

# 3<sup>rd</sup> Party Electrical Supply

## What you need to know

Your electric bill consists of two parts – **Supply** and **Delivery**. In deregulated markets, you are able to choose an **Energy Supply Company (ESCO)** to handle the supply portion of your bill. The delivery portion of your bill will always be handled by your utility, also known as your **Local Distribution Company (LDC)**. There are hundreds of ESCOs, each with dozens of products to choose from. Choosing the right ESCO and the best product will result in significant savings on your electric bill.

### WHAT IS IN YOUR ELECTRICAL BILL

#### DELIVERY

Billed by your LDC, these charges pay for power lines, substations, maintenance crews, and other costs related to the delivery of your electricity. The rates are regulated by the Public Service Commission.



30%

#### SUPPLY

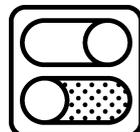
Billed by the ESCO of your choice, these charges recover the cost of generating electricity and represent about 70% of your bill. Choosing the right ESCO and the right product can greatly reduce this cost.

#### ENERGY

The cost of generating electricity from a power plant. This rate changes hourly and is highly correlated to input fuel costs and overall demand.



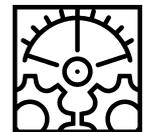
15%



5%



40%



10%

#### CAPACITY & TRANSMISSION

A charge to guarantee that there will be enough generation capacity on stand-by to meet your peak load with a sufficient safety margin to avoid blackout.

#### RETAIL ADDER

A fee from your ESCO to manage the supply process.

#### ANCILLARY SERVICES

Costs associated with the smooth and reliable operation of the high voltage electrical grid.

## WHAT ARE YOUR THIRD-PARTY SUPPLY OPTIONS?

Your choice of product determines how the various components of your supply are procured. There are many products to choose from, and NuEnergen is here to help.



### FIXED PRICE, FULL REQUIREMENTS

All electric supply charges are consolidated into a single fixed \$/kWh rate. This rate is fixed for a long term - typically 1 to 5 years. This option can represent the lowest risk as the rate is fixed for a known period of time, but also has the highest premium. In our experience, we find that alternative products outperform a fixed full benchmark by approximately 10-20%.

*(Price: high, Risk: low)*

### FULL PASS-THROUGH

This product indexes all supply components to market based rates that change frequently based upon supply and demand. The energy component follows the hourly price of electricity in your area, and the non-energy components are typically procured on a monthly basis. Pricing is usually favorable but during certain days of the year, it can become very expensive. Overall, this product can result in low rates for those with maximum risk tolerance.

*(Price: low, Risk: high)*

### BLOCK + INDEX

To retain the cost saving properties of the full pass-through product with the risk management of a Fixed Full, Block + Index allows you to fix the various components of your supply bill with very high granularity. By choosing which times of the year to "block out" (fix) your supply, and when to leave it on the index, you can buy risk protection on when necessary.

*(Price: low, Risk: low)*

## NEXT STEPS

NuEnergen's team of energy advisors will develop a comprehensive sourcing strategy to ensure you choose the best ESCO and the ideal product in order to optimize your unit costs while managing risk.