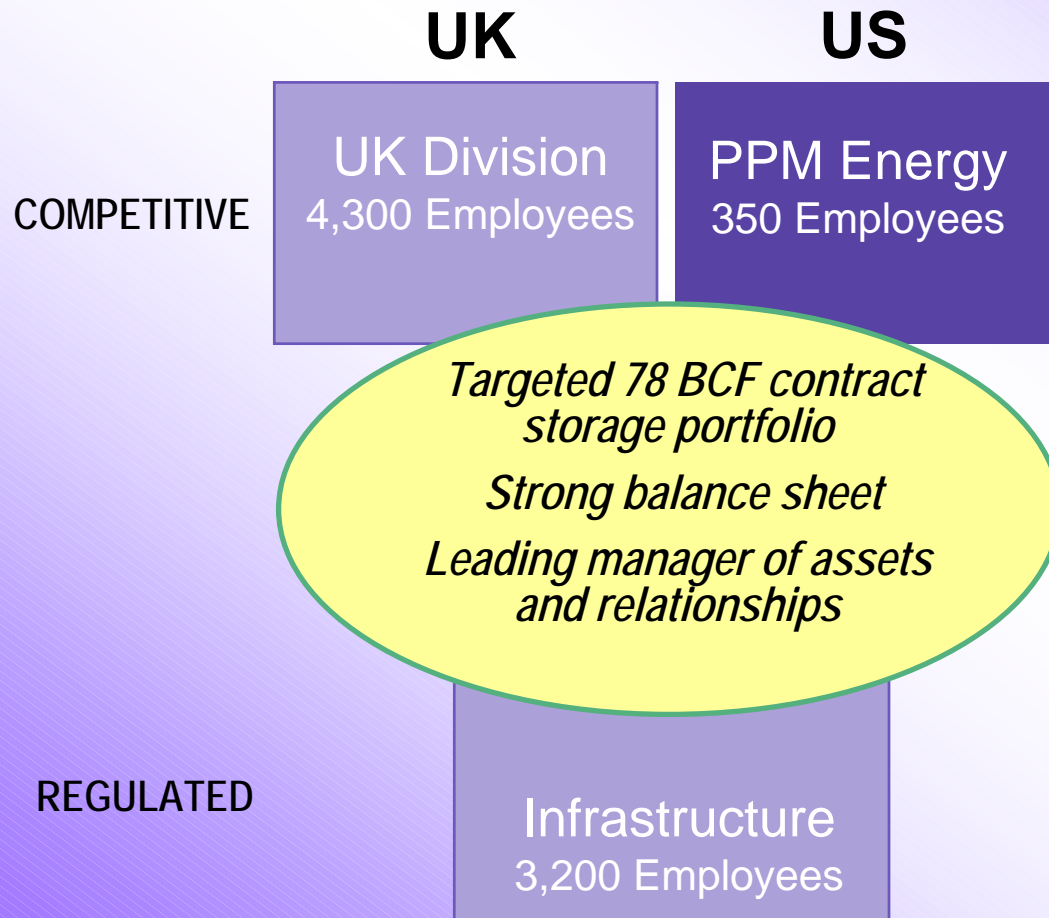


PPM Energy
A ScottishPower Company

Who are We?

- PPM Energy is part of the ScottishPower group of companies
- Scottish Power and Iberdrola merged on April 23, 2007 to become the third largest energy company in Europe and the largest in Spain
- The world's largest provider of wind power with 6,500 MW of installed capacity
- \$48.1 billion 100 year old Spanish-based company
- Operates gas & electricity businesses in 40 countries over 4 continents
- Combined group has installed capacity of 39,000 MW and 21 million customers
- One of most environmentally-respectful companies in Europe; lowest emission generator in Europe
- Iberdrola supplied 20% of all imported LNG to Spain in 2006 or about 4.3 bcm (billion cubic meters) and supplied 1.2 bcm to others in Europe and Asia
- Current presence in renewable energy in Mexico and Brazil
- PPM the third largest independent gas storage company in the US with 39 BCF owned by ENSTOR and approximately 78 BCF under contract for existing and new capacity
- The Iberdrola family is committed to maintaining its very strong credit rating

