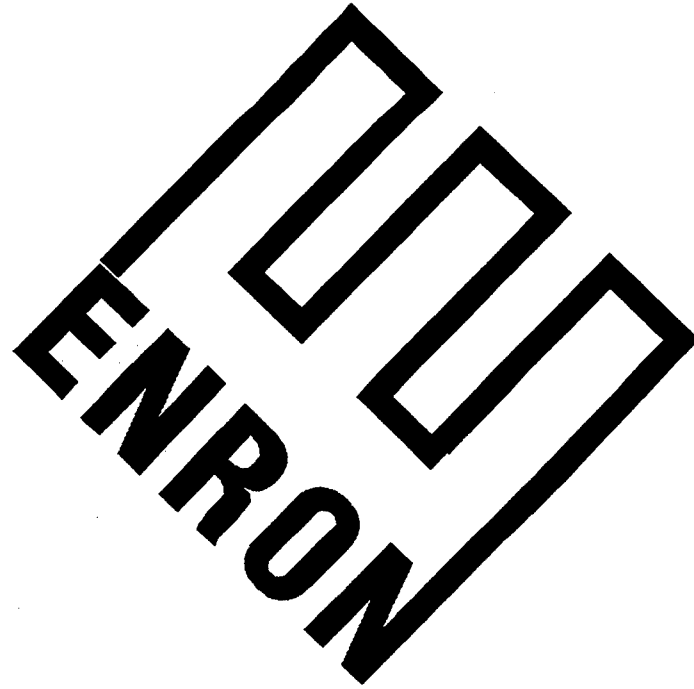


*Approval Plan
Meyer
Blake*

2001 - 2003
Operating & Strategic Plan

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Enron North America

*Prevent introduced Delaney & Lavarato
Delaney talked about the great performance of
the group for the year*

Board Presentation

- **Financial Review**
- **2000 Accomplishments**
- **Market Snapshot**
- **Regulatory Challenges**

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Board Presentation

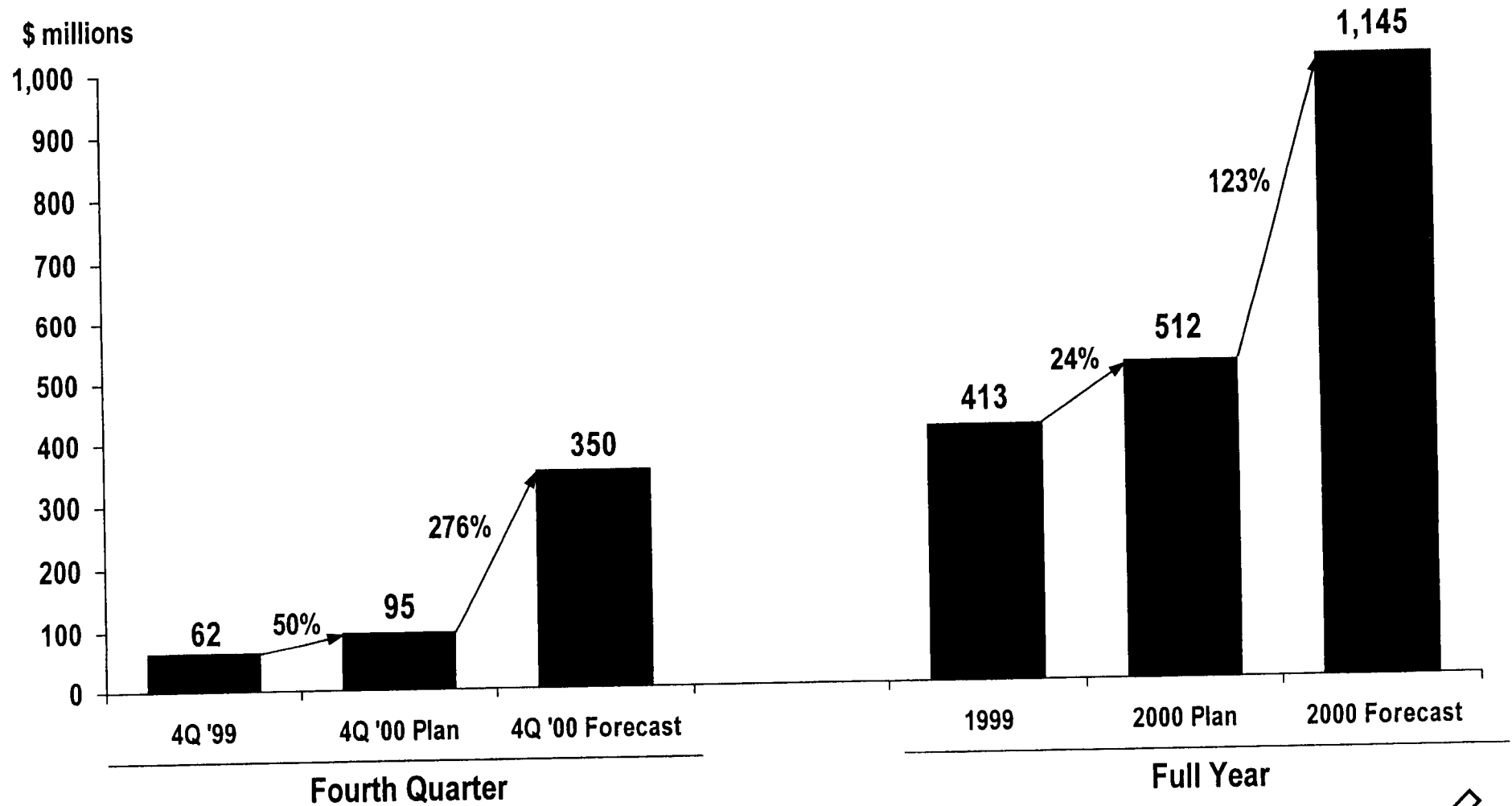
- **Financial Review**
 - **Third Quarter/Year to Date Snapshot**

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Growth Continues, Driven by Commodity Services

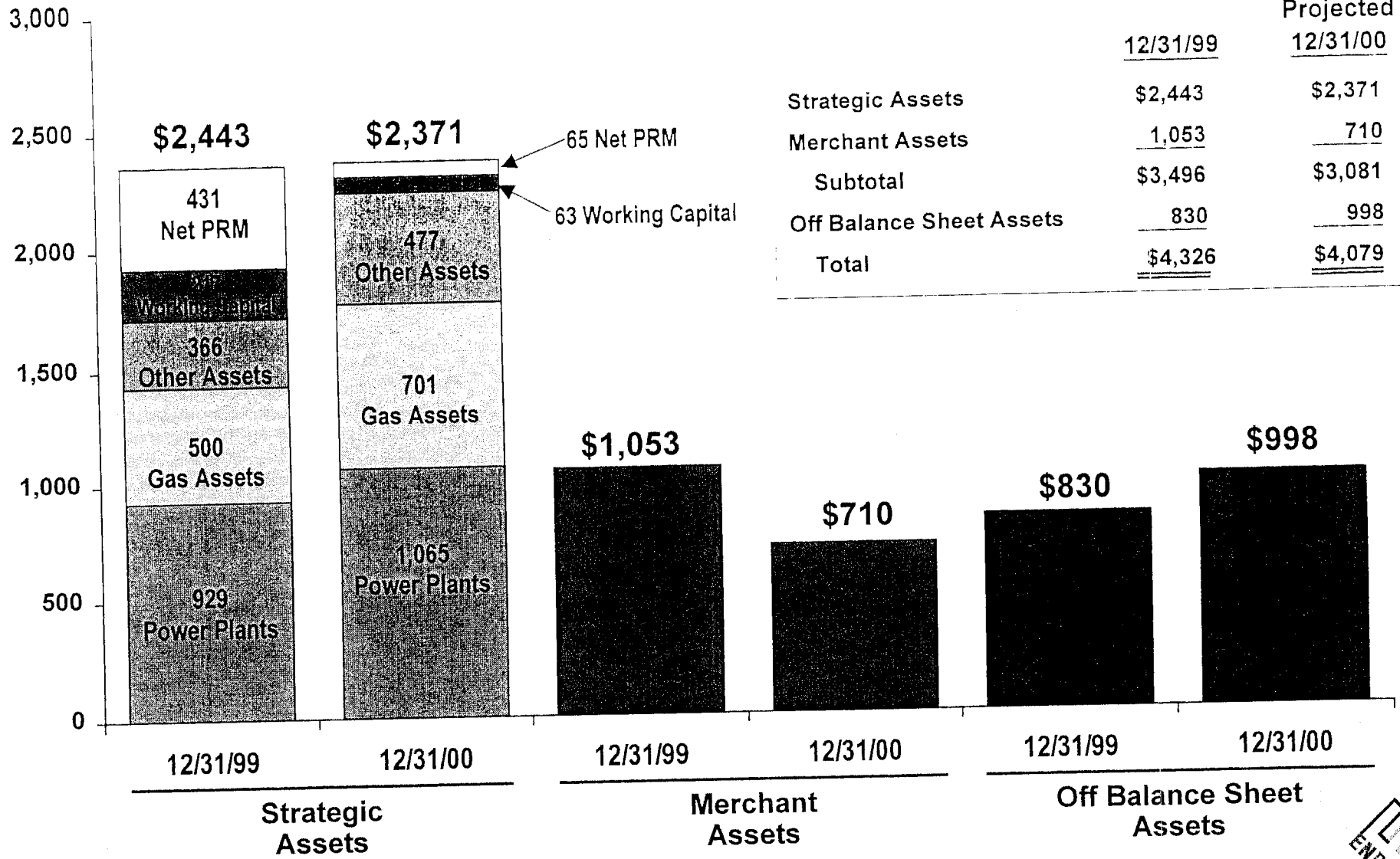
EBIT



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Capital Deployed (\$ millions)



