

Collin County



Public Power Pool (P³) 2012 Procurement

*The largest aggregation in Texas
Competitively Bidding Power for Texas' Public Sector*

David Quin, Program Manager



Public Power Pool (P³)

A Brief History of the Largest Aggregation in Texas

- In 1999, Texas Legislature passed SB 7 deregulating energy in Texas, allowing customers to choose between suppliers
- Public Power Pool's Executive Director, Donald Lee, wrote legislation allowing political subdivisions in Texas to aggregate when purchasing power
- Public Power Pool was created under TX. Local Gov. Code § 303.001 as a non-profit, political subdivision corporation
- The P³ load currently comprises 1.466 million MWh per year – up from 1.427 million MWh in 2011
- This is worth \$143m for 2012, (up from \$139m in 2011) or \$714m (up from \$695m) for the 5-year contract
- Founding counties – Harris, Dallas, Tarrant, and Jefferson – we are now the largest aggregation in Texas...

2012 Public Power Pool Members

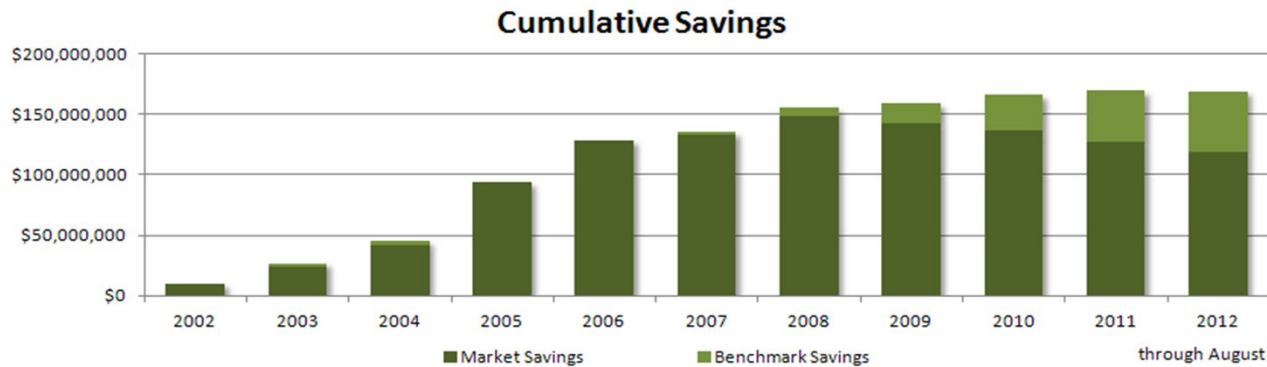
Angleton Danbury Medical Center
Bee County
Bell County
Bell County Appraisal District
Brazoria County
Calhoun County
Chambers County
Cherokee County
City of Alvin
City of Bedford
City of Bryson
City of Cockrell Hill
City of Crowley
City of Friendswood
City of Haslet
City of Hutchins
City of Jamaica Beach
City of Keller
City of Santa Fe
City of Texas City
City of Uvalde
Collin County
Cooke County
Coryell County
Crockett County

Cypresswood Utility District
Dallas Central Appraisal District
Dallas County
Dallas Independent School District
Denton County
Ector County
Ector County Appraisal District
Ellis County
Fountainhead MUD
Galveston County
Grayson County
Green Trails MUD
Harris County
Harris County Hospital District
Greater Harris County 911
Harris County Appraisal District
8 Harris County MUDs
Harris County Sports & Convention Corp
Harris County WCID #119
Irving Independent School District
Jack County
Jackson County
Johnson County
Johnson County Central Appraisal
District

Kaufman County
Leon County
Mason Creek MUD
McLennan County
MHMR Tarrant County
Midland County
Midland CSCD
Milam County
Mills Road MUD
Navarro County
Nottingham Country MUD
Nueces County
Nueces County MHMR
Rockwall County
San Patricio County
Tarrant Appraisal District
Tarrant County
Tarrant County 911 District
Tarrant County Hospital District
Town of Lakeside
Webb County
Wichita Appraisal District
Williamson County
Wise County
Zapata County

P³'s Track Record To Date

- P³ members have saved \$119,810,056 against market rates (the 12 month forward gas price with at-market heat rates plus supplier charges) since contract inception in 2002;
- Collin County has saved \$1,047,531 against market rates since 2002.

