

Presentation to:

September 6, 2018



# About Tradition Energy



- Tradition is the nation's largest and most experienced energy management and procurement advisor to mid- to large-sized companies and government organizations
- Advising clients in energy commodities markets since 1986
- Industry-acclaimed as a market research expert and primary source for market intelligence
- Better informed decisions and additional savings through procurement expertise and unsurpassed experience in the wholesale energy markets
- 95% of clients say that our *“strategic recommendations are making a positive contribution to their enterprise”*\*
- Part of the Tradition Group, a top 3 institutional broker of financial products and commodities with over 2,200 employees in 28 countries and revenues of approximately \$1.0 Billion

***Providing local clients with the full resources of a global energy advisor.***

\*2017/18 Client Satisfaction Survey

# Government purchasing channel

- ❖ Exclusive bi-monthly energy contributor to *Government Procurement* magazine, the official magazine of the National Institute of Governmental Purchasing (NIGP)
- ❖ U.S. Communities is the leading national cooperative purchasing program with 90,000 members representing education, local and state government and non-profit organizations
- ❖ Tradition Energy won a U.S. Communities national competition to be the exclusive energy consulting and management services advisor to public agencies
- ❖ The U.S. Communities contract delivers many benefits, including:
  - The best supplier pricing in the market
  - Time and money savings
  - Contract value – even if your organization is NOT required to publicly bid utilities



*U.S. Communities is the only cooperative purchasing program to earn the NIGP Accredited Cooperative (NAC) accreditation*



## Data Management & Reporting

TEAMVIEW

- Online contract management
- Historical usage & cost tracking
- Budgeting & forecasting
- Performance monitoring



## Tariff Rate and Tax Analysis

- Utility bill audits
- Cost recovery
- Predominant Use Studies



## Bill Processing & Payment

- Energy & utility usage and spend reporting
- Increase efficiency & reduce expenditures



## Sustainability

- Solar energy project evaluation and installation
- Renewable energy procurement



## Demand Response (DR)

- Generate a new revenue stream
- Avoid price spikes / reduce costs



## Demand-Side Management

- Energy efficiency audits
- Project recommendations

# Experience



 More than **330** local government & non-profit clients managed totaling over **12.6 billion kWh**

