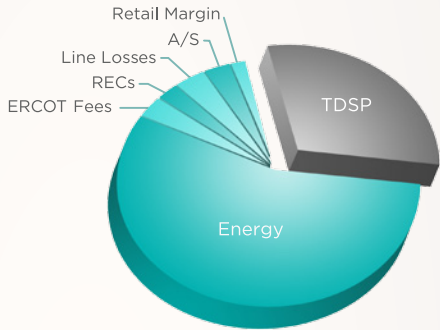


Build-up of Energy Prices



Components

TDSP: Regulated pass-through charges from your utility

Energy: Wholesale cost of energy

Line Losses: Cost of transmission and distribution line losses

A/S: Ancillary Services provided by generators to maintain grid stability

ERCOT Fees: ERCOT charges related to delivery of energy

RECs: Renewable Energy Credits as required by the PUCT

Retail Margin: Margin charged by supplier

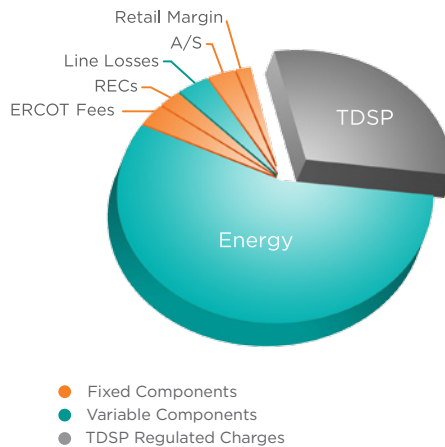
Purchasing Tip

Although all energy prices are made of the same basic components not all products are created the same. That's why it's important to understand which components are fixed and which are passed through when selecting the best product for your business.

Heat Rate Price Plan

$$\text{Electricity Price} = (\text{Heat Rate} \times \text{Gas Index}) + \text{Retail Adder}$$

Fixed Variable Fixed



Characteristics of Companies On Our Heat Rate Price Plan

- Best for companies with revenues tied to gas industry
- Willing to take on the risk of gas market movement
- May have extensive gas industry and market knowledge

How Does This Product Work?

- Heat Rate is a conversion factor for power plants converting natural gas to electricity
- Electricity Price fluctuates monthly with the cost of natural gas
- Adder is the remaining First Choice Power price component other than energy
- Adder components related to First Choice Power are fixed for the term

We Put You First

- First, tell us about you!
 - What's important to you and your business?
 - Help us understand the impact of your electricity bill on your bottom line
- Then, engage our expertise to monitor the market and provide relevant energy information for your business
- It's our job to help you capture opportunities in the market as part of your on-going energy management