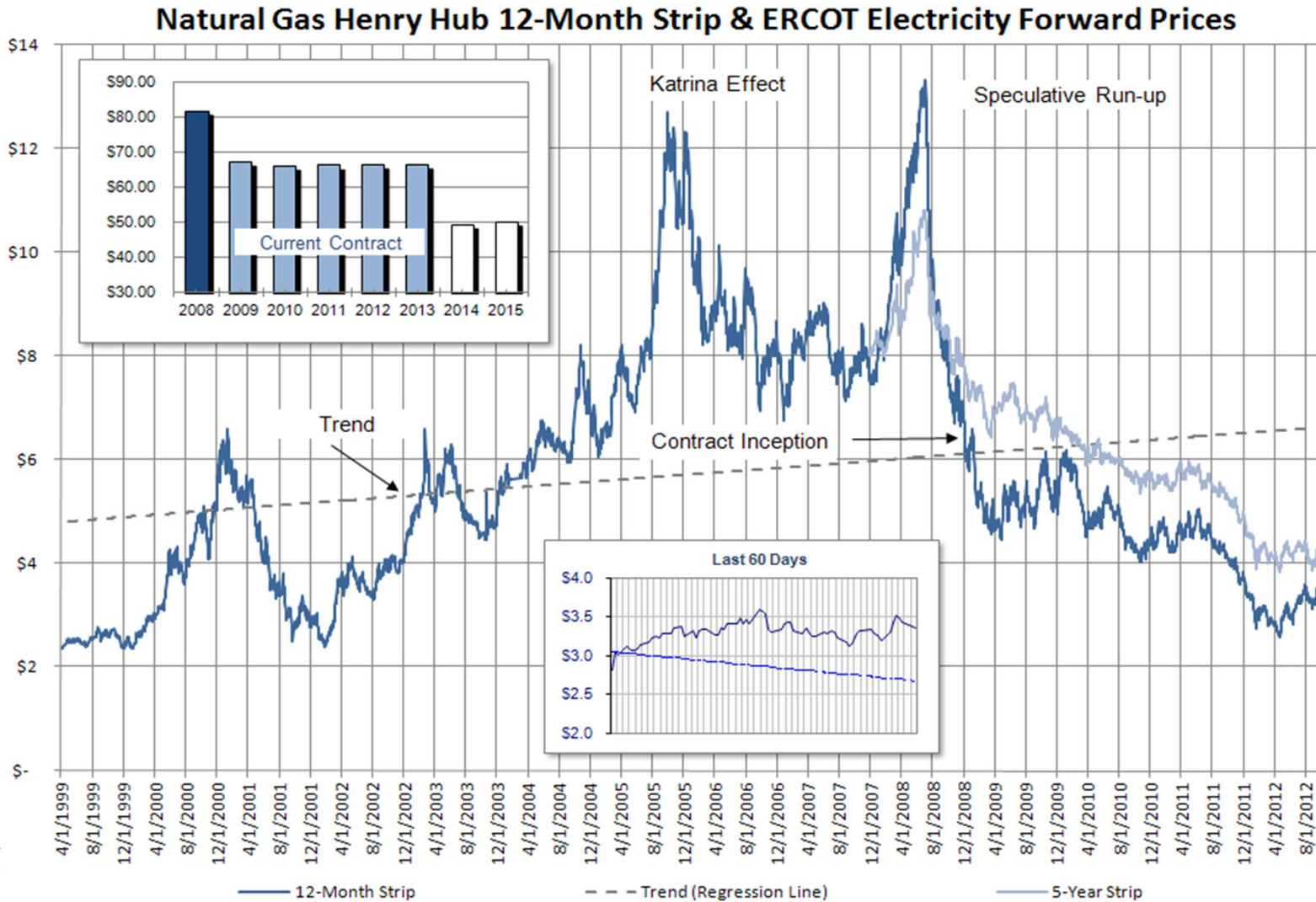


- Under the current 2009-13 contract, P³ members have saved \$43,390,332 since 2009 - a 9.4% savings against the benchmark rate (the price available on the day the contract transacted). Collin County has saved \$1,252,404.



Year	Total Cost	Market Rate		Benchmark Rate	
		Discount	Savings	Discount	Savings
2002	\$114,180,253	\$5.53	\$9,787,674	\$0.00	\$0
2003	\$129,740,318	\$8.31	\$14,449,104	\$1.65	\$2,864,862
2004	\$146,904,277	\$10.18	\$17,637,596	\$0.50	\$869,243
2005	\$175,240,940	\$27.03	\$51,928,798	-\$2.31	-\$4,430,429
2006	\$195,495,855	\$17.45	\$34,935,521	-\$3.60	-\$7,197,068
2007	\$216,568,654	\$2.42	\$4,781,261	\$4.94	\$9,740,974
2008	\$142,244,725	\$12.12	\$15,706,722	\$3.52	\$4,565,468
2009	\$132,793,827	-\$4.79	-\$6,610,470	\$7.50	\$10,347,737
2010	\$135,178,369	-\$3.98	-\$5,588,027	\$9.06	\$12,711,280
2011	\$133,666,846	-\$6.41	-\$8,898,856	\$8.85	\$12,275,861
2012	\$89,111,230	-\$5.99	-\$8,319,266	\$5.80	\$8,055,454
Total			\$119,810,056		\$49,803,381

Why Should P³ Procure Power Now?