**30**

Years in the  
energy markets

**1300**

Commercial & industrial and  
governmental clients

**84**

Energy suppliers competing for  
our clients' business

**1050**

C&I and government accounts  
priced *each week*

**500**

Million kWh of electricity  
priced *each week*

**55**

Million dollars in electricity  
procured *each week*

**15:1**

Ratio of clients to Tradition  
professionals

**20**

Client training events  
conducted each year

**97**

% of clients saying they are "likely  
to use our service again"\*

*\*2017/18 Client Satisfaction Survey*



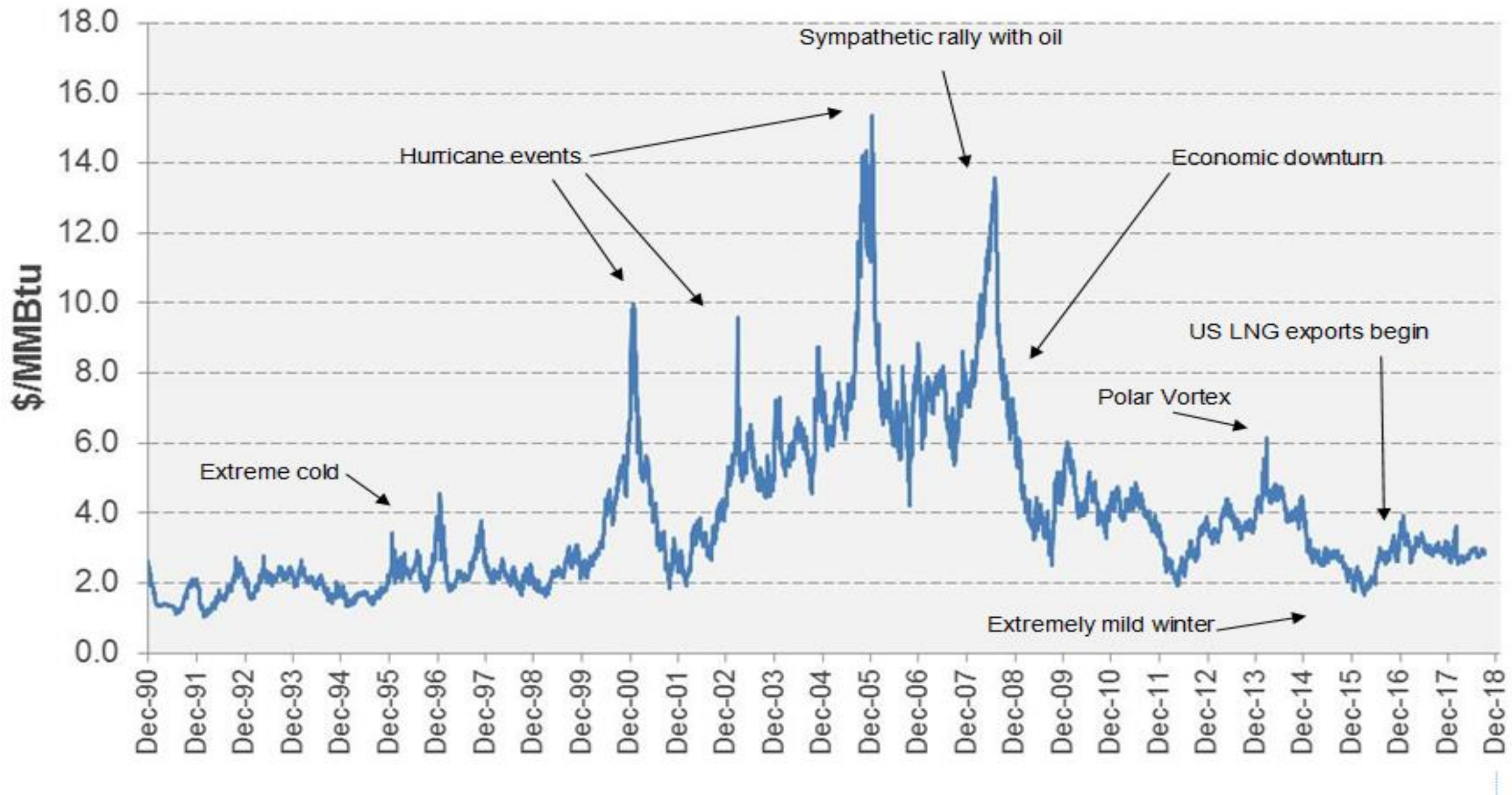
# Regional Market Outlook – Colorado NG

CASDEM

September 6, 2018



# Natural Gas Price History



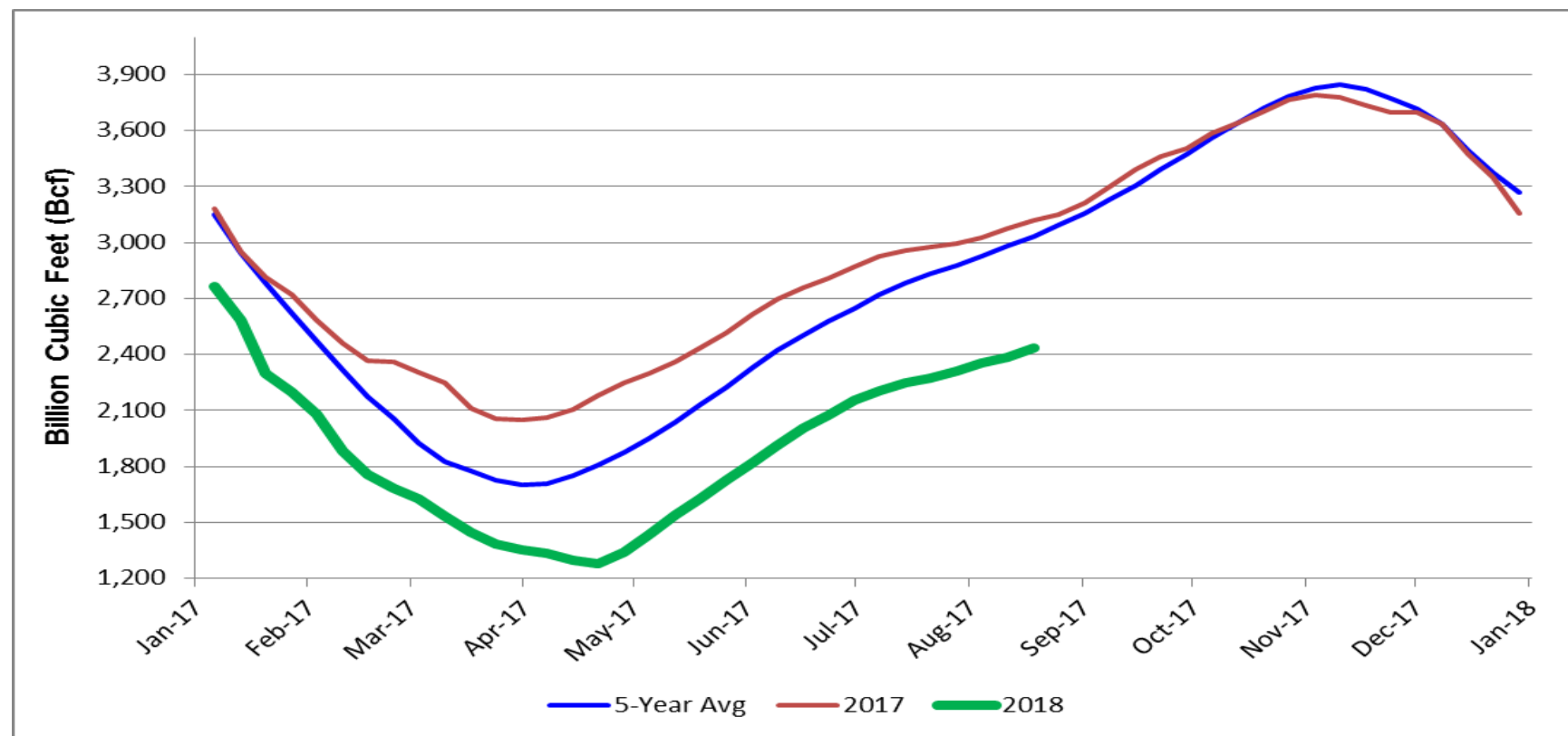
- Over the past **12 months** natural gas prices have ranged from a **low of \$2.552** for February 2018 to a **high of \$3.631** for January 2018.
- Over the past **24 months** natural gas prices have ranged from a **low of \$2.552** for February 2018 to a **high of \$3.930** for December 2016.
- Over the past **36 months** natural gas prices have ranged from a **low of \$1.639** for March 2016 to a **high of \$3.930** for December 2016.

# NYMEX Natural Gas – Current Market Status



- Natural gas inventories are **21% below a year ago** levels at the mid-way point of 2018 injection season, with current inventories ~646 Bcf below 2017 levels and ~588 Bcf **(19%) below the 5 year average** for this time.
- End of injection season storage levels could be 300-500 Bcf or ~8-14% below last year's start of withdrawal season levels.
- Hotter-than-normal summer weather, record exports, and increased power sector demand could leave storage levels at a four-year low at the start of the 2018-19 winter heating season.