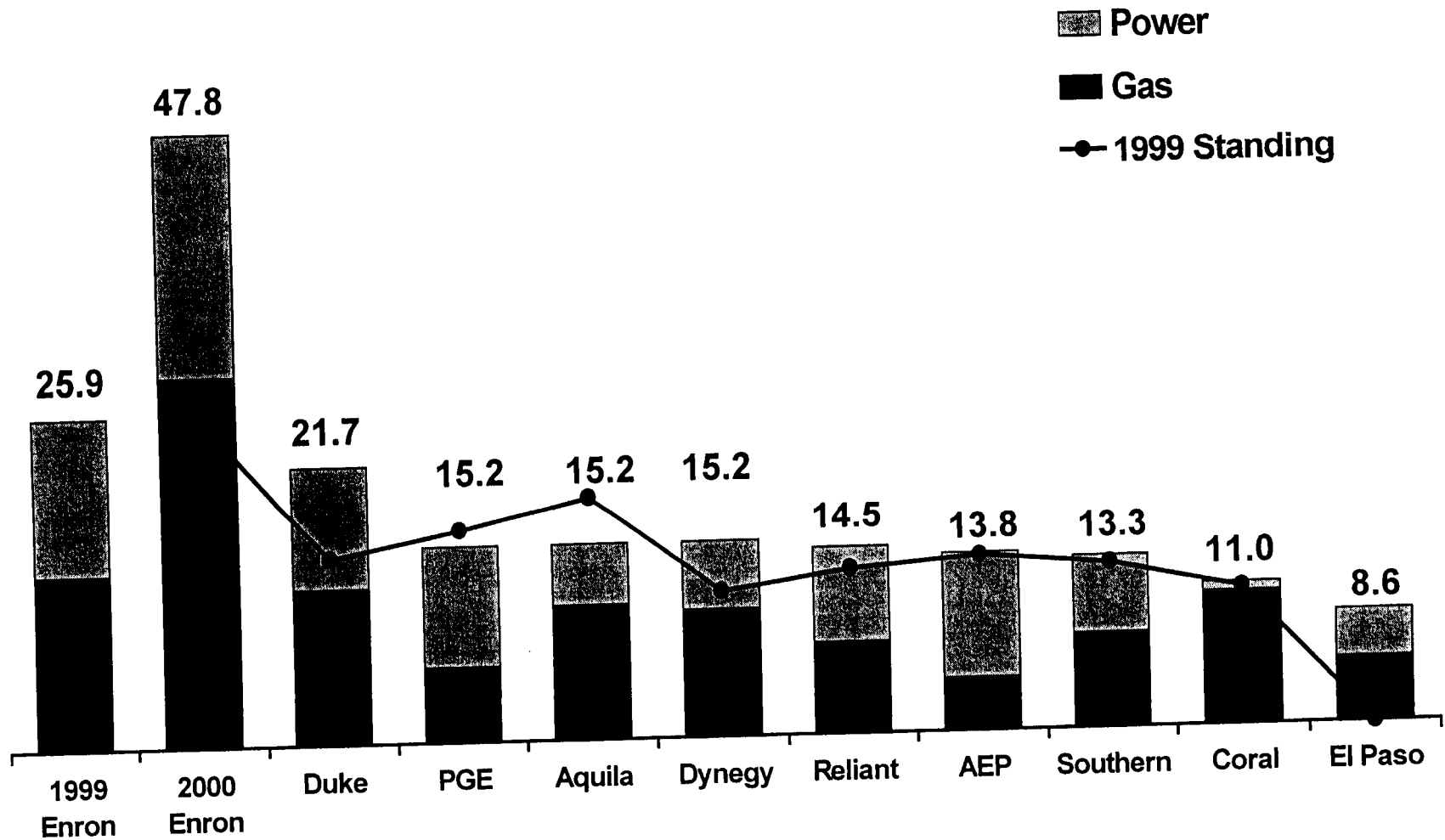
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Enron's Leading Market Position

Third Quarter 2000

(TBtue/d)



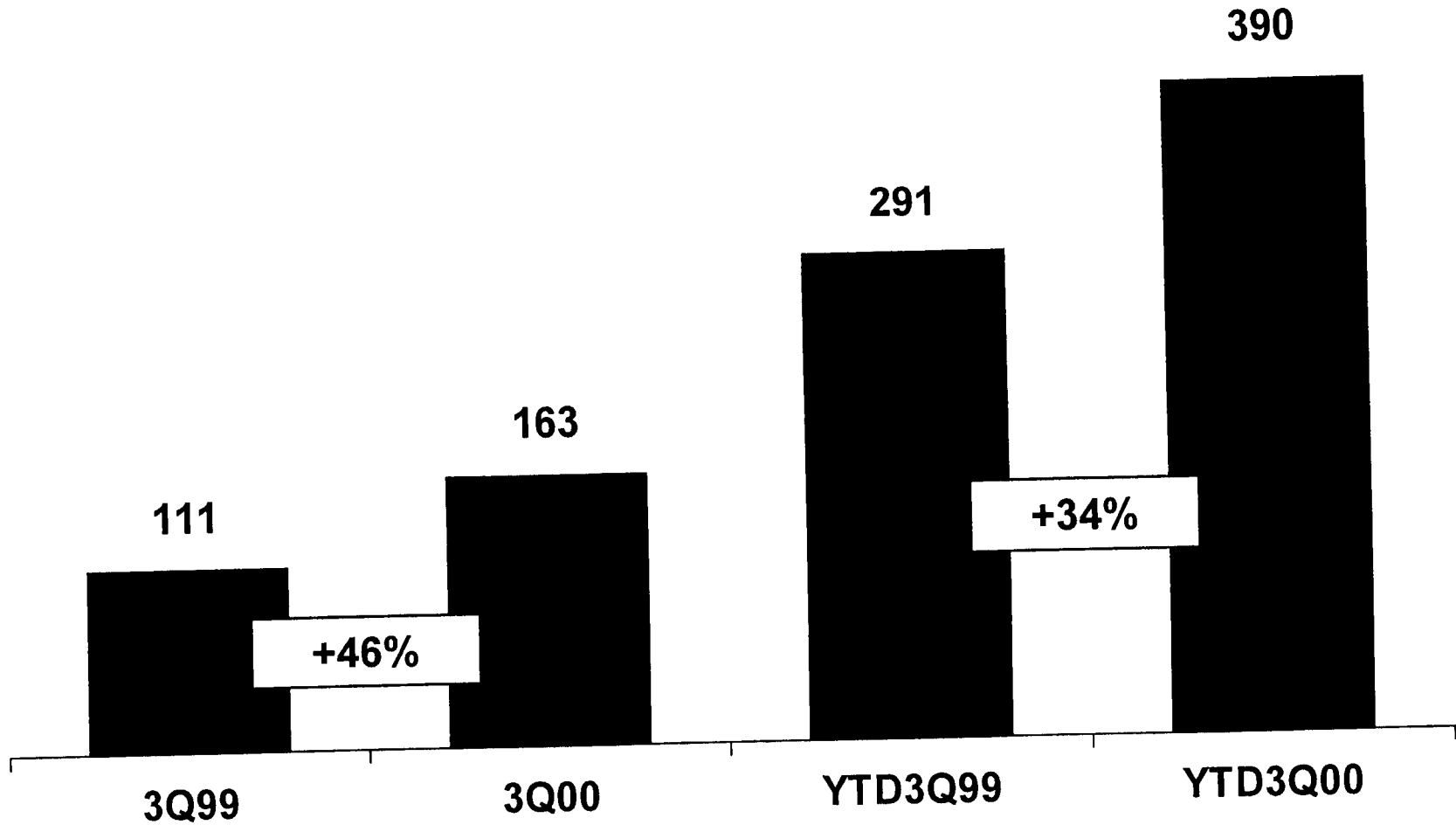
Source: Gas Daily, Power Markets Week

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Physical Electricity Sales Volumes

