



First Quarter 2007
May 3, 2007
Earnings Teleconference

Forward-Looking Statements



This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements that contain projections, estimates or assumptions about our revenues, income and other financial items and our plans and objectives for future operations or about our future economic performance, transactions and dispositions and financings related thereto. In many cases you can identify forward-looking statements by terminology such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" and other similar words. However, the absence of these words does not mean that the statements are not forward-looking.

Actual results may differ materially from those expressed or implied by forward-looking statements as a result of many factors or events, including legislative and regulatory developments, the outcome of pending lawsuits, governmental proceedings and investigations, the effects of competition, financial market conditions, access to capital, the timing and extent of changes in commodity prices and interest rates, weather conditions, changes in our business plan and other factors we discuss or reference to in the "Risk Factors" section of our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Each forward-looking statement speaks only as of the date of the particular statement and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

This presentation contains non-GAAP measures as defined by the Securities and Exchange Commission rules. A reconciliation of these measures to the most directly comparable GAAP measures is contained herein or within our earnings release and the financial tables attached thereto, which are available, together with this presentation, on our investors page at www.reliant.com. Statements disclosing the utility and purposes of these measures are set forth in Item 2.02 to our Current Report on Form 8-K accompanying the earnings release, which is available on our website.

Certain factors that could affect GAAP financial measures are not accessible on a forward-looking basis, but could be material to future reported earnings and cash flows.



Opening Remarks

Joel V. Staff

Chairman and Chief Executive Officer

Realize Superior Returns

Deep fundamental knowledge of core markets

- Build a highly disciplined ROIC focus
- Apply innovative insights to create value

Wholesale

Superior Operator of Diverse Asset Portfolio

- Realize full value of cyclical upturn
- Optimize and grow the portfolio
- Achieve operating and commercial excellence

Retail

Superior Provider of Customer Value

- Strengthen ERCOT leadership
- Lead development of smart energy to reshape customer usage patterns
- Enter and develop new markets

Value Adding Financial Structure and Actions

- Establish flexible capital structure to support strategy
- Dedicate free cash flow to highest ROIC options
- Identify and develop value creating transactions



Financial Review

Mark M. Jacobs
Chief Financial Officer

Summary of Results



\$ Millions	<u>Q1 2007</u>	<u>Q1 2006</u>
Wholesale open contribution margin	\$ 85	\$ 111
Retail contribution margin	68	(32)
Total	<u>\$ 153</u>	<u>\$ 79</u>
General and administrative and other, net *	(39)	(34)
Open EBITDA	\$ 114	\$ 45
Impact of historical and operational wholesale hedges	(33)	(120)
Gains on sales of assets and emission allowances	-	151
Adjusted EBITDA	<u>\$ 81</u>	<u>\$ 76</u>

* Excludes Western states and similar settlements, depreciation and amortization, interest and taxes.

Wholesale Key Earnings Drivers



	<u>Q1 2007</u>	<u>Q1 2006</u>	<u>Impact (\$ MM)</u>
Economic generation (TWh)	9.7	9.5	\$ 25
Commercial capacity factor	76.7%	87.9%	(34)
Generation volume (TWh)	7.4	8.4	
Unit open energy gross margin (\$/MWh)	\$ 25.56	\$ 20.10	31
Open energy gross margin (\$ millions)	\$ 190	\$ 168	
Other margin (\$ millions)	64	74	(10)
Wholesale open gross margin (\$ millions)	\$ 254	\$ 242	\$ 12
Operation and maintenance and other, net	169	131	(38)
Wholesale open contribution margin	\$ 85	\$ 111	\$ (26)

- Market Metrics
- Performance Metrics

Retail Key Earnings Drivers

	Q1 2007	Q1 2006	Impact (\$ MM)
Mass volume (TWh)	5.7	5.5	\$ 1
C&I volume (TWh)	8.9	9.1	(3)
Total volume (TWh) *	14.6	14.6	
Mass gross margin (\$/MWh)	\$ 28.04	\$ 5.45	129
C&I gross margin (\$/MWh)	\$ 2.26	\$ 2.24	3
Weighted average gross margin (\$/MWh)	\$ 12.35	\$ 3.45	
Adjusted retail gross margin (\$ millions) **	\$ 176	\$ 57	\$ 119
Operation and maintenance	61	51	(10)
Selling and marketing	30	24	(6)
Bad debt	17	14	(3)
Retail contribution margin	\$ 68	\$ (32)	\$ 100

* All volumes exclude market usage adjustments.

