

RELEASE

Press Release by Tractebel Energia - New Energy Auction

June 30, 2005 - Tractebel Energia and Cia. Energética São Salvador, both controlled by SUEZ Energy South America (SESA), participated in the auction for “new energy” (coming from plants put in line after January 2000 and from plants under construction or to be constructed) organized by the Brazilian Electricity Regulatory Agency (ANEEL).

Tractebel Energia and Cia. Energética São Salvador participated in the auction with the aim to establish 30-year contracts, as from 2009, for the energy of the existing plants Itá and Cana Brava, and for the São Salvador project.

However, no sales were concluded for the output of the future plant São Salvador due to the fact that the prices in the auction were below the price necessary to guarantee the Company’s target rate of return for this greenfield project.

The overall result was positive: Tractebel Energia was the biggest seller of hydro. The Company managed to sell through CCEE, the Brazilian energy commercialization chamber, 493 MW average from Itá and Cana Brava power plants at an average price of BRL 128.30/MWh, which surpassed the average auction price for hydro of BRL 126.80/MWh.