(Million MWh)



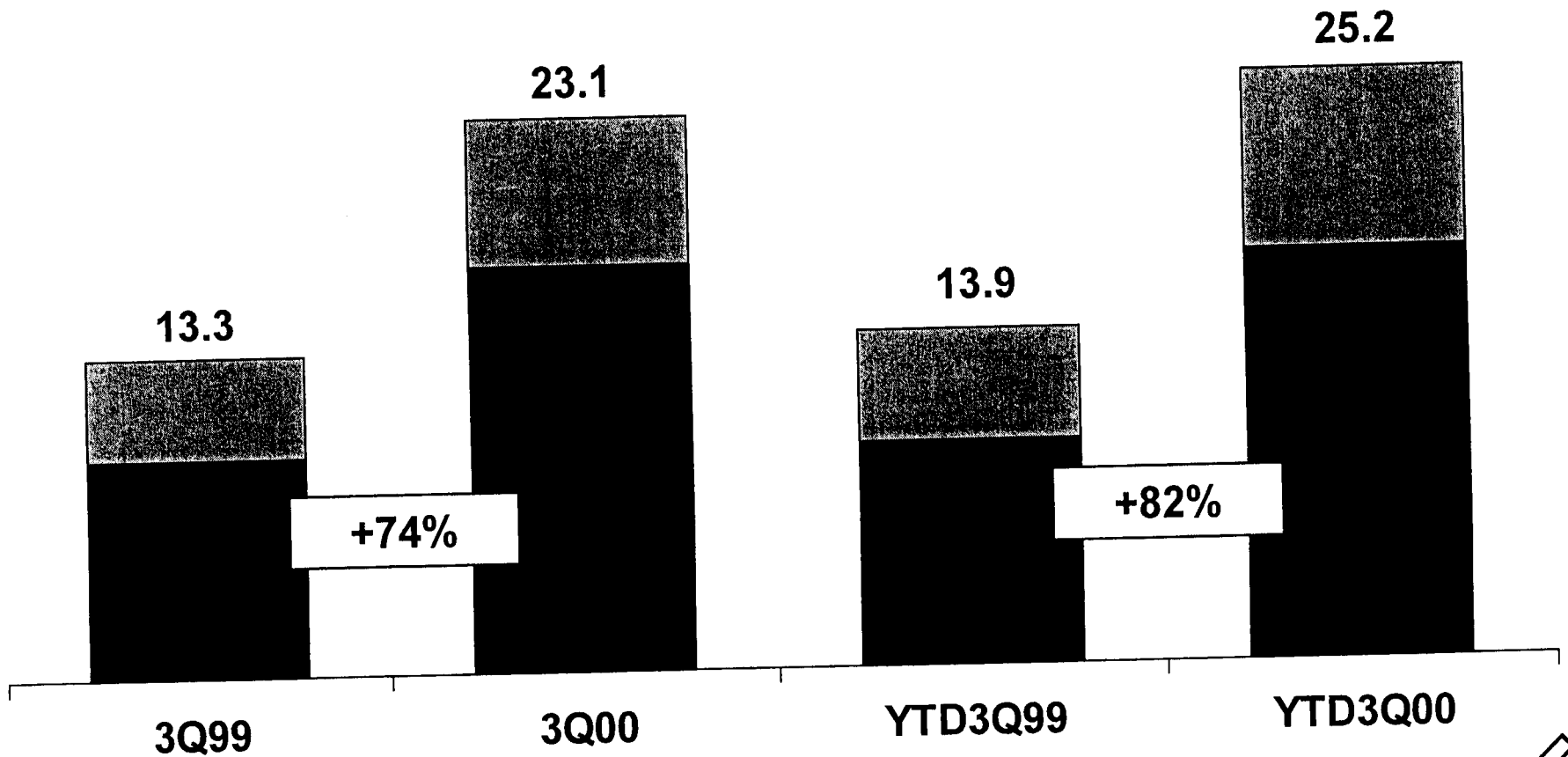
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Natural Gas Physical Volumes

(Bcf/d)

▣ Canada

■ US



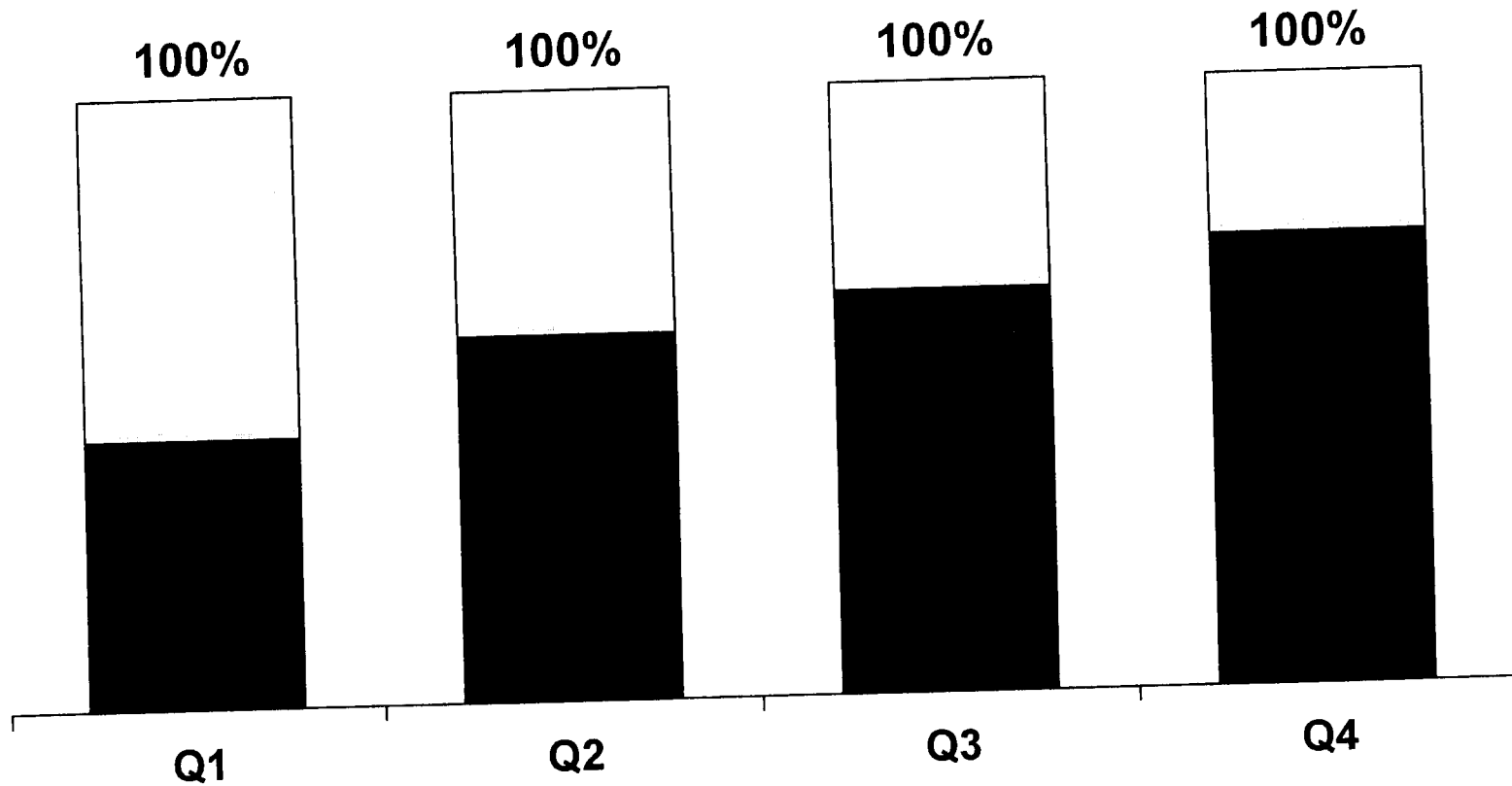
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Rapidly Increasing Utilization of EnronOnline

(North America Gas and Power Transactions)