** Includes market usage adjustments of (\$4) million in Q1 2007 and \$7 million in Q1 2006.

 Performance Metrics

Cash Flow Analysis



\$ Millions	Three months ended <u>March 31, 2007</u>	Three months ended <u>March 31, 2006</u>
GAAP net cash provided by (used in) continuing operations from operating activities	\$35	(\$228)
Decrease in margin deposits	(86)	(120)
Western states and similar settlements payments	57	155
Adjusted cash flow provided by (used in) continuing operations	\$6	(\$193)
Capital expenditures	(42)	(22)
Proceeds from sales of emission allowances	-	188
Purchases of emission allowances	(1)	-
Free cash flow used in continuing operations	(\$37)	(\$27)

\$ Millions	<u>2007E</u>	<u>2008E</u>	<u>2009E</u>
Wholesale open contribution margin	\$ 692	\$ 906	\$ 832
Retail contribution margin	500	506	505
Total	<u>\$ 1,192</u>	<u>\$ 1,412</u>	<u>\$ 1,337</u>
Other general and administrative	159	155	160
Open EBITDA	\$ 1,033	\$ 1,257	\$ 1,177
Impact of historical and operational wholesale hedges	(122)	(73)	(94)
Gains on sales of assets and emission allowances	-	-	-
Adjusted EBITDA	\$ 911	\$ 1,184	\$ 1,083
Adjusted cash flow provided by continuing operations	\$ 590	\$ 875	\$ 857
Capital expenditures	(238)	(308)	(183)
Emissions activity, net	(83)	(134)	(123)
Free cash flow provided by continuing operations **	\$ 269	\$ 433	\$ 551

* Based on actuals through March 31, 2007 and forward commodity prices as of March 23, 2007.

** Assumes no changes in working capital.

- Fundamental view indicates significant uplift in 2008 and 2009 for wholesale business above forward curves
- Retail business is attractive, high return on invested capital business with 2-3X growth potential in new markets
- Deep fundamental knowledge of core markets will yield superior returns
 - Highly disciplined capital investments
 - Innovative application of insights



Appendix

\$ Millions	<u>2007E</u>	<u>2008E</u>	<u>2009E</u>
Wholesale open gross margin	\$ 1,306	\$ 1,487	\$ 1,402
Wholesale operation and maintenance and bad debt	614	581	570
Wholesale open contribution margin	\$ 692	\$ 906	\$ 832
Adjusted retail gross margin	\$ 955	\$ 953	\$ 949
Retail operation and maintenance	242	230	228
Selling & marketing	135	136	133
Bad debt	78	81	83
Retail contribution margin	\$ 500	\$ 506	\$ 505
Other general and administrative	159	155	160
Open EBITDA	\$ 1,033	\$ 1,257	\$ 1,177
Historical and operational wholesale hedges			
Power (Closed)	\$ (157)	\$ (35)	\$ -
Power (Remaining)	(46)	(31)	(35)
Fuel	32	5	(4)
Tolling/Other	49	(12)	(55)
Impact of historical and operational wholesale hedges	\$ (122)	\$ (73)	\$ (94)
Gains on sales of assets and emission allowances	-	-	-
Adjusted EBITDA	\$ 911	\$ 1,184	\$ 1,083
Depreciation and amortization	\$ 303	\$ 293	\$ 292
Emission allowances amortization	100	144	132
Total depreciation and amortization	403	437	424
Interest expense, net	313	260	230
Adjusted cash flow provided by continuing operations	\$ 590	\$ 875	\$ 857
Capital expenditures	(238)	(308)	(183)
Emissions activity, net	(83)	(134)	(123)
Free cash flow provided by continuing operations**	\$ 269	\$ 433	\$ 551

* Based on actuals through March 31, 2007 and forward commodity prices as of March 23, 2007.

** Assumes no changes in working capital.

Forward Market Data Used in Outlook*



	<u>2007</u>	<u>2008</u>	<u>2009</u>
NYMEX Gas (\$/MMBtu)	7.75	8.49	8.19
TETCO M3 (\$/MMBtu)	8.57	9.61	9.31
Coal (\$/MMBtu)	1.67	1.73	1.77
SO2 (\$/ton)	465	483	504
NOX (\$/ton)	850	876	915
Weighted Avg Plant to Hub Basis (\$/MWh) (5x16)**	(9.27)	(11.19)	(10.25)
Simple Avg Plant to Hub Basis (\$/MWh) (5x16)**	(8.40)	(10.26)	(9.41)
FE HUB (\$/MWh) (5x16)	62.18	67.01	65.21
FE on-peak 7 HR Spark Spread to Dominion South Point (\$/MWh)	5.05	4.85	5.19
FE Market Implied Heat Rate	7.68	7.62	7.66
PJM WHUB (\$/MWh) (5x16)	72.59	77.26	74.21
PJM on-peak 7 HR Spark Spread to TETCO M3 (\$/MWh)	12.63	10.02	9.06
PJM Market Implied Heat Rate	8.82	8.78	8.72

* Forward curves as of March 23, 2007. 2007 data (except SO2 and NOx) includes actual settled values through March plus balance of year forwards.