The ScottishPower Group – Quick Refresher



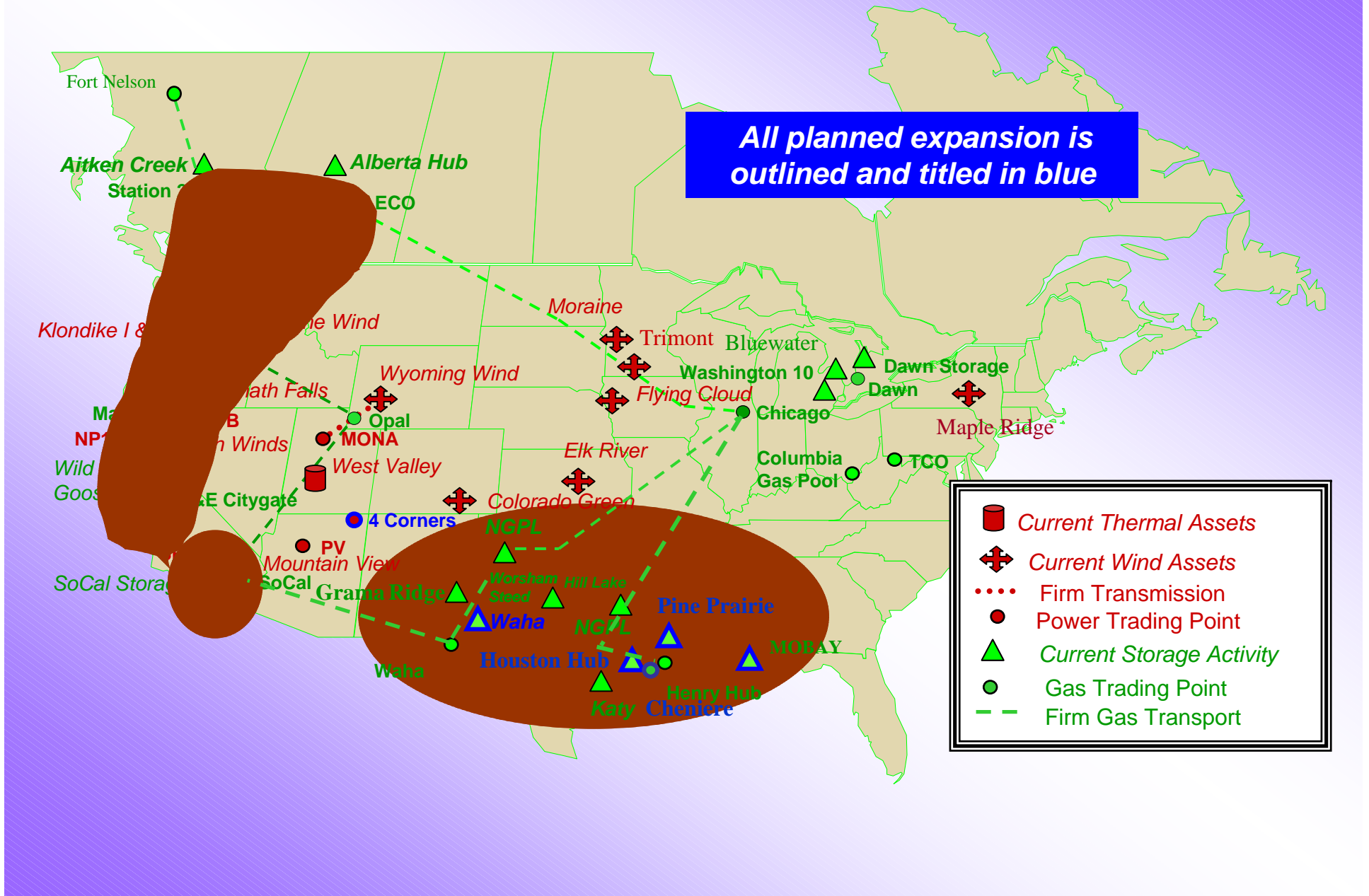
PPM Energy is a nimble, financially sound growth company, with deep skills focused on three businesses:

- Gas storage, transport, management and origination
- Wind generation
- Thermal Generation

Why PPM Energy?

- **Commitment to storage**
 - Contracted existing storage (over 53 BCF)
 - Current ENSTOR facilities (examples: 21 BCF at Katy; 6 BCF at Grama Ridge)
 - ENSTOR business development catalog (examples: 18 BCF at Houston Hub, 10 BCF at Waha in construction)
- **Capacity management capabilities**
 - Gas transportation (examples: 152,000 MMBtu/d-Midwest, 24,000 MMBtu/d-MidContinent, 60,000 MMBtu/d-Gulf Coast)
 - Generation (examples: Klamath Cogeneration Plant; various wind facilities; TID)
 - Storage (example: ENSTOR hub services in Alberta)
- **Market and storage presence**
 - Solid gas purchaser for proprietary needs (example: over 14 BCF of NGPL storage capacity)
 - Growing gas purchaser for third party needs
 - Ongoing development of load following markets (example: peaking contract sales in Gulf Coast)
 - Worldwide perspective on LNG (example: Cheniere deal; imports to Europe and Asia)
- **Financial strength**
 - Strong credit rating and support from community of investment analysts
 - Increasing support for capital and trade commitments
- **Integrity coupled with disciplined approach**
 - Ten year, authorized growth plan
 - Extensive capital commitment
 - Commitment to North American markets by Iberdrola
- **Developed infrastructure and systems**
 - A solution and commitment beyond capital and time

PPM's Energy Footprint



Requirements for All Gas Buyers' Portfolios

■ Price

- Best Value for commodity and related services
 - For utilities
 - Rate-based
 - Value returned to shareholders
 - End Users
 - Manage Cost of products
 - Value to shareholders
- Risk
 - Fixed versus floating (current market) pricing
 - Options – risk insurance

■ Reliability

- Reduce interruptions due to weather
- Credit
- Depth of knowledge from both physical and financial perspective
 - Proven asset managers
 - Don't put all your "eggs in one basket"

■ Service

- Customer driven
- Support systems
- Credit support

Price – Best Value for Commodity and Related Services

■ Ways to mitigate risk of price movement

- Swaps, caps, collars, fixed price
- Index - Gas Daily versus First of Month
- Products as insurance

An example: weather option with a temperature strike

■ Maximize the value of underutilized assets

- Asset Management
- Sharing
- Fixed price payment

■ Ways PPM specifically can work with you as the customer:

- Regionally based to eliminate price stacking
- Our willingness to pay extrinsic value for assets
- We believe in managing assets especially storage assets
- We work with you to develop physical products to serve your specific needs

Reliability

- **Proven Asset Managers**

- Storage
- Transportation

- **Depth of knowledge**

- Understand movement of molecules
- Proper staff with experience

- **Access to multiple supply basins with adequate transportation assets**

- Rockies, MidContinent, Gulf Coast, LNG, Canadian

- **Storage**

- Regional
- Multi-regional

Service

- **Support systems adequate to handle business**
 - For deal structures complicated beyond basic index, fixed price deals
 - Confirmation process
 - For proper nominations
 - For accurate billing
- **Credit worthiness**
 - changing marketplace
 - multiple tools to achieve deal closure
- **Customer responsive**
 - Willingness to meet the needs of customer outside of normal business hours