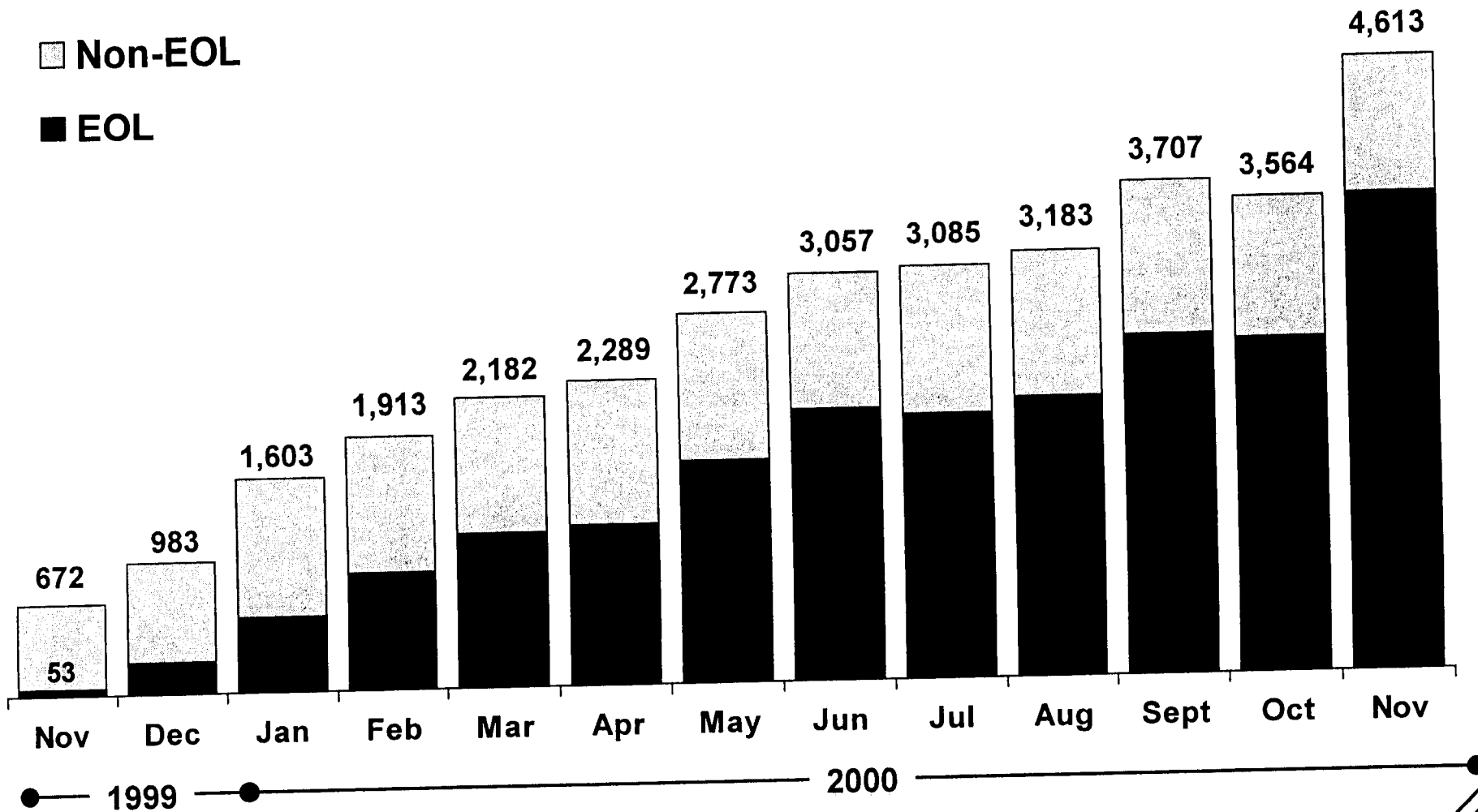
□ Traditional
■ EnronOnline



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EnronOnline Average Transactions/day (North America Gas & Power)



EC004392437



Board Presentation

- **Financial Review**
- **2000 Accomplishments**



EC004392438

2000 Accomplishments

Utility outsourcing is a key proposition in our strategy to augment the network with flexible resources

2000 Progress:

<ul style="list-style-type: none">• Power Transactions<ul style="list-style-type: none">– NSTAR (BECO)<ul style="list-style-type: none">• Closed six month all requirements transaction– Oglethorpe<ul style="list-style-type: none">• “Virtual Utility” deal<ul style="list-style-type: none">– ENA manages:<ul style="list-style-type: none">• Assets• PPA’s• Gas Supply Agreements• Load Requirements• Transaction discussions in progress	<ul style="list-style-type: none">• Gas Transactions<ul style="list-style-type: none">– AGL/VNG<ul style="list-style-type: none">• Full requirements load• Two year term commencing December 1, 2000• 30 BCF/year sales– PSEG<ul style="list-style-type: none">• Full requirements load• ENA manages 20% of contractual assets• ENA supplies 20% of native load• 60 BCF/year sales• MOU in progress
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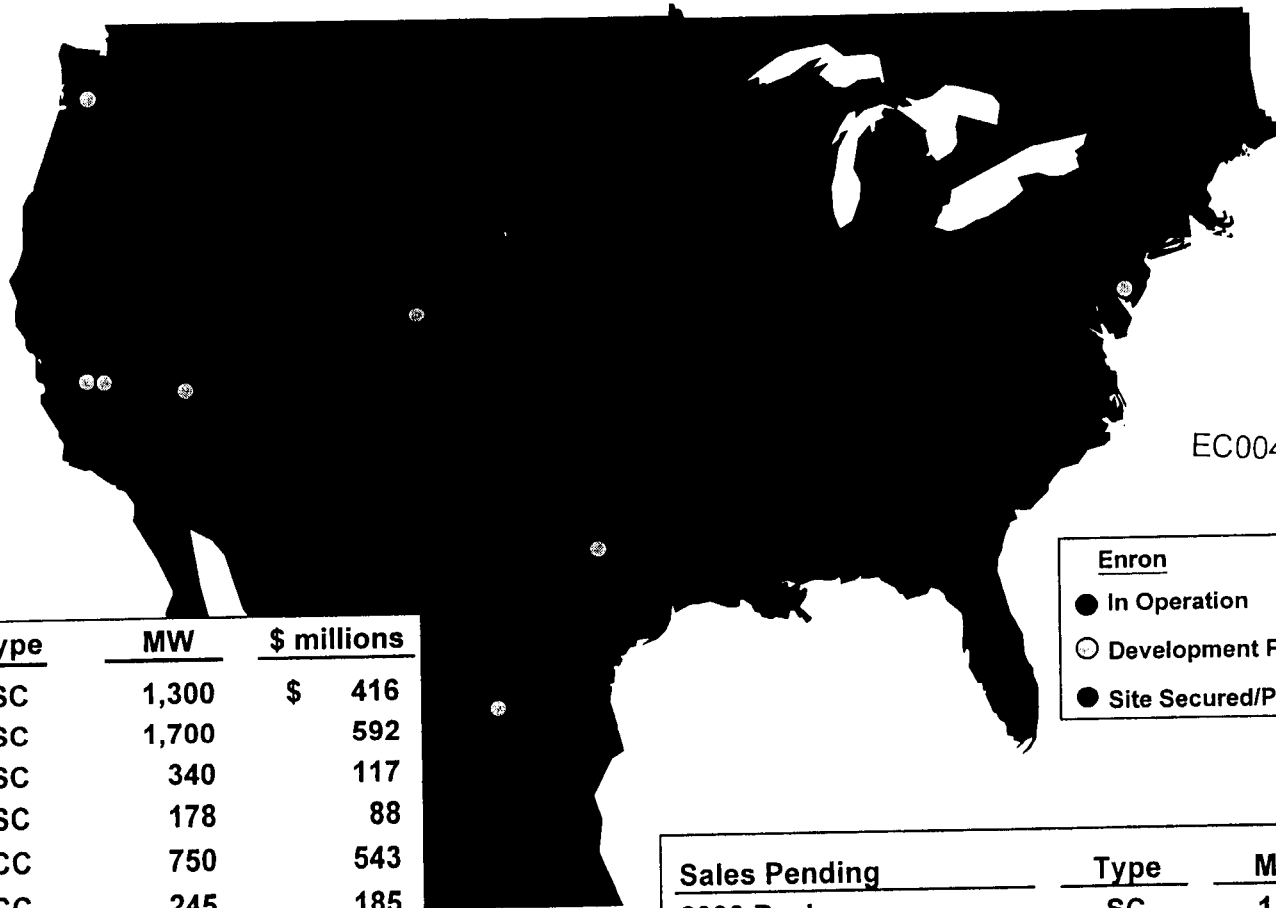


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2000 Accomplishments

Significant success achieved in our generation strategy

Strategy		
< Control large bank of sites that provide optionality	< Profit opportunities	< Provide liquidity to network