** Forward plant to hub basis estimated by Reliant Energy utilizing forward market data and historical commodity relationships.

NPV² of historical and operational wholesale hedges Mar 07 ~(\$197) million; Jan 08 ~(\$152) million

	<u>2007E</u>	<u>2008E</u>	<u>2009E</u>
Total Closed Hedges (TWh)	8.1	1.7	-
Avg Sales Price	\$ 49.43	\$ 47.84	\$ -
Avg Buyback Price	\$ (68.84)	\$ (69.15)	\$ -
Total Closed Value (\$MM)	\$ (157)	\$ (35)	\$ -
Total Remaining Hedges (TWh)	1.5 ³	1.3 ³	1.1 ³
Avg Hedge Price	\$ 33.64	\$ 37.63	\$ 28.10
Current Market Price	\$ (64.11)	\$ (61.34)	\$ (59.14)
Other, \$/MWh	\$ 0.11	\$ 0.16	\$ 0.18
Total Remaining Hedge Value (\$MM)	\$ (46)	\$ (31)	\$ (35)
Total Fuel Hedges (Btu)⁴	226	30	23
Avg Hedged Fuel Cost	\$ 1.91	\$ 1.84	\$ 1.91
Avg Market Fuel Cost	\$ 2.04	\$ 1.85	\$ 1.73
Fuel Hedge Value (\$MM)	\$ 27	\$ 0	\$ (4)
Fuel Inventory Value (\$MM)	\$ 5	\$ 5	\$ 0
Total Fuel Value (\$MM)	\$ 32	\$ 5	\$ (4)
Other Hedges²			
Tolling/gas transport (\$MM)	\$ 49	\$ (12)	\$ (55)
Total Hedge Value (\$MM)	<u>\$ (122)</u>	<u>\$ (73)</u>	<u>\$ (94)</u>

1. Based on actuals through March 31, 2007 and forward commodity prices as of March 23, 2007.

2. Includes tolling/other hedges that extend from 2009-2020, based on 5.62% after-tax debt rate and 38% tax rate.

3. On-peak (5x16) hedge volumes are 41% in 2007, 40% in 2008 and 38% in 2009; the balance are off-peak.

4. Fuel hedge data excludes Seward.

Wholesale Generation Detail*



Economic Generation (TWh in the money)	2007E		2008E		2009E	
	TWh	% Economic	TWh	% Economic	TWh	% Economic
PJM Coal	23.8	81.6%	24.2	82.6%	24.5	83.7%
MISO Coal	7.3	66.5%	7.2	65.1%	7.3	66.4%
Total Coal	31.2	77.4%	31.4	77.8%	31.8	79.0%
PJM/MISO Gas	1.0	3.7%	1.1	3.4%	1.1	3.2%
West	4.2	15.0%	3.8	14.5%	3.9	15.0%
Other	5.8	67.7%	5.9	69.9%	5.9	78.0%
Total Gas/Oil	11.0	17.0%	10.8	16.2%	10.9	16.0%
Total	42.2	40.1%	42.2	39.5%	42.7	39.4%

Commercial Capacity Factor	2007E	2008E	2009E
PJM Coal	83.0%	87.8%	86.7%
MISO Coal	72.5% **	86.8%	87.1%
Total Coal	80.5%	87.6%	86.8%
PJM/MISO Gas	90.6%	94.3%	94.0%
West	87.0%	92.6%	92.6%
Other	88.6%	91.2%	90.0%
Total Gas/Oil	88.2%	92.0%	91.4%
Total	82.5%	88.7%	87.9%

Generation Volume	2007E	2008E	2009E
PJM Coal	19.8	21.3	21.2
MISO Coal	5.3 **	6.3	6.4
Total Coal	25.1	27.5	27.6
PJM/MISO Gas	0.9	1.0	1.0
West	3.6	3.5	3.6
Other	5.1	5.4	5.3
Total Gas/Oil	9.7	9.9	10.0
Total	34.8	37.4	37.6

* Excludes PPAs and tolling agreements.