## NATURAL GAS STORAGE



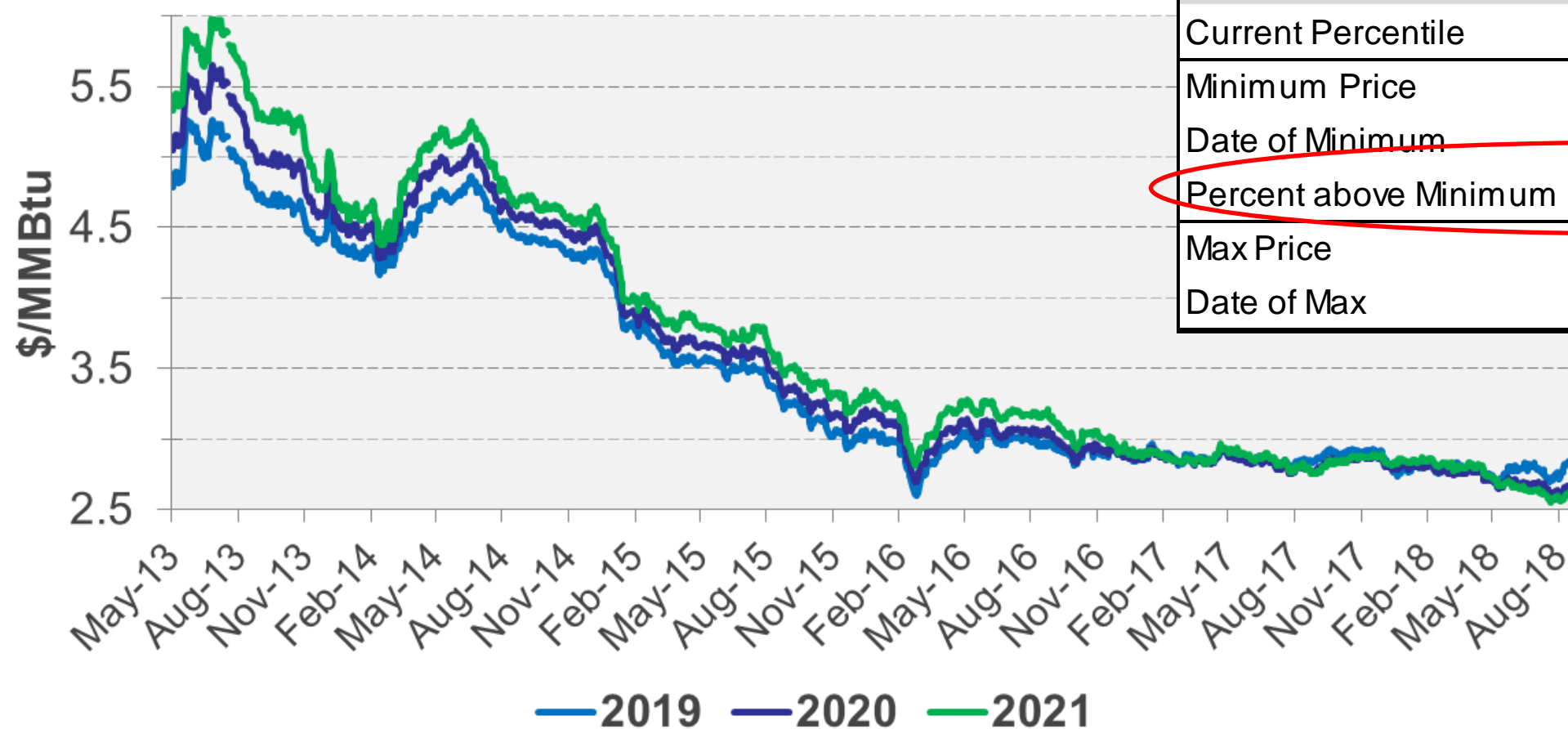


# NYMEX Natural Gas – Current Market Status



- Wholesale contracts for future delivery of commodity natural gas have are just above multi-year lows due to record production levels.
- Future years 2020 and 2021 are less expensive than 2019 partially reflecting near term winter risks and an anticipated growth in production levels as new pipelines enter service in the coming years .