Project	Type	MW	\$ millions
1999 Peakers (merchant)	SC	1,300	\$ 416
2000 Peakers (merchant)	SC	1,700	592
Oglethorpe (PPA)	SC	340	117
Austin Energy (PPA)	SC	178	88
Pastoria (merchant)	CC	750	543
Vitro (PPA)	CC	245	185
PSCo (PPA)	SC	240	112
LV Cogen II (merchant)	CC	225	180
Total		4,978	\$ 2,233

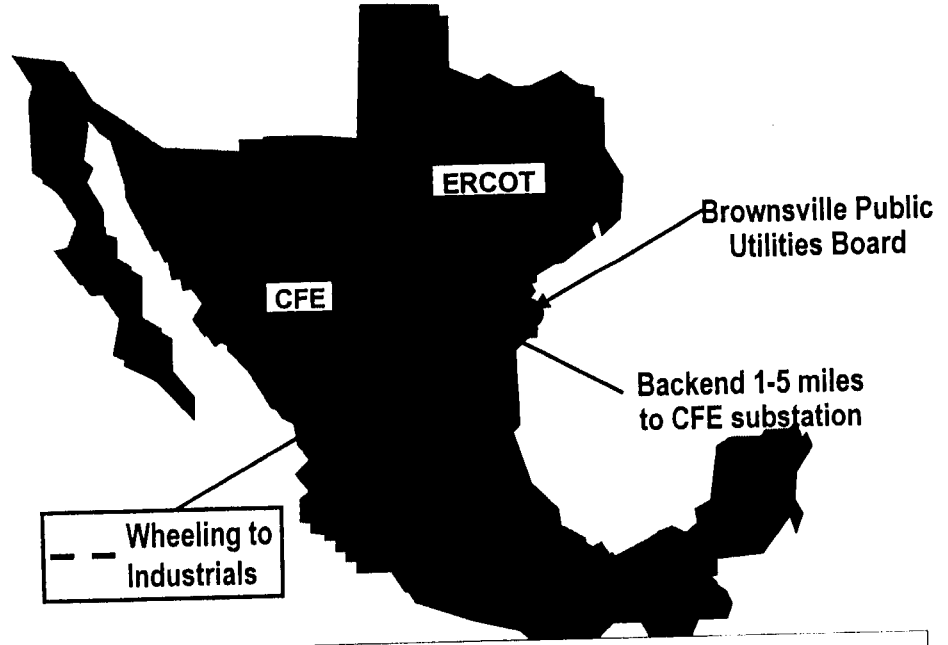
Sales Pending	Type	MW	\$ millions
2000 Peakers	SC	1,700	\$ 1,028
Pastoria	CC	750	580
Caledonia & Brownsville	SC	950	500
Total		3,400	\$ 2,108

2000 Accomplishments

Significant expansion of our Mexican business

Risk Management		
1999	2000	% Increase
8 Counterparties	63 Counterparties	687%
\$13 MM Notional Value	\$203 MM Notional Value	1,485%
11.7 Bcf Gas	58.2 Bcf Gas	397%

Cross-Border (Tex Mex) *opportunities*



- 300 MW HVDC tie between ERCOT & Mexico
- 15 Year - 112 MW PPA with DeAcero Industrial
- COD 2002

Industrial Generation (Vitro)



- 245 MW facility
- 3 PPA's with Mexican Industrials
- COD 2002

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2000 Accomplishments

Significant expansion in our Canadian power business

Transactions:

- **British Energy**
 - 3 year PPA upon Ontario Market Opening (by Q4 2001)
 - 500 MW Firm RTC
 - U.S. \$25/MWh

- **NUG Contract Management**
 - Awarded RFP to assume role of Contract Manager for the Ontario NUG's on behalf of OEFC (Ontario Electricity Financial Corp.)
 - 1,700 MW's, 64 IPP's
 - 3 year term commencing with Ontario market opening

- **ENERconnect ESA (Electricity Services Agreement)**
 - Exclusive provider of back office services/portfolio management to 54 MEU's
 - Represents over 1MM customers & 3,000 MW load
 - 3 years upon Ontario market opening, C\$12MM gross revenue

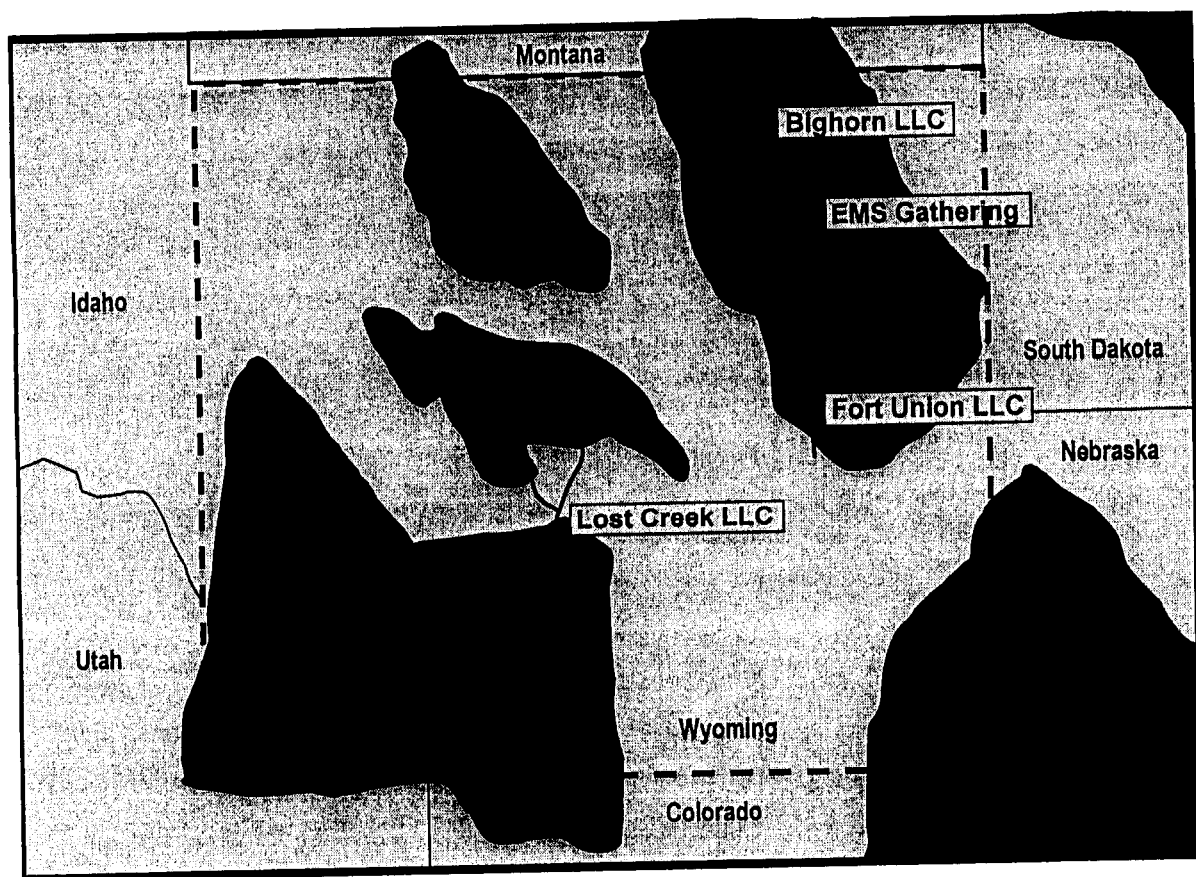
- **Alberta PPA's**
 - 700 MW Acquisition EC004392442
 - Coal fired PPA, 20 year term
 - 70% of full build in May (\$37/MWh vs \$47/MWh at 16% RoR)



2000 Accomplishments

Completed the monetization of Wind River/Powder River assets

- ENA acquired interest in 3 strategic gathering systems in Wyoming from 1998 - 1999
- Northern Border recognized potential strategic value to their operations in 1999 and discussions ensued



- Q3 2000 Sale of Wind River/Powder River Assets to Northern Border
 - \$204 MM sales price
 - \$76 MM gain on sale
- ENA captures future value in both basins with:
 - Risk Management
 - Commodity services
 - Outsourcing services

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Board Presentation

- **Financial Review**
- **2000 Accomplishments**
- **Market Snapshot**
 - **Power market**
 - **Key Fundamentals**
 - **Pricing**
 - **Gas market**
 - **Key Fundamentals**
 - **Storage situation**
 - **Pricing**

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Lavorato
ENRON

Key Fundamental Events Power Market

- Significant year on year core demand growth (5%)