** Includes planned outage in MISO Coal (Avon Lake) which reduces generation 1.3 TWh and CCF by 17.4%.

Open Unit Margin (\$/MWh)

	<u>2007E</u>	<u>2008E</u>	<u>2009E</u>
PJM Coal	\$ 33.39	\$ 36.56	\$ 35.36
MISO Coal	\$ 31.12	\$ 32.06	\$ 32.06
Total Coal	<u>\$ 32.91</u>	<u>\$ 35.54</u>	<u>\$ 34.60</u>
PJM/MISO Gas	\$ 22.33	\$ 26.71	\$ 25.05
West	\$ 9.68	\$ 6.46	\$ 6.38
Other	\$ 11.18	\$ 10.26	\$ 10.39
Total Gas/Oil	<u>\$ 11.71</u>	<u>\$ 10.60</u>	<u>\$ 10.48</u>
Total	<u>\$ 27.01</u>	<u>\$ 28.94</u>	<u>\$ 28.21</u>

Open Energy Gross Margin (\$MM)

	<u>2007E</u>	<u>2008E</u>	<u>2009E</u>
PJM Coal	\$ 661	\$ 777	\$ 751
MISO Coal	165	201	205
Total Coal	<u>826</u>	<u>978</u>	<u>956</u>
PJM/MISO Gas	21	27	26
West	35	23	23
Other	58	55	55
Total Gas/Oil	<u>114</u>	<u>105</u>	<u>104</u>
Total	<u>\$ 940</u>	<u>\$ 1,083</u>	<u>\$ 1,060</u>

Other Margin (\$MM)

	<u>2007E</u>	<u>2008E</u>	<u>2009E</u>
PJM Coal	\$ 51	\$ 49	\$ 33
MISO Coal	15	16	16
Total Coal	<u>66</u>	<u>65</u>	<u>49</u>
PJM/MISO Gas	101	78	48
West	119	177	159
Other	80	84	86
Total Gas/Oil	<u>300</u>	<u>339</u>	<u>293</u>
Total	<u>\$ 366</u>	<u>\$ 404</u>	<u>\$ 342</u>
Total open wholesale gross margin	<u>\$ 1,306</u>	<u>\$ 1,487</u>	<u>\$ 1,402</u>

Current Position (tons)	Vintage Year			
	2007 & prior	2008	2009	2010-2014
Allowances required for forward sales	14,100	15,300	11,600	22,700
Current allowances inventory	32,040	18,175	58,231	352,549 *
Excess Inventory	17,940	2,875	46,631	329,849
Expected Emissions	191,036	279,101	280,380	

2007 Activity

Emission Allowances Sales **	2007	2008	2009	2010
Allowance (tons)	2	-	-	-
Average price (\$/ton)	\$ 470	\$ -	\$ -	\$ -
Total sales activity (\$MM)	\$ 0	\$ -	\$ -	\$ -

Emission Allowances Purchases	2007	2008	2009	2010
Allowance (tons)	-	2,000	-	-
Average price (\$/ton)	\$ -	\$ 495	\$ -	\$ -
Total purchasing activity (\$MM)	\$ -	\$ 1	\$ -	\$ -

* Total allowances are 705,098 for 2010-2014. Beginning in 2010, two allowances are required for one ton of emissions.

