

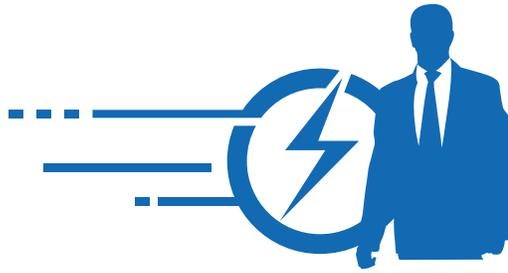


Texas Coalition
for Affordable Power

Nine Case Studies



SOME COMMON WAYS ELECTRICITY BROKERS AND REPS TRY TO TRICK YOU



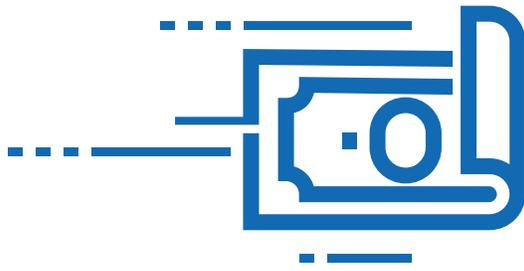
CITY #1

- ✓ **Hires Broker For RFP**
- ✓ **Contracts For 77Months**
- ✓ **Overpays by \$1.5M**

| | Broker | TCAP |
|-------------------------------------|----------------|-------------|
| Fees | .00150 | .00080 |
| \$ / kWh | .04109 | .03508 |
| \$ Difference over 77 months | \$ 1.5M | \$ 0 |

City #1 hired a broker to write an RFP for its electricity. They paid the broker a fee of .0015/kWh for the life of the contract. The “winning” price was .039591/kwh for 77 months. So, they’ll pay a minimum of .04109 kWh for the next 6-1/2 years. If the City had chosen TCAP, the price would have been 0.03490 including TCAP’s .0008 aggregation fee. A difference of, at minimum,* \$1.5 million dollars over the contract term.

* City#1 may end up paying even more — an additional 0.0003-0.0005/kWh — should they require “slightly to significantly more” in services than the broker deems “standard.” TCAP’s aggregation fee is inclusive of all services.



CITY #2

- ✓ **Hires Broker For RFP**
- ✓ **Contracts For 9 Years**
- ✓ **Pays \$1.2M 1st 5-Years**

| | Broker | TCAP |
|----------------------------|---------|--------|
| Fees | .00090 | .00080 |
| \$ / kWh | .04040 | .03684 |
| \$ Difference over 5 Years | \$ 1.2M | \$ 0 |

City # 2 hired a broker and signed a 9-year contract at a rate of .04040. They paid their broker a fee of .0009 to do the RFP. The broker refused to accept TCAP's bid. The 5-year price under TCAP would have been .03684 including our .0008 aggregation fee. So, the first 5 years they will pay \$1.2 million more than with TCAP. For the final 4 years they will have to pay 1/2 to 1-cent over than the future market price.

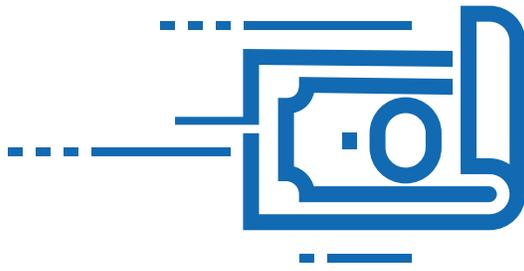


CITY #3

- ✓ **Hires Broker For RFP**
- ✓ **Only Does RFP**
- ✓ **Pays 5x more for 1 service**

| | Broker | TCAP |
|---------------------------|----------|----------|
| Write RFP | ✓ | ✓ |
| Budget Support | — | ✓ |
| Regulatory Reporting Help | — | ✓ |
| Legislative Lobbying | — | ✓ |
| Billing Assistance | — | ✓ |
| Adds/Deletes | — | ✓ |
| Access Expert Consultants | — | ✓ |
| Fee | \$.0040 | \$.0008 |

Based on historic usage, City #3 will pay approximately \$60,000 every year for the broker’s provided RFP and presentation of bid results. TCAP’s \$0.008 aggregation fee would have cost the City less than \$12,000 per year, including a full spectrum of services and access to TCAP’s industry expert consultants—none of which the broker offers.

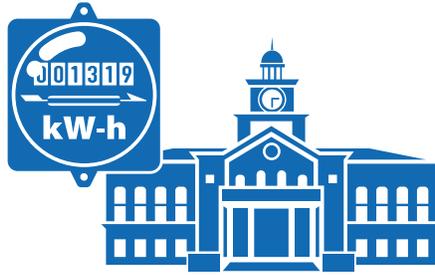


CITY #4

- ✓ **City Hires Broker For RFP**
- ✓ **Contracts for 5-Years**
- ✓ **Pays 13.6% More Per kWh**

| | Broker | TCAP |
|-----------------------|---------|--------|
| \$ / kWh for a 5-year | .03769 | .03319 |
| \$ Difference | + 13.6% | 0 |

City #4 will pay 13.6% more for having a broker write a simple RFP — while providing zero additional services. Included in TCAP's aggregation fee (lower than most brokers' fees, is a spectrum of services as well as access to TCAP's paid, industry expert consultants.