- Economic expansion
- Internet/technology explosion

*Excludes impact
of weather*

- Warmer than normal summer in the west - cooler than normal summer in the east

1000 MW increase

- Significant decrease in hydro generation in the West

2000 MW decrease

- Minimal capacity additions in the West

- Significant increase in new gas fired capacity in the East

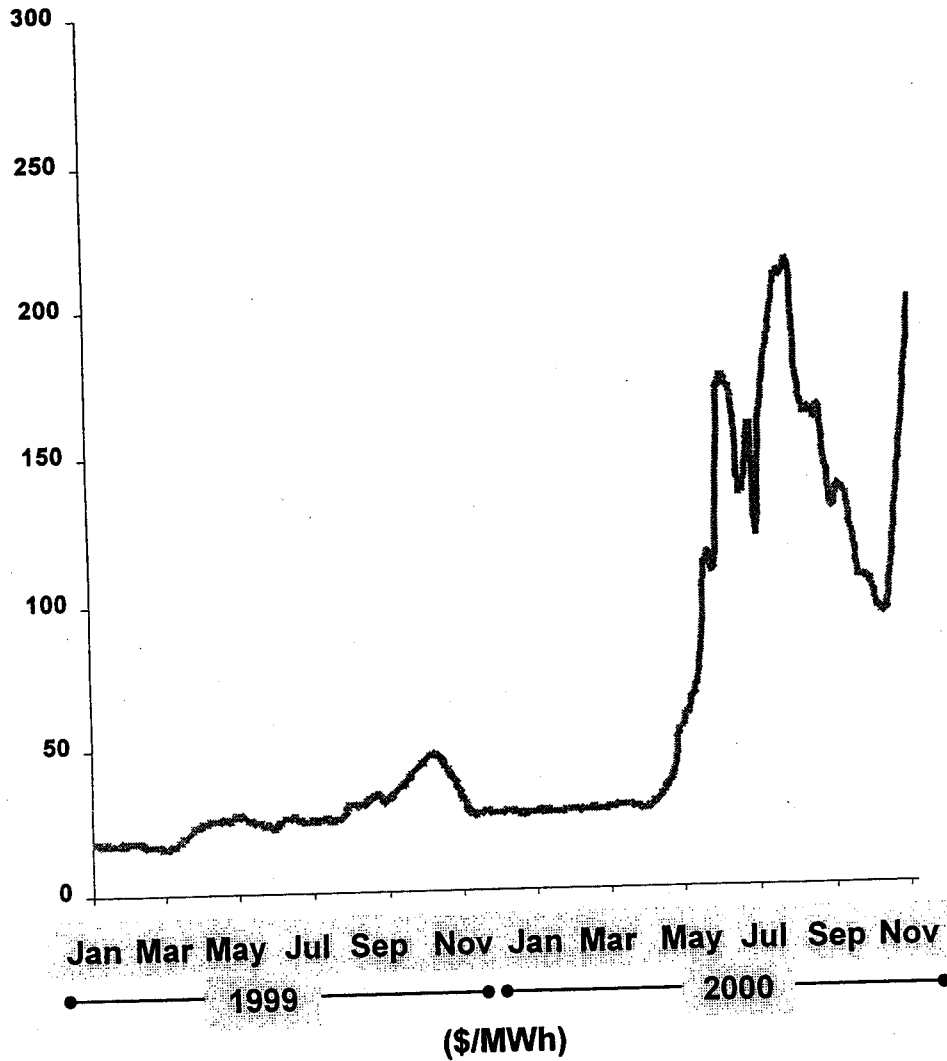
- Resulting price volatility

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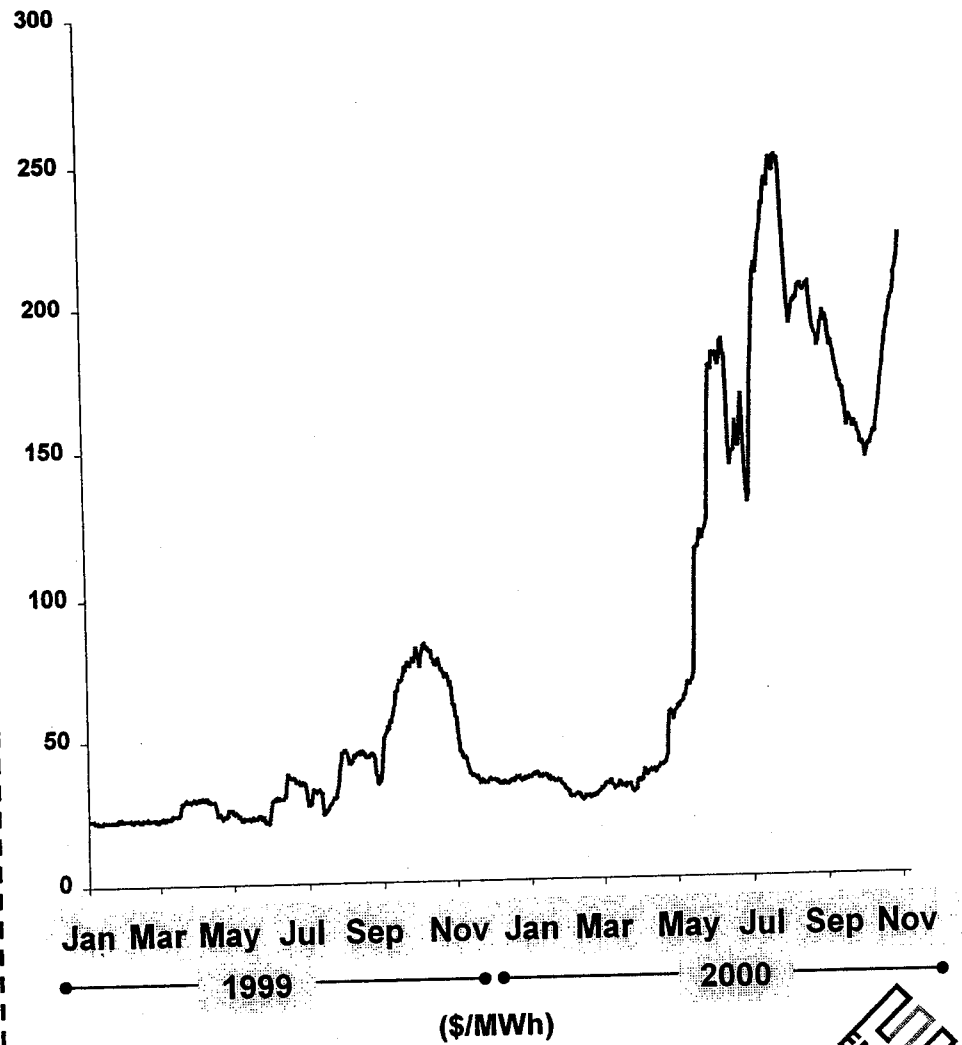


U.S. Power Price Volatility *West*

Mid-Columbia Prices (average daily peak)



California Prices (average daily peak)