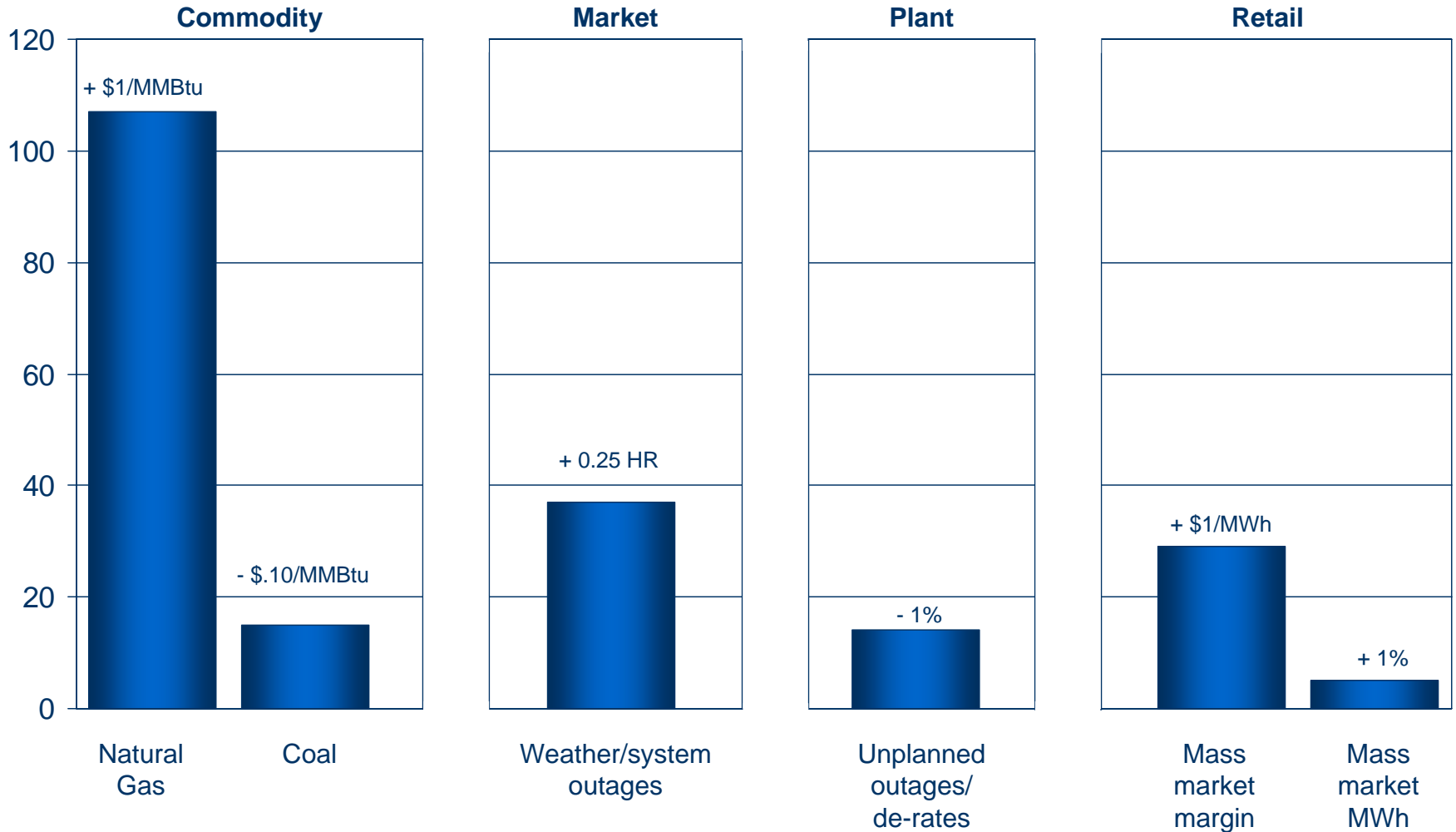
** Does not include proceeds from EPA auction.

Gross Margin Sensitivities*



\$ Millions

Wholesale



* Sensitivities are for annual gross margin.