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Current market conditions show out-year prices lower than the current contract:

ERCOT Supplier Costs, Calendar Contracts



Estimated future electricity market rates indicate an attractive range of potential savings:

	<i>Per Year</i>	<i>Per Year Change from 2013</i>	<i>Term</i>	<i>Term Change from 2013</i>	<i>1-Year Blend</i>	<i>2-Year Blend</i>	<i>3-Year Blend</i>
2012	\$67.49				\$60.46	\$57.70	\$56.67
2013	\$67.68				\$60.46	\$57.70	\$56.67
2014	\$49.71	-26.54%	\$49.71	-26.54%	\$60.46	\$57.70	\$56.67
2015	\$50.81	-24.92%	\$50.26	-25.73%		\$57.70	\$56.67
2016	\$53.04	-21.63%	\$51.19	-24.37%			\$56.67
2017	\$54.10	-20.06%	\$51.92	-23.29%			
2018	\$55.18	-18.46%	\$52.57	-22.32%			
Blend Discount:					10.7%	14.7%	16.3%

Strong Response to our 2012 RFP

- RFP was sent to every registered REP in Texas; initial interest from 21;
- Responses received from 9 REPs by our September 12th deadline;
- Responses assessed to see if they conformed to our requirements:

	Bid Sheet	EPSA	Attachment 4	Evidence of Credit
GLO-Cavallo	X	X	X	X
MP2	X	X	X	X
Reliant	X	X	X	X
Gexa	O	X	O	O
Suez	X	X	X	X
Direct	X	X	X	X
Constellation	X	X	X	X
Mid-A	X	X	O	X
TXU	X	O	O	O

- Each response was then scored based on indicative price, contract terms, credit-worthiness, back office experience and service enhancements:

Rank	Supplier	Max Score	50	15	20	10	5	Total 100			
			Price	Contract	Contract Notes	Credit	Service	Back Office Notes	Extra	Services Notes	
1	GLO-Cavallo	47.8	14	Minor edits	16	7	References (2)	2	DR, Market intel	86.8	
2	MP2	41.3	14	Minor Edits	11	5	Reference	2	DR, Market intel	73.3	
3	Reliant	42.6	14	Minor edits	5	7	Direct experience	2	Portal, REC	70.6	
4	Suez	48.0	2	Major edits	11	6	Direct experience	1	Portal	68.0	
5	Direct	45.3	3	Major edits	11	6	References	1	DR	66.3	
6	Constellation	44.1	6	Major edits	7	6	Direct experience	2	Portal, DR	65.1	
7	Mid-A	40.9	4	Major edits	8	7	Direct experience	2	Portal, Market	61.9	
8	Gexa	non-conforming bid									
9	TXU	non-conforming bid									

Indicative Price Quotes Confirm Big Reduction in Electricity Costs for Members

*P3 Retail Electric Provider Costs, Delivered to EDC
1,2,3-Year, Full Requirements Unlimited Swing, beginning January 2014
Round 1, received 9/12/2012*

Prices \$/MWh	1-Year 2014	2-Year 2014-15	3-Year 2014-16
Supplier A	\$41.174	\$41.862	\$42.373
Supplier B	\$42.066	\$42.189	\$42.468
Supplier C	\$42.609	\$43.205	\$43.575
Supplier D	\$43.128	\$43.801	\$44.113
Supplier E	\$44.007	\$44.548	\$44.833
Supplier F	\$44.824	\$45.147	\$45.475
Supplier G	\$43.728	\$44.790	\$45.675
Spread	\$3.65	\$3.28	\$3.30
Annual Value	\$38,368,895	\$39,609,637	\$40,268,955

Current Price (2012 Year)
Annual Average \$67.490 /MWh

*Prices include commodity, ancillaries, intrazonal congestion, UFE, unlimited swing and retailer margin.
Utility charges, GRT and any other applicable taxes as well as nodal congestion costs are additional unless otherwise noted*

- Based on our initial round of indicative pricing, the *prospective* Collin County rate would be 4.22 cents/kWh 2014-16 compared to 6.51 cents/kWh currently;
- The *prospective* reduction for Collin County would be \$762,434 – or 29.3% - in total costs compared to current expenditures.



Advantages of P³ Membership

- **Savings:** *P³'s wholesale purchasing, supplier cost discounts, economies of scale mean lower rates for Collin County;*
- **Independence:** *P³ has no obligation to retailers; our blind RFP is sent to all retailers to ensure the best bid wins;*
- **Integrity:** *P³ works only for our members, prevents any cross-subsidization, is funded solely by a transparent aggregation fee; as a non-profit, this is the lowest in the business;*
- **No swing benefits:** *P³'s contract contains no volume risk (over/ under consumption) for Collin County due to aggregate swing provisions;*
- **Pre-payment discount:** *Gives participants a \$0.00121/kWh discount;*
- **Superior service:** *P³ contracts contain performance penalties for bad bills;*
- **On-going monthly and annual audits:** *P³ constantly monitors Collin County's usage and billing to ensure accuracy, produces semi-annual Forward Budget Reports so the County can plan ahead;*
- **Supplemental services:** *P³ conducts legislative/ regulatory/ energy market analysis, produces HB3693 reports for Collin County;*
- **Customized Service:** *P³ advises Collin County on energy consumption and facility efficiencies, analyzed and advised County on load shedding, load shaping and bloc pricing for Collin County's new chiller facility.*



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