



## PRESS RELEASE

GDF SUEZ

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### **Signing of 2010-2013 French Public Service Contract between the French government and GDF SUEZ**

- **Increased public service obligations**
- **Doubling of solidarity fund to assist the neediest customers**
- **Transparent and automatic adjustments of regulated natural gas tariffs**

**The public service contract between the French government and GDF SUEZ for the 2010-2013 period was signed on December 23, 2009 by Christine Lagarde, Minister of Economic Affairs, Industry, and Employment; Jean-Louis Borloo, Minister of the Ecology, Energy, Sustainable Development, and Marine Affairs; and Gérard Mestrallet, Chairman and CEO of GDF SUEZ.**

GDF SUEZ is very pleased with the signing of this new contract with the French government, which reinforces the Group's public service mission and clarifies the conditions for tariff regulation in France.

Effective January 1, 2010, for the 2010-2013 period, this contract extends actions undertaken in connection with the previous public service contract, in particular with respect to security of supply. It takes into account changes in the economic and environmental landscape and the new organization of energy markets.

*"We are very pleased with this new contract by which we increase our public service commitments in France, particularly with regard to our lowest-income customers. The contract also clarifies and strengthens the conditions for tariff evolution using a transparent and automatic mechanism that takes all of the company's costs into account,"* declared Gérard Mestrallet, Chairman and CEO of GDF SUEZ.

#### STRENGTHENED COMMITMENTS

As part of its public service mission, the Group is increasing its commitments in the areas of:

- safety of people and property;
- solidarity and assistance to low-income customers, with a doubling of the commitment to the neediest households (EUR 6 million, compared with EUR 3 million previously);
- sustainable development and research, in line with the Grenelle Environment Forum objectives.



## **1/ Taking the opening of markets into account and responding to the concerns of residential customers**

The regulation specifies and increases the respective responsibilities and commitments of GDF SUEZ Business Lines and subsidiaries involved in the supply of natural gas to residential customers:

- for infrastructure activities: it guarantees the transparency, objectivity and non discriminatory nature of services provided and strengthens the distributor's advisory role to residential customers;
- for marketing-related activities: it encourages exemplary behavior in customer relations; appropriate tracking, via indicators, of customer satisfaction for residential customers; contribution to the effective implementation of a last resort supply mechanism for customers performing missions of public interest.

## **2/ To continue making safety of people and property a core component of Group commitments**

The regulation adapts Group safety-related actions and policies to changes that took place during the course of the previous contract. The contract recognizes the completion of certain major tasks (replacement of gray cast iron pipes) and reorients Group priorities accordingly:

- Toward actions consolidating the obligations assumed in the previous contract (such as transmission network mapping and inspection), and toward programs transitioning from the diagnostic and then the study phase to the completion phase (ensuring the safety of building pipe systems, renovation of storage facilities, protection of transmission structures against third-party damage, etc.).
- Toward new actions, such as improving the protection of distribution structures against third-party damage, implementation by GRTgaz of technological risk prevention plans, or implementing measures to prevent damage to distribution system structures that are subject to pressures exceeding 16 bars.

## **3 / In liaison with government authorities, reinforce actions to assist low-income customers and supporting local development**

With respect to disadvantaged customers, the regulation states the following:

- increased financial commitments, particularly with respect to the *Fonds de Solidarité Logement* (Public Solidarity Fund for low-income households);
- implementation of innovative methods to facilitate relations with these customers (arrangements with the Post Office, recourse to mediation);
- encouragement and assistance to low-income households to improve the safety of their inside home facilities;
- implementation and promotion of a solidarity gas tariff.

Concerning local involvements, and in particular support for socio-economic development, the regulation specifies commitments for the Group in terms of support for urban renewal projects, competitiveness groupings, renewable energies promotion in rural areas, etc.

## **4 / Aligning with the orientations of the Grenelle Environment Forum**

The Group is committed to limiting the impact of its activities on the environment and to promoting better energy use among its customers. It favors the deployment of innovative solutions, proposing, for example, offers that help combat climate change, and mobilizing its research capacities toward sustainable development.



## INCREASED TRANSPARENCY IN TARIFF FORMULA

The contract was published along with a decree that redefines the overall regulatory framework for setting and changing regulated tariffs for natural gas in France, as well as a ministerial order specifying the rate changing mechanism for 2010. The mechanism as a whole provides clearer direction on the conditions for changing regulated tariffs, and establishes rules and covers responsibilities for the various players over the 2010-2013 period.

In this new regulatory framework rates are to change in relation to the costs borne by the company supplying the end customer, including:

- Non supply-related annual cost revision (i.e. transport, distribution, storage, and all marketing costs). The revision reflects actual changes in such costs and gives a frame for the year ahead.
- Quarterly supply cost adjustments (cost of imported gas based on long-term contracts). Prior to the publication and application of the new tariff, the adjustment will be calculated according to the formula made public each year by ministerial order and audited by the French Energy Regulation Commission (CRE).

The regulatory framework is therefore more transparent: each year, the government will publish a ministerial order establishing the conditions according to which regulated tariff for natural gas may change in the coming year. Between ministerial orders, GDF SUEZ may request a tariff adjustment from the CRE to take into account changes in index prices included in the formula.

For 2010, the ministerial order provides:

- the tariff formula with its two components: a method for calculating supply cost changes, and the level of costs unrelated to supply at April 1;
- no change in natural gas regulated tariff is planned for January 1, despite the increase in the oil prices;
- a tariff change in April calculated according to the new regulations.

*One of the leading energy providers in the world, GDF SUEZ is active across the entire energy value chain, in electricity and natural gas, upstream to downstream. It develops its businesses (energy, energy services and environment) around a responsible-growth model to take up the great challenges: responding to energy needs, ensuring the security of supply, combating climate change and optimizing the use of resources. GDF SUEZ relies on diversified supply sources as well as flexible and high-performance power generation in order to provide innovative energy solutions to individuals, cities and businesses. The Group employs 200,000 people worldwide and achieved revenues of €83.1 billion in 2008. GDF SUEZ is listed on the Brussels, Luxembourg and Paris stock exchanges and is represented in the main international indices: CAC 40, BEL 20, DJ Stoxx 50, DJ Euro Stoxx 50, Euronext 100, FTSE Eurotop 100, MSCI Europe and ASPI Eurozone.*

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