**NYMEX Natural Gas**

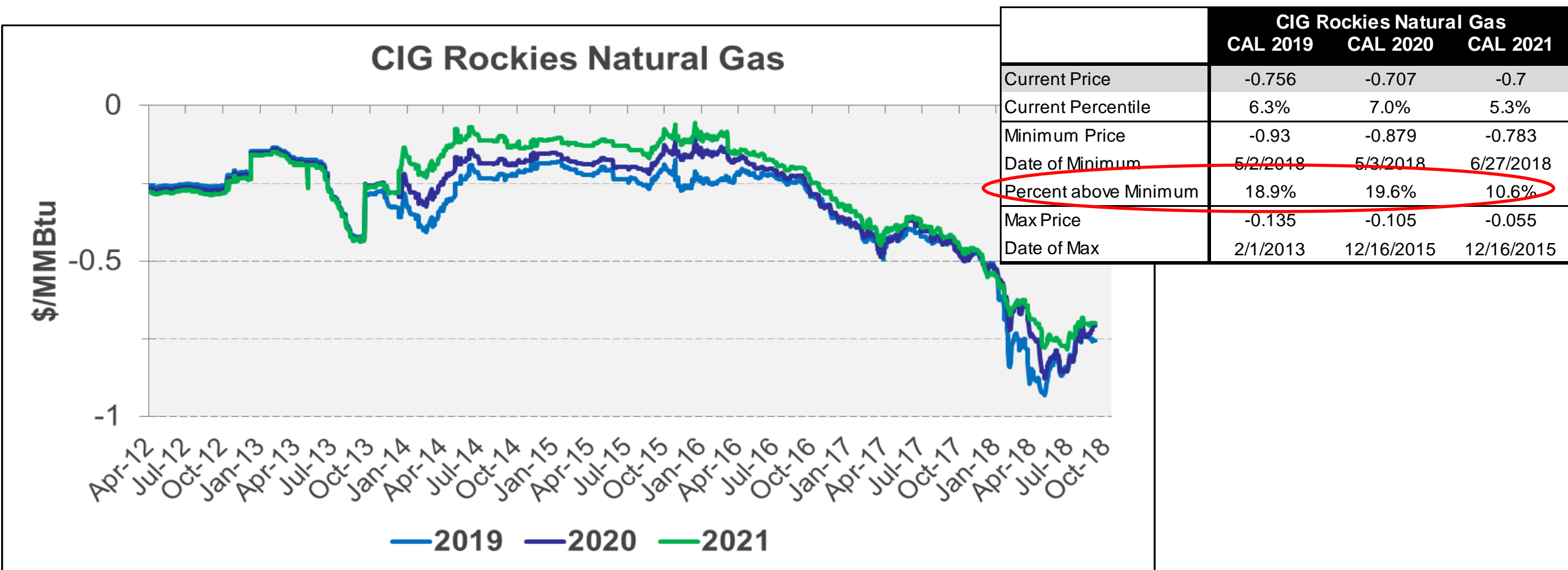


	NYMEX Natural Gas		
	CAL 2019	CAL 2020	CAL 2021
Current Price	2.764	2.628	2.566
Current Percentile	5.2%	1.1%	0.6%
Minimum Price	2.60	2.6	2.545
Date of Minimum	2/25/2016	8/1/2018	8/28/2018
Percent above Minimum	6.4%	1.1%	0.8%
Max Price	5.268	5.65	6.007
Date of Max	6/26/2013	6/26/2013	6/26/2013

# Colorado Natural Gas Market Factors (Deregulated)



- Basis prices in Colorado are just above all-time lows and have been priced at a discount for two years.
  - Increased production from the nearby Denver-Julesburg (DJ) basin and competition for market share from other producing regions has triggered a significant discount in basis prices in the past year.
  - In the future, basis prices could strengthen slightly as demand increases due to the build out of natural gas-fired power plants.
- The buildup in pipeline infrastructure in the region will bring additional supplies of DJ-sourced natural gas onto the market and likely keep regional gas prices at a discount to the national average.



# Bill Copy Example



COMMODITY CHARGES					
From	To	Description	MMBtu	Price	Amount
02/01/2018	02/28/2018	Index-Based Price	29,737.00	\$2.7700	\$82,371.49
Billed Volume = 29,737.00					

Description	Amount
Other Charges	\$61,063.45

**Total Current Charges:** \$143,434.94  
**Prior Balance:** \$0.00  
**Total Amount Due:** \$143,434.94  
**Date Due:** 03/29/2018

COMMODITY CHARGES					
From	To	Description	MMBtu	Price	Amount
04/01/2018	04/30/2018	Index-Based Price	14,640.00	\$1.7800	\$26,059.20
Billed Volume = 14,640.00					

Description	Amount
Other Charges	\$35,872.47

**Total Current Charges:** \$61,931.67  
**Prior Balance:** \$0.00  
**Total Amount Due:** \$61,931.67  
**Date Due:** 05/27/2018

# Colorado Natural Gas Market Factors (Deregulated)



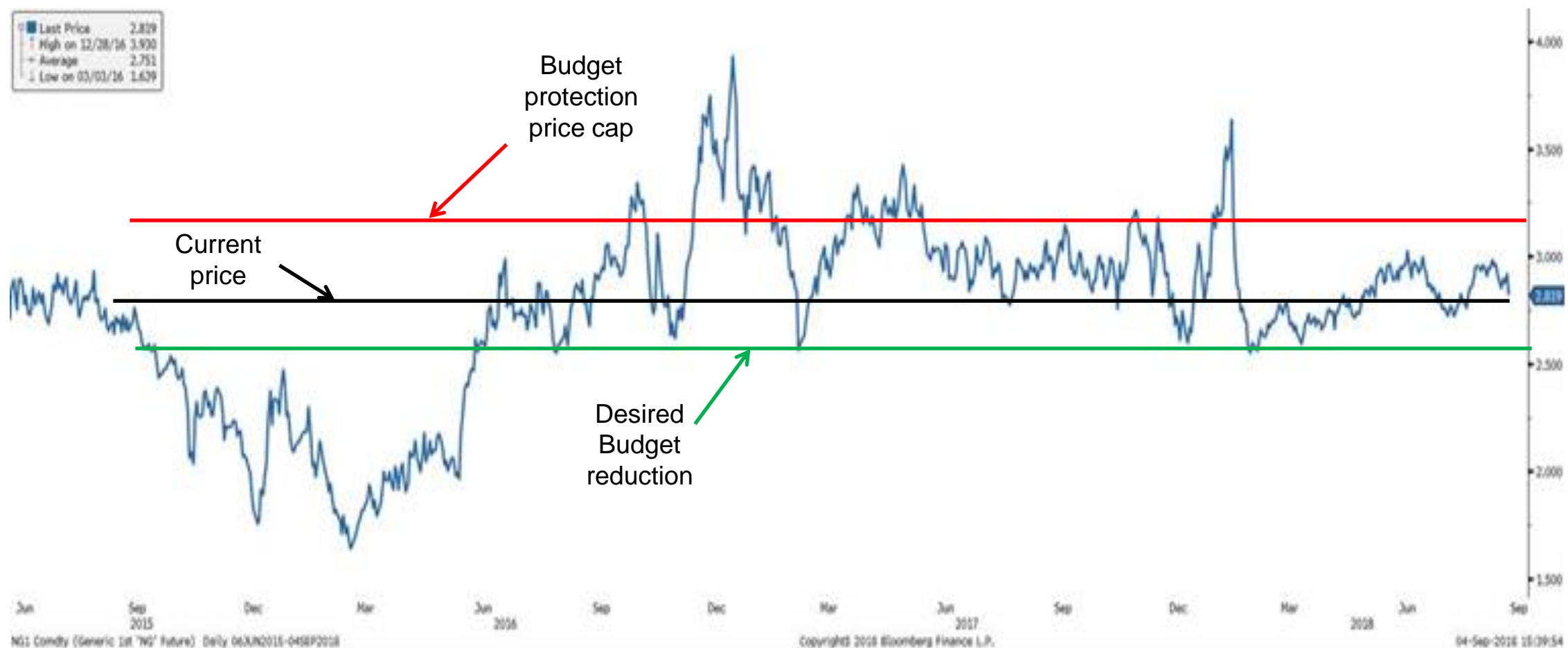
- Increased natural gas production has the potential to depress natural gas and subsequently electricity prices in the coming years.
- DJ Basin production has jumped to a record 1.7 Bcf/d this year and it is expected to increase by an additional 1.3 Bcf/d in the coming years.
- A new natural gas pipeline, the Cheyenne Connector, is expected to begin service in Q3 2019.
- A ballot proposal to increase drilling setbacks in Colorado on non-federal lands to be voted on this Fall, if passed, could lead to decreased DJ production levels and a slight increase in regional gas prices.