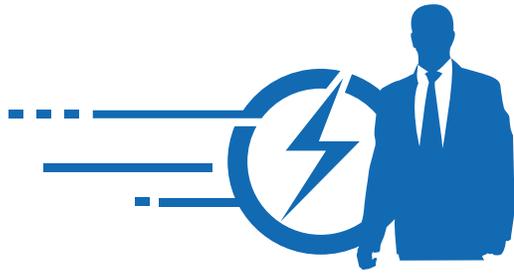


CITY #5

- ✓ **Builds New City Hall**
- ✓ **Pays To Delete / Add Meters**
- ✓ **Higher Rate At New Meter**

| | Broker | TCAP |
|-----------------------------|--------|------|
| Pay to delete old meter | ✓ | — |
| Pay to add new meter | ✓ | — |
| Higher rate for new service | ✓ | — |

City #5 procures a multi-year contract through a Retail Energy Provider (REP). The city builds a new, highly energy-efficient City Hall across the street from the one in use at the time of contract initiation. The contract language requires the City to pay a penalty for deleting the meter at the old City Hall. It also requires them to pay an “add” charge for the meter and service at the new building. The final bit they failed to notice in the language was that the rate they thought they’d “locked in” would be what they’d pay at the new facility. Surprise. Their new building is billed at a higher rate. TCAP, on the other hand, has no meter add or delete charges, pooling loads across its membership to absorb the financial impact of routine operational changes to the benefit of all.

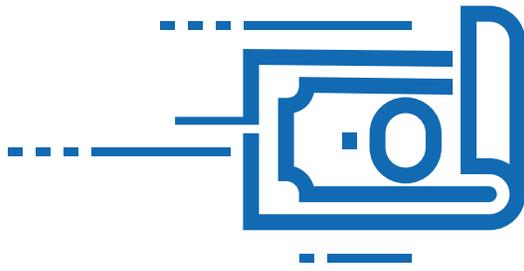


CITY #6

- ✓ **Hires Broker**
- ✓ **Contracts For 5 Years**
- ✓ **Pays +\$625K vs. TCAP**

| | Broker | TCAP |
|----------------------------|------------|--------|
| \$ / kWh first 3-years | .04764 | .03791 |
| \$ / kWh following 2-years | .04884 | .03748 |
| \$ Difference over 5 Years | \$ 625,000 | \$ 0 |

City #6 hired a broker and signed two consecutive contracts: the first for three years, the second for an additional two years. In both cases TCAP's rate was better. Had they chosen TCAP instead, City #6 would have saved nearly two-thirds of a million dollars in energy charges alone.



CITY #7

- ✓ **Hires Broker / Advice**
- ✓ **Fee is \$1000 / Month**
- ✓ **Pays 6x More**

| | Broker | TCAP |
|--------------|----------|---------|
| Fees / month | \$ 1,000 | ~ \$ 73 |
| Fee / Year | \$12,000 | \$ 875 |

The city, population 5,300, pays their broker a flat fee retainer of \$1000/month with any additional work billed at \$120/hour for electricity issues and procurement. TCAP's aggregation fee includes a wide range of services including access to TCAP top industry expert consultants. No retainer, no hourly charge.



SPEC DISTRICT

- ✓ **Hires Broker For RFP**
- ✓ **Get Price for 3- / 5-Years**
- ✓ **Pays +\$60- \$114K More**

| | Broker | TCAP |
|-----------------------|-----------|--------|
| \$ / kWh for a 3-year | .03960 | .03618 |
| \$ Difference | \$60,000 | \$ 0 |
| \$ / kWh for a 5-year | .04000 | .03607 |
| \$ Difference | \$114,000 | \$ 0 |

A small special purpose district hired a broker to put out RFPs for different contract terms: a 3-year, and a 5-year. In both cases TCAP's rate was better and whichever they chose, the savings would have been significant.



SUBDIVISIONS

- ✓ **Two Ask TCAP For Rates**
- ✓ **One 2020-22/One 2021-22**
- ✓ **The Early Start Saves 6%**

| SAME ERCOT ZONE / SAME WEEK | TCAP |
|-----------------------------|--------|
| Contract Term: 2020-2022 | .03945 |
| Contract Term: 2021-2022 | .03724 |

Two political subdivisions in the same ERCOT zone inquiry to join TCAP in the same week. One needed a contract immediately 2020 -2022. The other needed a contract for 2021-2022. Because the one was coming to TCAP a year early they got a rate that was 6% lower than the other. Waiting until the last minute to get a contract will always mean higher prices. It's better for cities and other political subdivisions to start looking at their contract up to two years in advance.



Want To Know More? Contact:

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