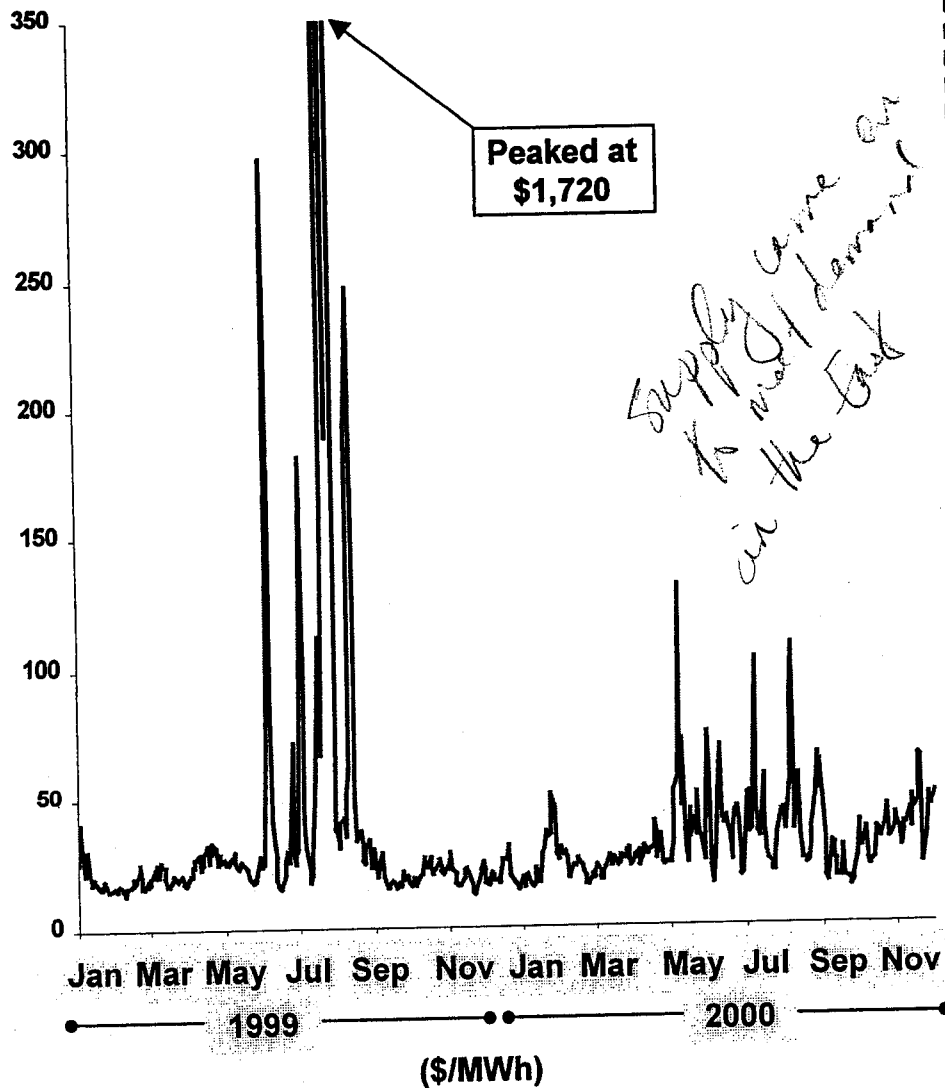


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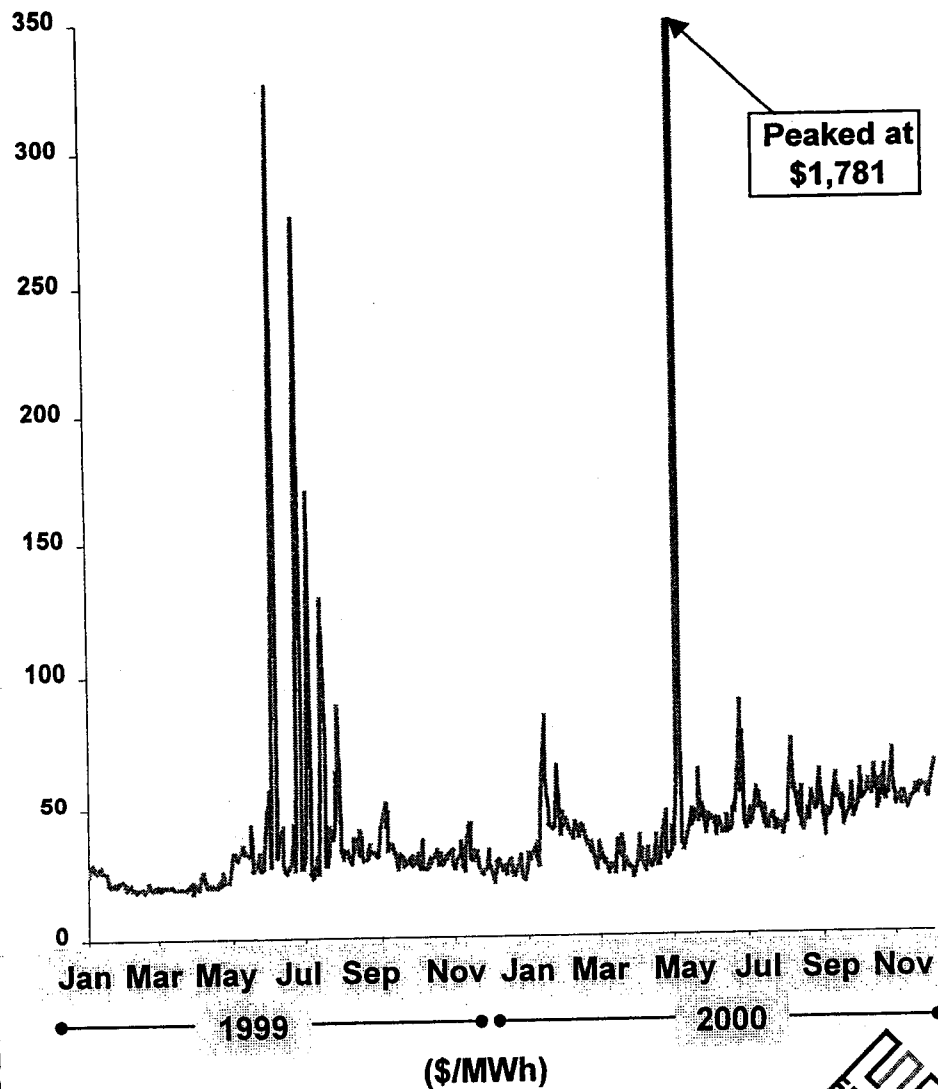
U.S. Power Price Volatility

East

Cinergy Prices (average daily peak)



Nepool Prices (average daily peak)



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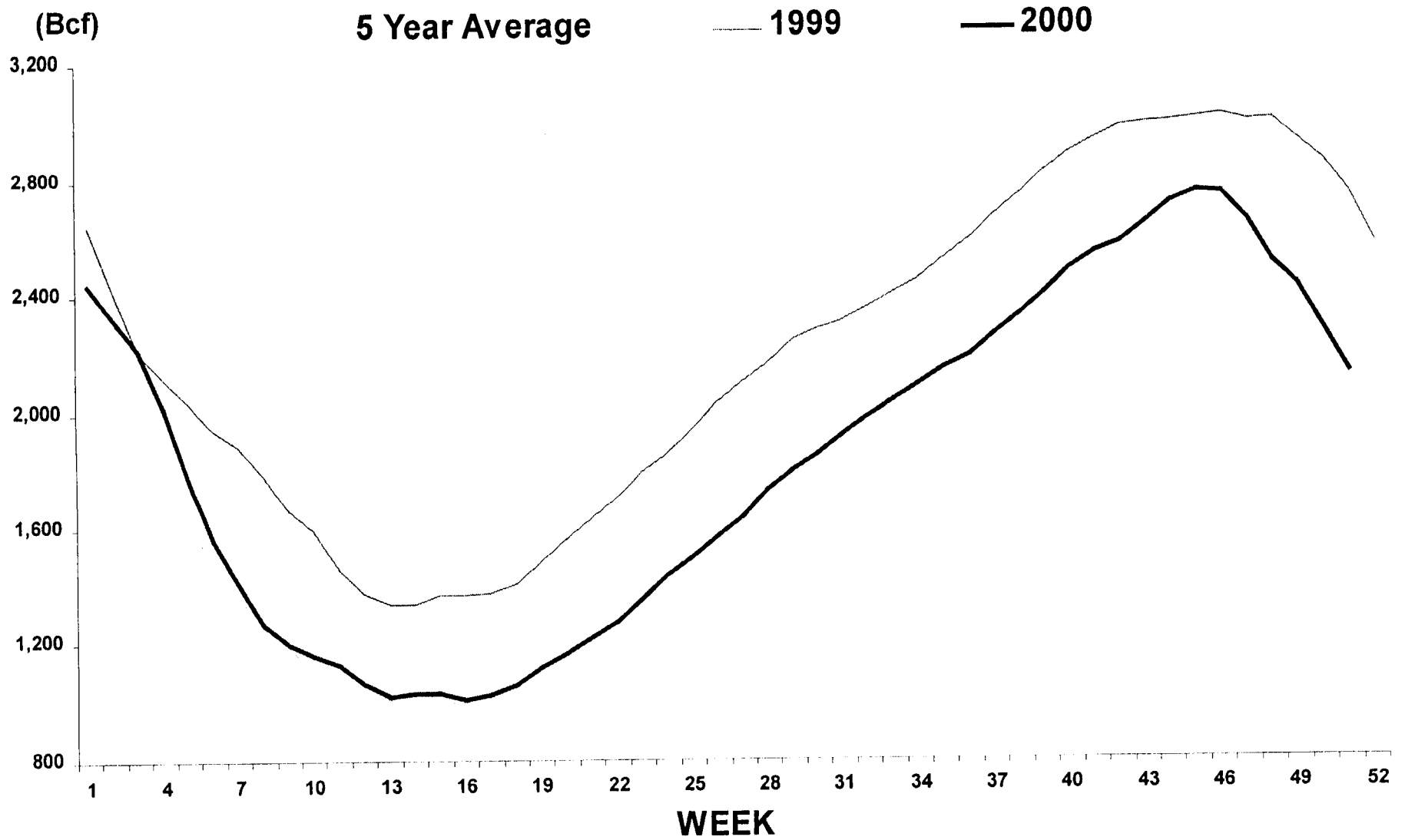
Key Fundamental Events Gas Market