# Price triggers...meeting budget requirements



- Price triggers can serve to both attain a preset budget goal as well as protect from unexpected price increases.
  - The key element of price triggers as a procurement method is the structuring of the triggers to be at price levels which are both ambitious yet achievable.



- Price triggers are often tied to current rates
  - A desired price level can be set to attain year on year savings
  - But a level of protection must also be set to protect



# Summary - Takeaways



## Best Practices:

- Aggregated load = leverage
- Proactive market monitoring
- Post contractual situations (billing issues, meter adds/deletes, etc.)
- TEAMView data management





# Next Steps



In order to begin our natural gas evaluation, our team needs:

- Last three months of bill copies
- Copy of current natural gas contract
- Completed Usage Form / Engagement Letter

Additional services to consider:

- TEAMView demonstration
- Tariff Rate & Tax Analysis
- Renewable opportunities

## Addendum

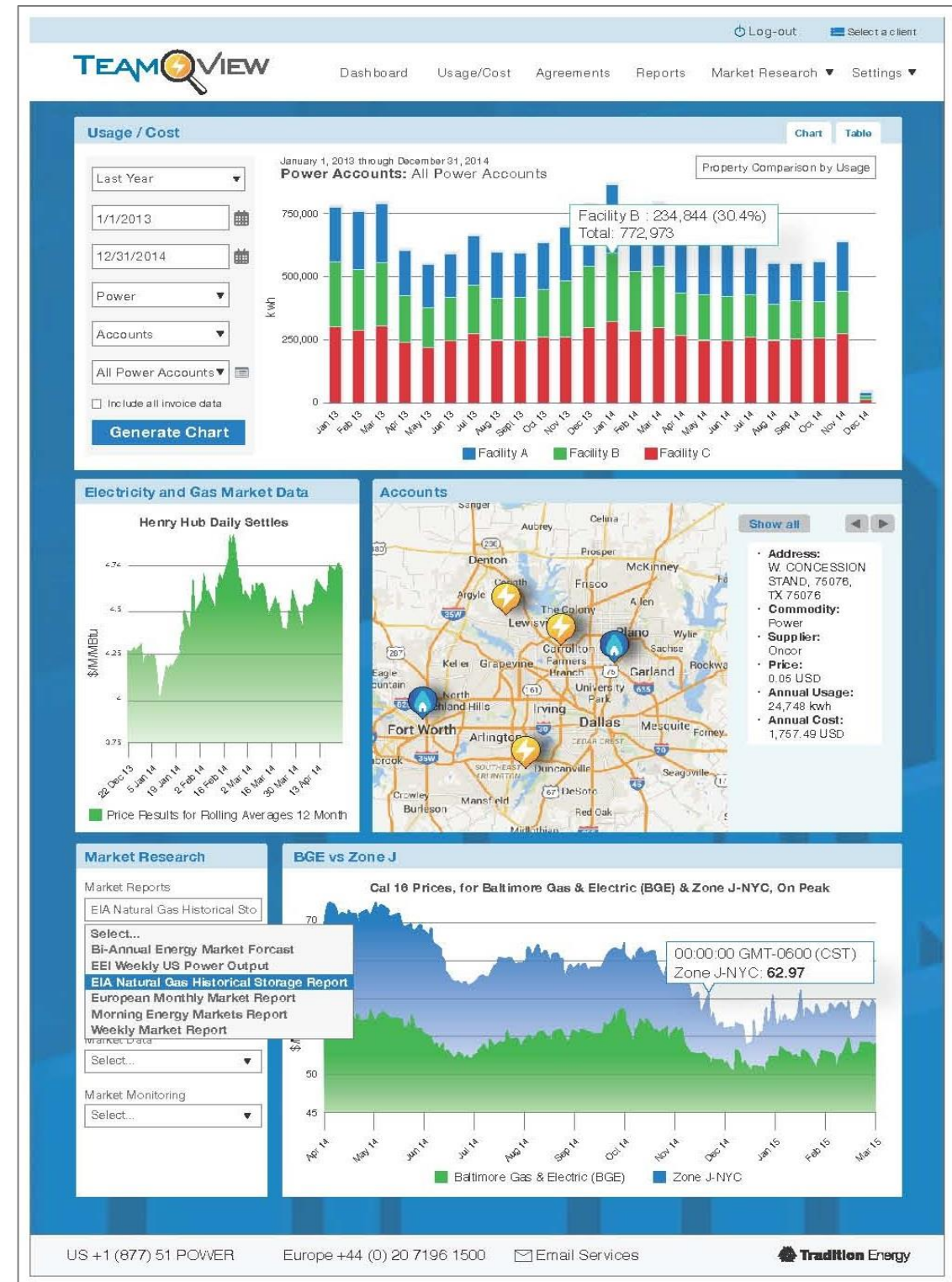


- ⚡ Tradition Energy's next generation, proprietary energy data management platform designed to give clients easy access to everything they need to track their accounts, budgets and the energy markets
- ⚡ Brings enhanced transparency and insight to energy data usage and spend enabling energy managers to make more informed energy management decisions that lead to savings
- ⚡ Access to four types of energy information (depending on level of service):
  1. Account Data
  2. Usage & Cost Reporting
  3. Market Prices & Research
  4. Sustainability Reporting