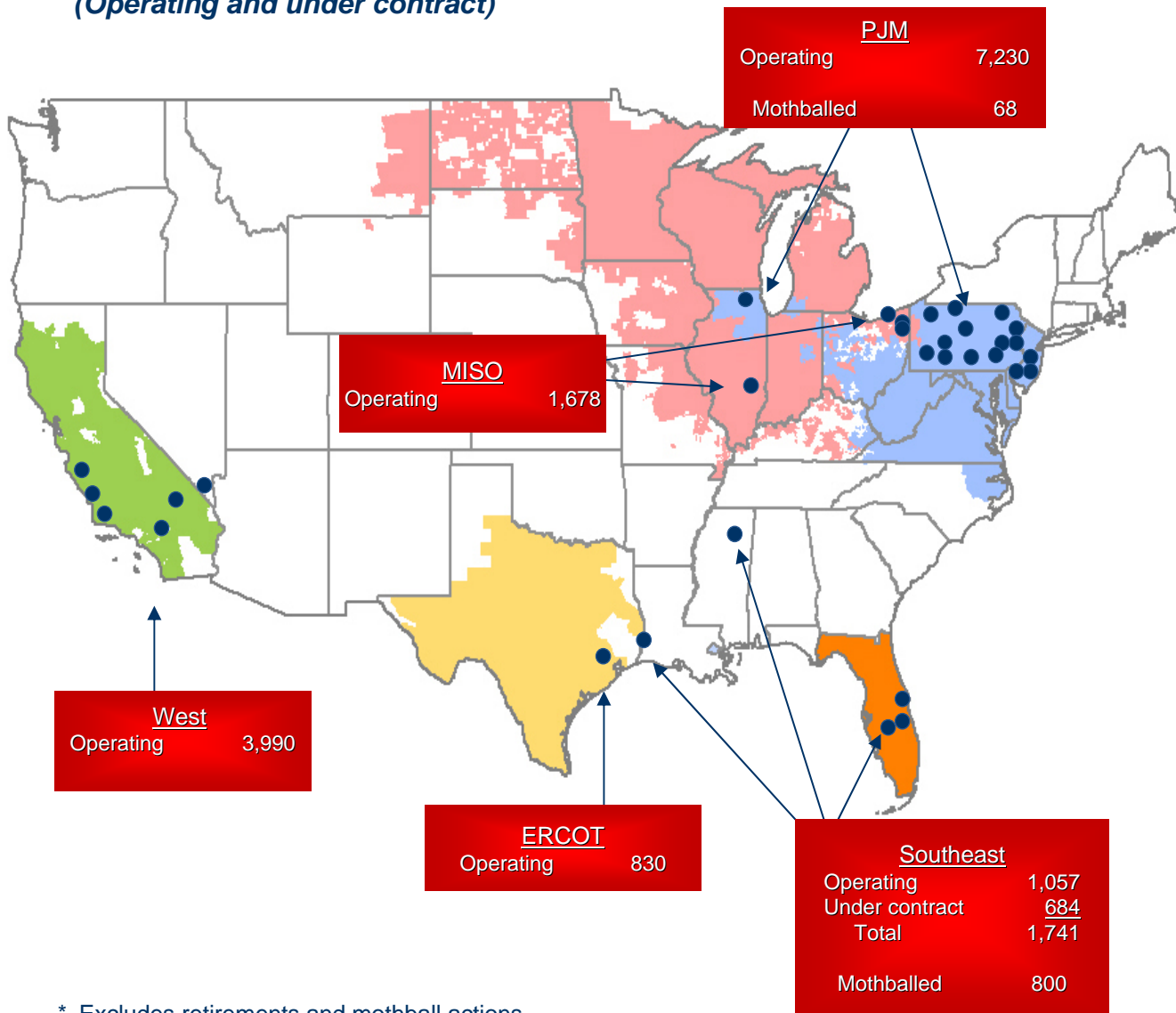
Assumptions Used in Wholesale Open Gross Margin Sensitivities



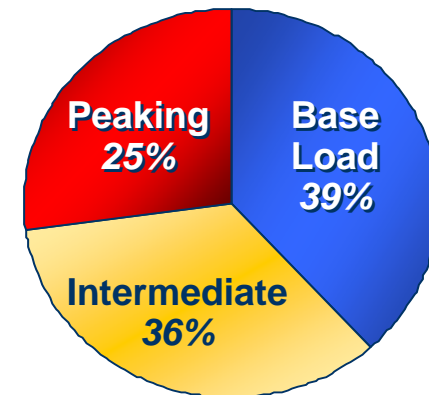
	<u>Gross margin change (\$MM)</u>
Natural gas sensitivity (\$1/mmbtu)	
On-peak power price impact - assumes 8.0 market implied heat rate (MIHR) and all 5x16 hours are affected \$1/mmbtu nat gas change x 8.0mmbtu/MWh on-peak x 4600MW coal x 4160 hrs per year x 90% economic on-peak x 85% Commercial Capacity Factor (CCF)	117
Off-peak power price impact - assumed to be negligible	0
Average on-peak and off-peak plant-to-hub congestion (PJM only) 0.5 mmbtu/MWh (MIHR) congestion per \$1/mmbtu nat gas move x 3300MW coal x 8760hrs x 82% economic x 87% CCF	(10)
Estimated net gross margin change from \$1 move in natural gas	107
Coal sensitivity (\$0.10/mmbtu)	
On-peak power price impact - assumes are not affected, while costs increase \$0.10/mmbtu coal price move x 10.3 mmbtu/MWh unit heat rate x 4600 MW coal x 4160 hrs x 85%CCF x 90% economic on-peak	15
Off-peak power price impact - assumes off-peak prices increase in line with coal cost	0
Estimated net gross margin change from \$0.10 move in coal	15
Weather sensitivity (0.25mmbtu/MWh (MIHR))	
Assumes that only on-peak power prices/heat rates are affected.	
Coal: 0.25mmbtu/MWh x \$8 nat gas x 4600 MW x 4160 hrs per year x 85% CCF x 90% economic on-peak	29
CCGTs: 0.25mmbtu/MWh x \$8 nat gas x 1500 MW open x 4160 hrs per year x 90% CCF x 40% economic on-peak	4
Calif: 0.25mmbtu/MWh x \$8 nat gas x 2500 MW open x 1250 hrs per summer x 90% CCF x 65% economic on-peak	4
Estimated net gross margin change from 0.25 move in market implied heat rates across year	37