- **US natural gas supply has been relatively flat over past 24 months**
- **Canadian natural gas supply growth has stalled recently despite significant pipeline expansions**
- **Virtually all power demand growth has been met with natural gas**
- **Summer 2000 was very warm in California leading to storage falling below historical levels**
- **Overall storage levels in the US are currently 23% behind last year**
- **Early cold weather brings concerns over late winter deliverability (particularly in California)**

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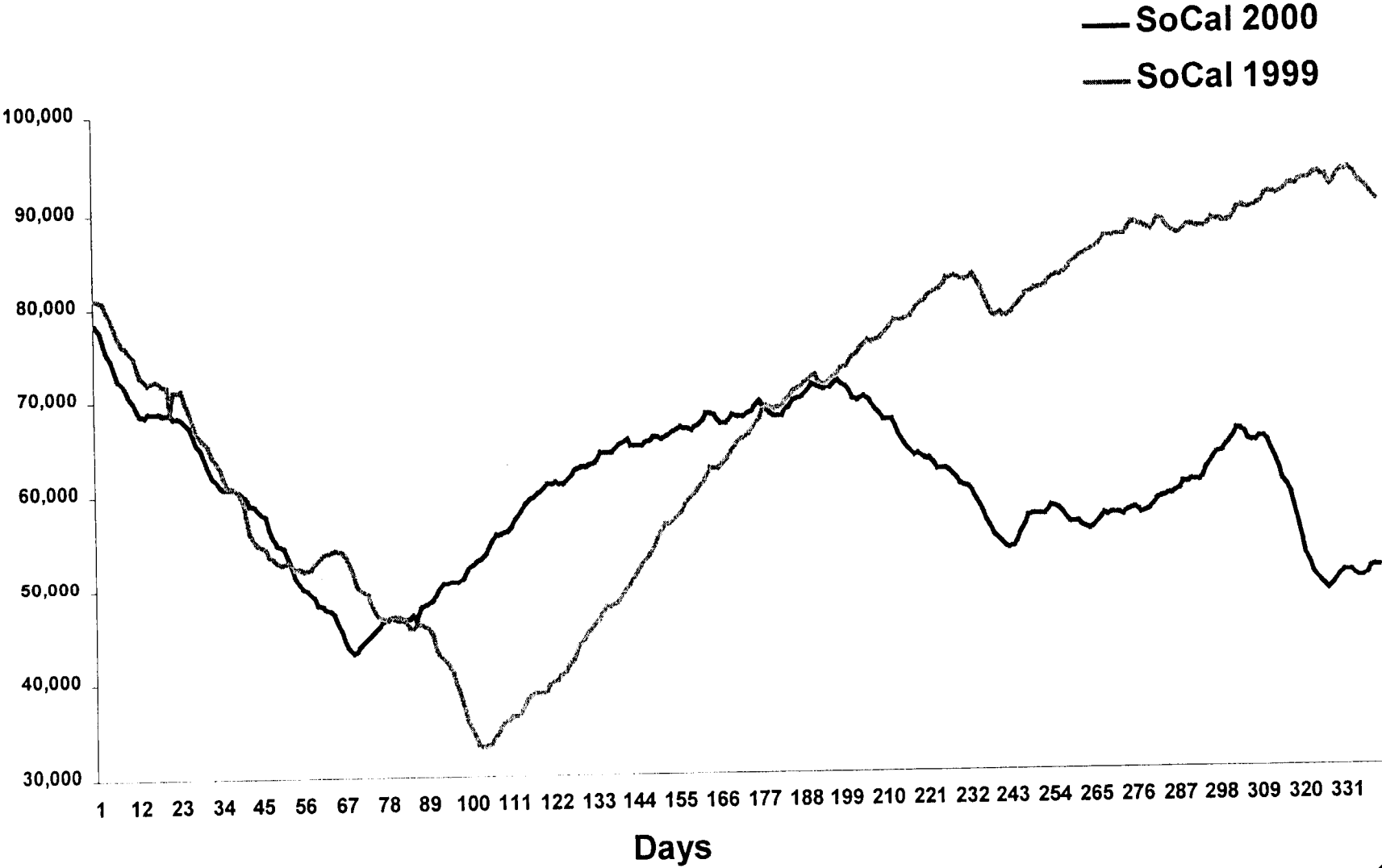
Current U.S. Gas Inventory Levels



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California Storage Levels

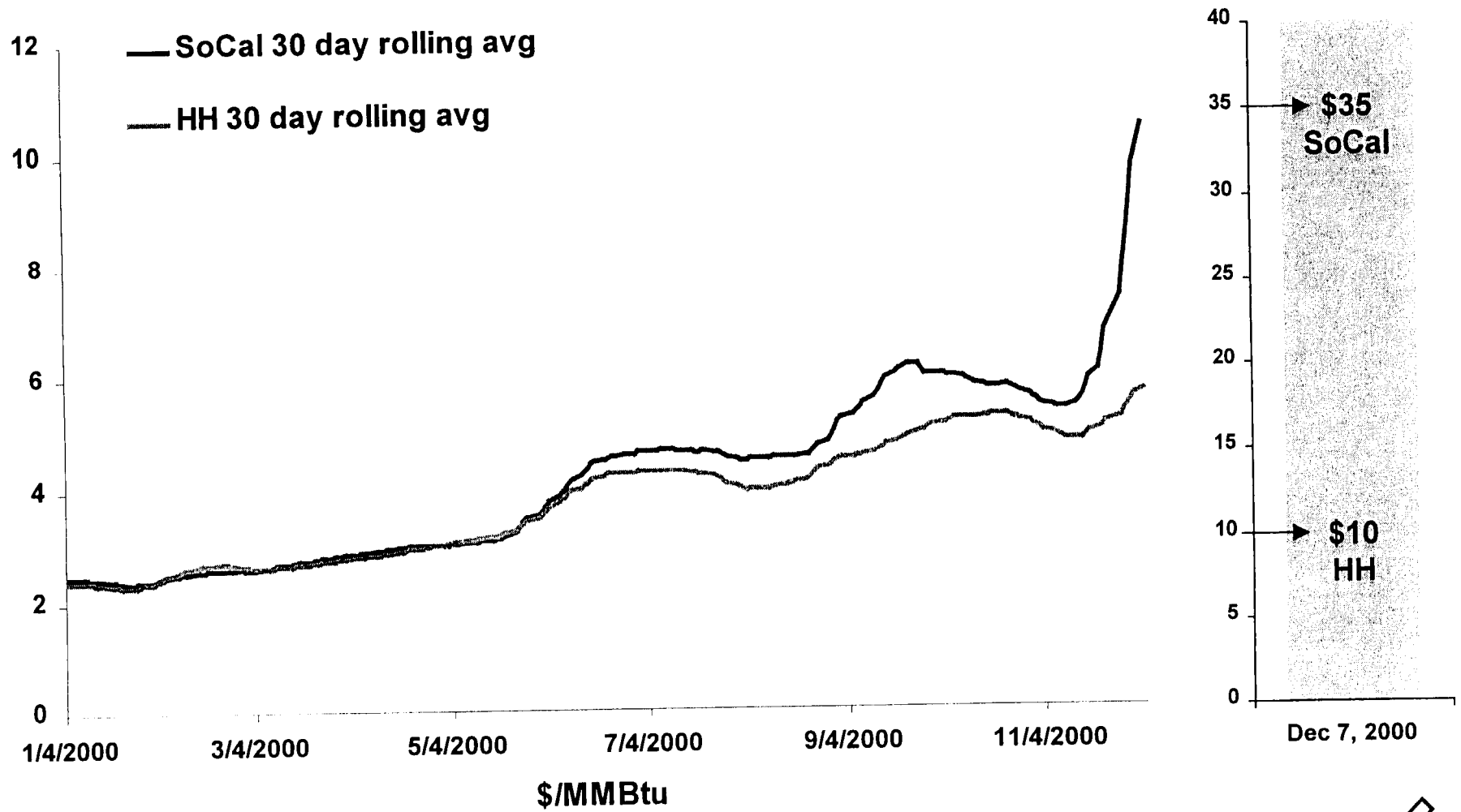


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Gas Price Volatility

SoCal Prices vs HH Prices



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Board Presentation

- **Financial Review**
- **2000 Accomplishments**
- **Market Snapshot**
- **Regulatory Challenges**

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Debra
ENRON

Regulatory Challenges

- **California Power Market Crisis**
 - Price cap for parties selling into Cal ISO and Cal PX
 - FERC Order on Market Reforms
 - Class Action Lawsuit
- **FERC Order 2000 RTO Implementation**
 - Scheduled completion Dec. 2001
- **Delays in Market Openings**
 - Ontario Market still not committed to “date certain”
 - Significant Public Policy questions related to continued opening

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