- Personalized energy dashboard with multiple customization settings
- Content “widgets” give you top-level visibility for your most important data



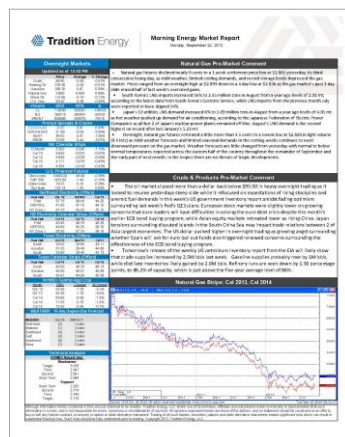




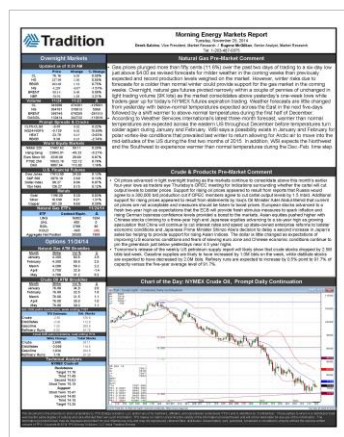
## Market research report database

- Tradition market research reports
- Market Monitoring: ongoing regional news reports and updates
- Legislative and Regulatory updates