Wholesale U.S. Generation Portfolio

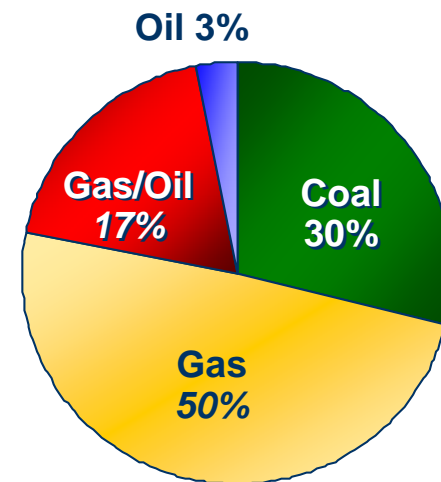
Total capacity 15,469 MW* as of 3/31/2007
(Operating and under contract)



Dispatch Type (% of 15,469 MWs)



Fuel Type (% of 15,469 MWs)

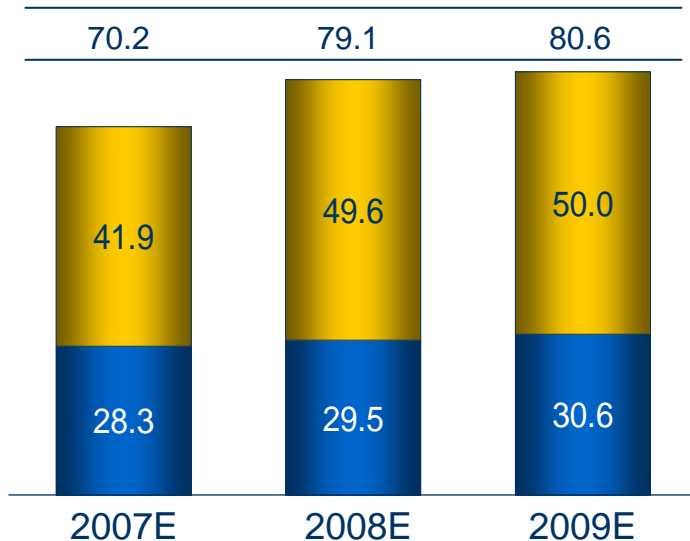


* Excludes retirements and mothball actions.

