

Wholesale Portfolio Program for Electric Procurement

What is it?

An innovative low cost electric supply procurement and management program developed by EnerNOC, Inc.

Who is it for?

Federal, state and municipal governments, schools systems, hospitals, universities, multi facility for profit companies and other large aggregation buying groups located in deregulated markets.

Why Wholesale Portfolio Program? - A compelling case

- Achieve lower overall electric supply costs
- Achieve maximum energy price risk management flexibility
- Energy cost management and procurement plan with objectives, strategy and timeframes tailored to client needs
- Incorporates sound commodity purchasing strategies of time buys (avoiding single market points) and value buys (price targets/triggers).
- Program provides effective communication vehicle for stakeholders
- Low cost to implement
- Long term approach and strategy

How does the Wholesale Portfolio Program achieve lower electric supply costs?

- Unbundles electric supply components to achieve price transparency
- Eliminates supplier premiums imbedded in full requirements contracts
- Incorporates historically lower cost wholesale hourly market pricing
- Managed bid wholesale block purchases with right to direct purchases
- Ability to buy blocks at hub or zone delivery points
- Direct pass thru of capacity and transmission costs and ability to manage them
- Day Ahead Scheduling to reduce balancing operating reserve costs
- Pass thru of all system credits (Auction Revenue Rights (ARRs) and marginal losses)
- Select annual transmission paths to influence ARR credit amounts
- Reduce transaction fees/costs – electric accounts enrolled one-time
- Eliminates costly and inefficient ongoing retail RFP's

How does the Portfolio Program provide maximum energy price risk management flexibility?

- Energy supply price risk is quantified and organizations determine the amount of risk they will or will not accept within defined timeframe(s)
- Energy supply diversity (block, hourly, day ahead, renewables, long-term PPA)
- Time buys (dollar cost average approach) for cost stability
- Value buys (price triggers/targets) to reduce costs relative to current budget or benchmark
- Ability to purchase at different delivery points (Hub or Zone)
- Ability to enter into bilateral long term power purchase agreements with generators

Wholesale Portfolio Program innovative features

- Separate PJM sub account used to account for all member electric utility accounts
- Electric cost management and procurement plan tailored to client objectives
- Managed bid wholesale block purchases
- Risk and cost management through time buys and value buys
- Direct bilateral purchases from generators/renewable projects
- Budget billing

How does the Wholesale Portfolio Program work?

1. Energy cost management and procurement plan developed
2. Procure a licensed service provider (LSP)
3. Enroll all accounts in dedicated PJM sub account through LSP
4. All accounts receive wholesale hourly rates
5. Wholesale blocks purchased to convert portions of hourly priced exposure to a fixed price
6. Scheduling for day ahead market purchases
7. LSP bills each participating jurisdiction based on budget billing
8. Periodic billing rate true-up to match actual portfolio costs

Who is Currently Using the Portfolio Program?

Baltimore Regional Consortium Purchasing Committee (BRCPC – 300 MW), the Eastern Shore of Maryland Educational Consortium Energy Trust (ESMEC – 35 MW), Montgomery County Public Schools (45 MW) and City of Philadelphia (105 MW).

BRCPC received the 2006 national “Innovative Purchase Award” from the National Institute of Government Purchasing for adopting and implementing the Portfolio Block Index Program.

This innovative program can be applied for natural gas and fuel procurement as well.

For more information on this program please email or call Noel Chesser (noel.chesser@enernoc.com) at 443-573-1528 and visit our web site at www.enernoc.com