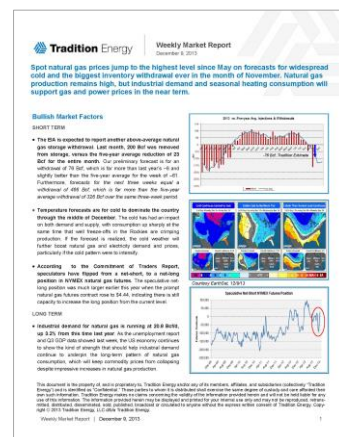
### Daily Retail Report



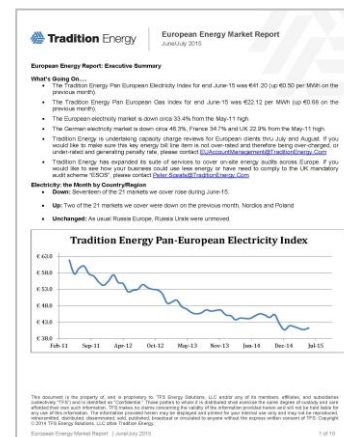
### Daily Wholesale Report



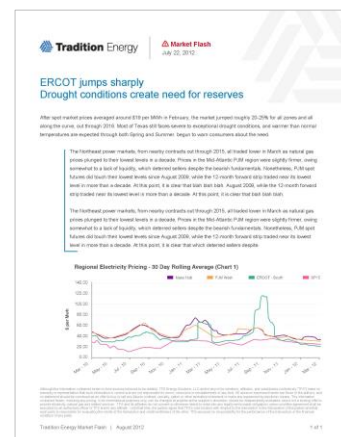
### Weekly Report



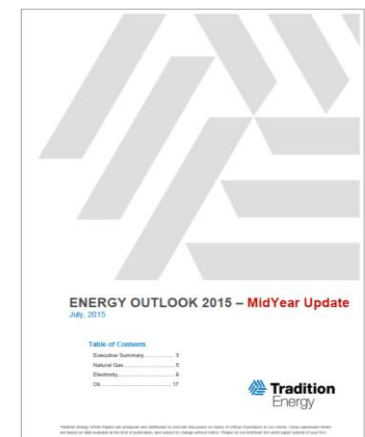
### European Monthly Report



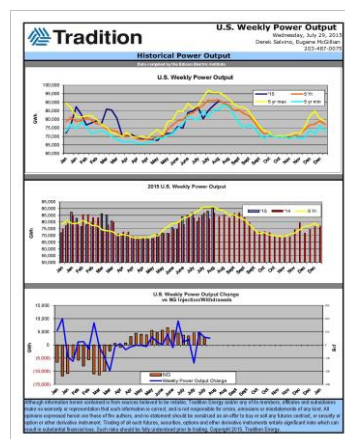
### Intraday Market Flashes



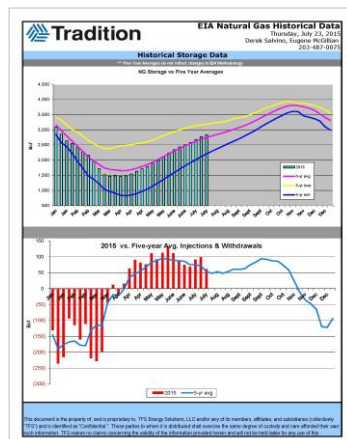
### Bi-Annual Price Forecast



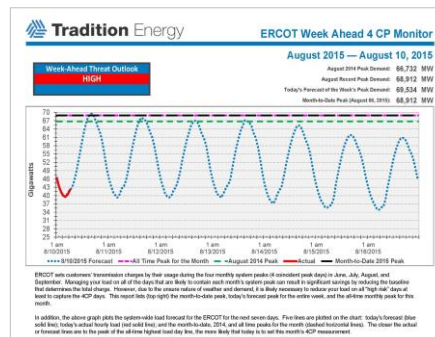
### EEI Power Report



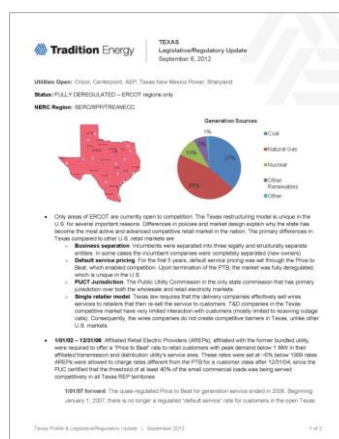
### EIA Nat Gas Report



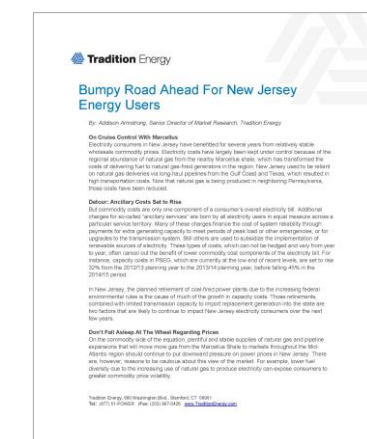
### Daily Peak Load Monitors



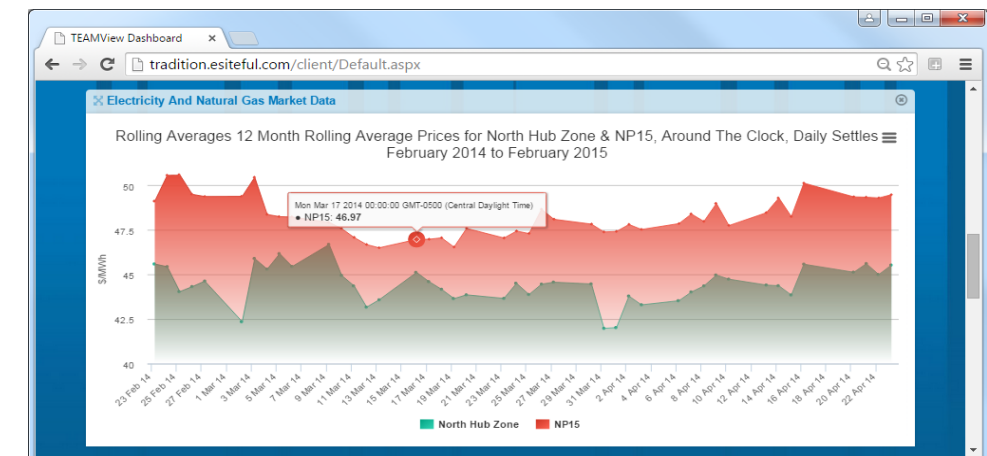
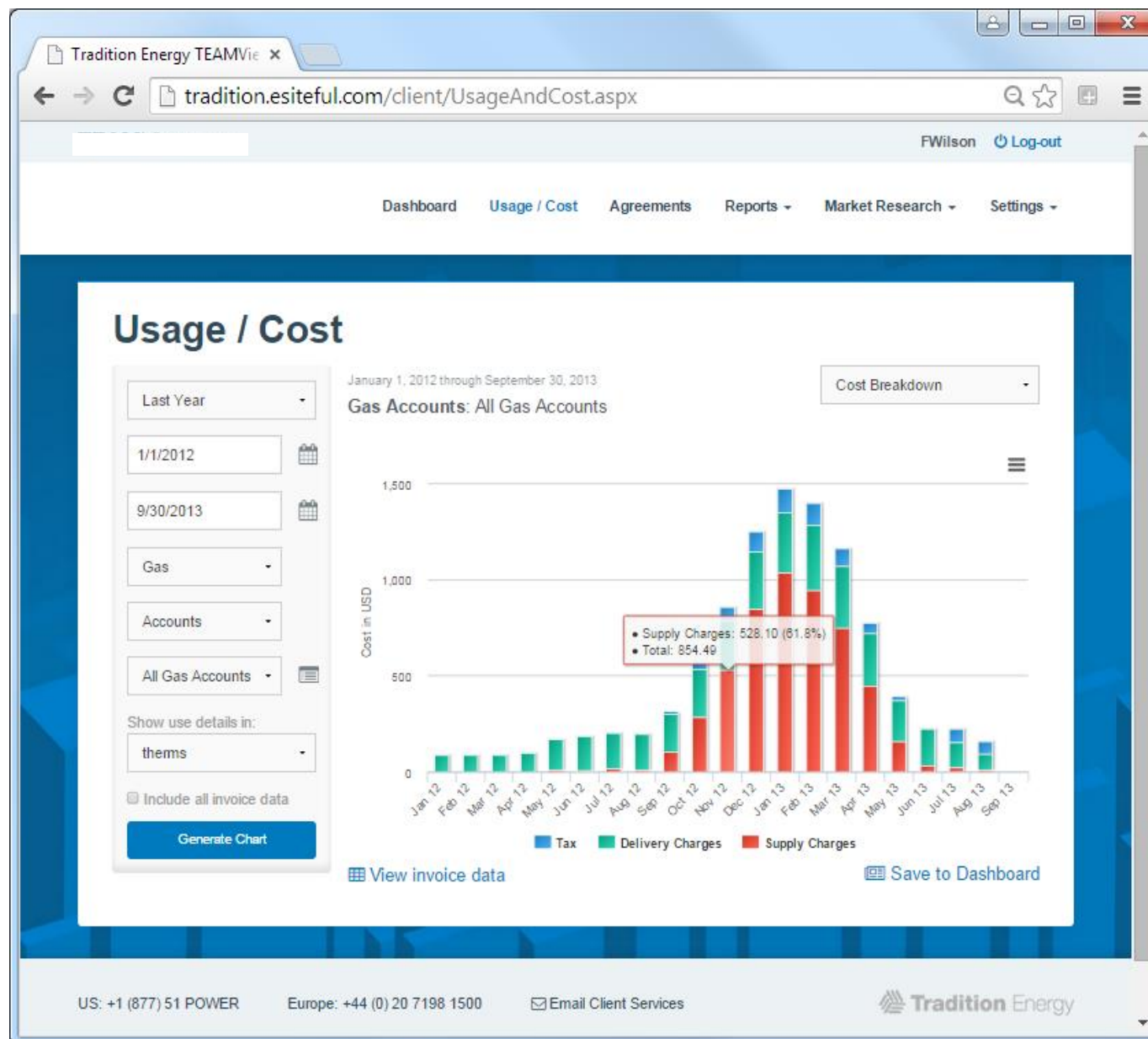
### Legislative/Regulatory