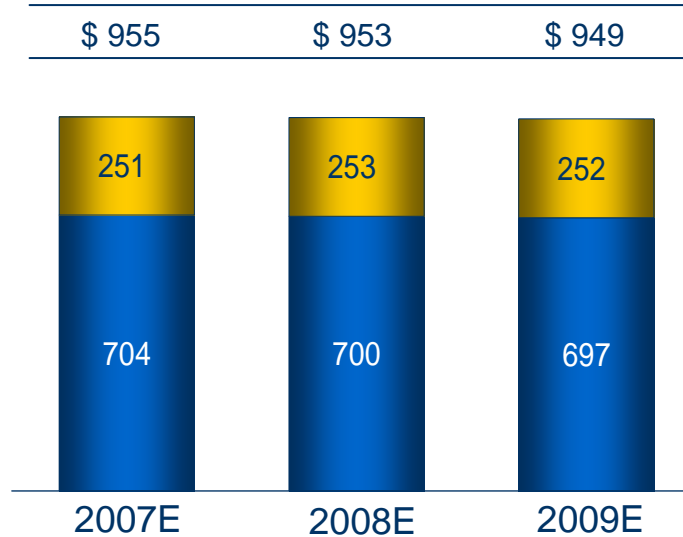
Retail Key Earnings Drivers



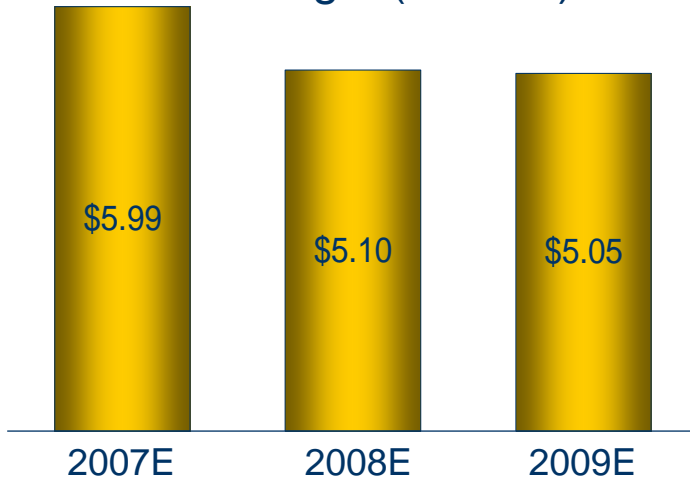
Volumes (TWh)



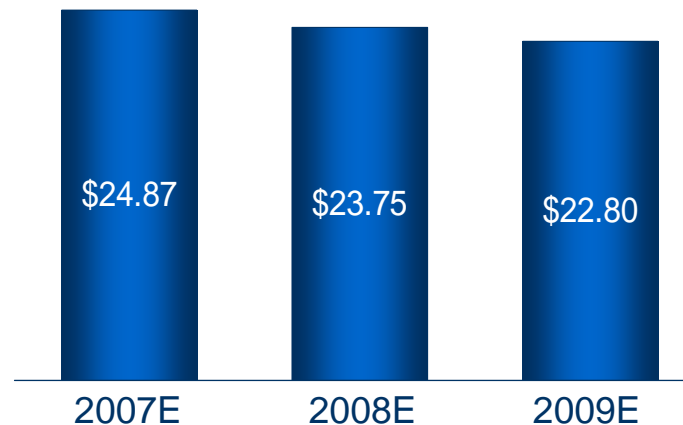
Retail Gross Margin (\$MM)



C&I Margin (\$/MWh)



Mass Margin (\$/MWh)



Reg G Outlook Reconciliation*



\$ Millions

	2007E	2008E	2009E
Wholesale Energy:			
Gross margin	\$ 1,183	\$ 1,398	\$ 1,305
Unrealized losses on energy derivatives	1	16	3
Historical and operational wholesale hedges	122	73	94
Wholesale open gross margin	<u>\$ 1,306</u>	<u>\$ 1,487</u>	<u>\$ 1,402</u>
Operation and maintenance	615	581	570
Bad debt	(1)	-	-
Wholesale open contribution margin	<u>\$ 692</u>	<u>\$ 906</u>	<u>\$ 832</u>
Retail Energy:			
Gross margin	\$ 1,596	\$ 972	\$ 923
Unrealized (gains) losses on energy derivatives	(641)	(19)	26
Adjusted retail gross margin	<u>\$ 955</u>	<u>\$ 953</u>	<u>\$ 949</u>
Operation and maintenance	242	230	228
Selling and marketing	135	136	133
Bad debt expense	78	81	83
Retail contribution margin	<u>\$ 500</u>	<u>\$ 506</u>	<u>\$ 505</u>
Consolidated:			
Gross margin	2,779	2,370	2,228
Unrealized (gains) losses on energy derivatives	(640)	(3)	29
Historical and operational wholesale hedges	122	73	94
Open gross margin	<u>2,261</u>	<u>2,440</u>	<u>2,351</u>
Operation and maintenance	857	811	798
Selling and marketing	135	136	133
Bad debt expense	77	81	83
Open contribution margin - Consolidated	<u>\$ 1,192</u>	<u>\$ 1,412</u>	<u>\$ 1,337</u>
Other general and administrative	(159)	(155)	(160)
Open EBITDA	<u>\$ 1,033</u>	<u>\$ 1,257</u>	<u>\$ 1,177</u>
Historical and operational wholesale hedges	(122)	(73)	(94)
Gains on sales of assets and emission allowances, net	-	-	-
Adjusted EBITDA	<u>\$ 911</u>	<u>\$ 1,184</u>	<u>\$ 1,083</u>
Unrealized gains (losses) on energy derivatives	640	3	(29)
Western states and similar settlements	(22)	-	-
EBITDA	<u>\$ 1,529</u>	<u>\$ 1,187</u>	<u>\$ 1,054</u>
Depreciation and amortization	(403)	(437)	(424)
Interest expense, net	(313)	(260)	(230)
Income from continuing operations before income taxes	<u>\$ 813</u>	<u>\$ 490</u>	<u>\$ 400</u>

* Based on actuals through March 31, 2007 and forward commodity prices as of March 23, 2007.