### Market Monitoring Reports



# TEAMView Sample Screenshots



TEAMView Dashboard x

tradition.esiteful.com/client/Default.aspx

## Usage / Cost

Show 25 entries

Search:

Show / hide columns

Account #	Invoice Date	Due Date	Service From Date	Service To Date	Submit Date	Address	Supplier	Utility
0470217801 (Test Alias)	1/26/2012	2/27/2012	12/20/2011	1/23/2012	5/28/2013	110 E 70th St.	First Energy	Duke E
0470217801 (Test Alias)	2/25/2012	3/26/2012	1/23/2012	2/21/2012	5/28/2013	110 E 70th St.	First Energy	Duke E
0470217801 (Test Alias)	3/27/2012	4/26/2012	2/21/2012	3/21/2012	5/28/2013	110 E 70th St.	First Energy	Duke E
0470217801 (Test Alias)	4/25/2012	5/25/2012	3/21/2012	4/20/2012	5/28/2013	110 E 70th St.	First Energy	Duke E
0470217801 (Test Alias)	5/23/2012	6/22/2012	4/20/2012	5/21/2012	5/28/2013	110 E 70th St.	First Energy	Duke E

Showing 1 to 25 of 96 entries

1 2 3 4 Next





# Sample Pricing Report

- Transparent business practices
- No conflicts of interest; supplier negotiation and pricing separated from advisory team
- Covering the entire market of *all* vetted suppliers to find the best price and commercial terms for our clients
- Forces competition among energy suppliers
- In 2017, 84 energy suppliers competed for our clients' business in the US

*Tradition's recommendations result in a solution that is best for the client*

Customer Information

Customer Name:

Sample Client, Inc.

Phone:

203-555-5555

Contact:

Joe Client

Email:

joe.client@Client.com

Address:

123 ABC Street

Dallas, TX 75217

Account Information

Utility:

ONCOR

Estimated Volume:

9,455,713

Pricing Zone:

ERCOT

Current Rate (CR):

0.06943

Acct #'s/ESI #'s

1

Est. Utility Charge:

0.02500

Pricing Type:

Indicative - Fixed

Est. Bundled Rate:


0.09443

Current Provider:

Constellation

Est. Annual Cost:

\$892,903



Tradition

Energy

Direct Line:

214-414-2960

Email:

Michael.Ayala@TraditionEnergy.com

Creation Date:

February 17, 2017

Supplier Fixed Price Comparison / Savings and Budget Analysis \*

Terms	12 months	24 months	36 months	48 months	60 months
Start Date	Jan-17	Jan-17	Jan-17	Jan-17	Jan-17
End Date	Jan-18	Jan-19	Jan-20	Jan-21	Jan-22
KWH Usage	9,455,713	18,911,426	28,367,139	37,822,852	47,278,565

CONSTELLATION

0.05918

0.05249

0.05568

0.05836

0.06040

Savings over CR	\$96,940	\$320,322	\$390,048	\$418,794	\$427,044
Savings %	10.9%	17.9%	14.6%	11.7%	9.6%
Est. Utility Charge	0.02500	0.02500	0.02500	0.02500	0.02500
Est. Bundled Rate	0.08418	0.07749	0.08068	0.08336	0.08540
Est. Annual Cost:	\$795,963	\$1,465,484	\$2,288,661	\$3,152,818	\$4,037,471

CREDIT: Pending

SWING %: 100%

PAY TERM: Net 20

ENGIE

0.05033

0.05224

0.05492

0.05785

0.06053

Savings over CR	\$180,651	\$325,135	\$411,749	\$438,083	\$421,016
Savings %	20.2%	18.2%	15.4%	12.3%	9.4%
Est. Utility Charge	0.02500	0.02500	0.02500	0.02500	0.02500
Est. Bundled Rate	0.07533	0.07724	0.07992	0.08285	0.08553
Est. Annual Cost:	\$712,252	\$1,460,671	\$2,266,960	\$3,133,529	\$4,043,499

CREDIT: Pending

SWING %: 100%

PAY TERM: Net 20

DIRECT

0.05058

0.05326

0.05581

0.05734

0.05963

Savings over CR	\$178,240	\$305,845	\$386,431	\$457,373	\$463,212
Savings %	20.0%	17.1%	14.4%	12.8%	10.4%
Est. Utility Charge	0.02500	0.02500	0.02500	0.02500	0.02500
Est. Bundled Rate	0.07558	0.07826	0.08081	0.08234	0.08463
Est. Annual Cost:	\$714,663	\$1,479,961	\$2,292,278	\$3,114,239	\$4,001,303

CREDIT: Pending

SWING %: 100%

PAY TERM: Net 15

TRANSCANADA

0.05020

0.05198

0.05530

0.05798

0.06091

Savings over CR	\$181,857	\$329,957	\$400,899	\$433,261	\$402,932
Savings %	20.4%	18.5%	15.0%	12.1%	9.0%
Est. Utility Charge	0.02500	0.02500	0.02500	0.02500	0.02500
Est. Bundled Rate	0.07520	0.07698	0.08030	0.08298	0.08591
Est. Annual Cost:	\$711,046	\$1,455,849	\$2,277,810	\$3,138,351	\$4,061,583

CREDIT: Pending

SWING %: 100%

PAY TERM: Net 25

NEXTERA

0.05969

0.05275

0.05543

0.05708

0.06007

Savings over CR	\$92,122	\$315,490	\$397,282	\$467,018	\$442,716
Savings %	10.3%	17.7%	14.8%	13.1%	9.9%
Est. Utility Charge	0.02500	0.02500	0.02500	0.02500	0.02500
Est. Bundled Rate	0.08469	0.07775	0.08043	0.08208	0.08507
Est. Annual Cost:	\$800,781	\$1,470,316	\$2,281,427	\$3,104,594	\$4,021,798

CREDIT: Pending

SWING %: 100%

PAY TERM: Utility

\*Does Not Include taxes



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