

11/13/18 item #17

Webb County



An Introduction to Public Power Pool (P3)

*The largest aggregation in Texas
competitively bidding power for the public sector*

David Quin, Program Manager

P3 members' combined annual load: 1,019,521 MWh

P3 members' combined annual spend: \$72.5 million

Number of members: 97

Number of member accounts: 5,373

Member savings to date: \$118.3m since 2002



2018 Public Power Pool **(new)** Members

Atascosa County
 Bee County
 Bell County
 Bell County Appraisal District
 Brazoria County
 Calhoun County
 Chambers County
Chelford City MUD
 Cherokee County
 Cinco MUD #7
 City of Arcola
 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 Santa Fe
 City of Uvalde
 Collin County
 Cooke County
 Coryell County
 Crockett County
 Cypresswood Utility District
 Dallas Central Appraisal District
 Dallas County
 Denton County

Dickens County
 Ector County
 Ector County Appraisal District
Falls County
 Foard County
 Foard County Hospital District
 Fountainhead MUD
 Freestone County
 Galveston County
 Grayson County
 Green Trails MUD
 Harris County
 Harris County Health System
 Harris County 911
 Harris County Appraisal District
 Harris County MUDs #
11, 18, 23, 46, 102, 191, **278** & 383
 Harris County Sports & Convention Corp.
Heatherloch MUD
Howard County
 Irion County
 Jack County
 Jackson County
 Jeff Davis County
 Jim Hogg County
 Johnson County
 Johnson Co. Central Appraisal District
 Kaufman County
 Kleinwood MUD
 Mason Creek MUD
 McLennan County

MHMR Tarrant County
 Midland County
 Midland CSCD
 Mills Road MUD
North Central TX Council of Govts
 North Mission Glen MUD
NTTA North TX Tollway Authority
 Nottingham Country MUD
 Nueces County
 Nueces County MHMR
 Presidio County
 Rains County
 Reeves County
 Rockwall County
 Rolling Creek MUD
 Runnels County
 San Patricio County
 Scurry County
Smith County
 Somervell County
 Tarrant Appraisal District
 Tarrant County
 Tarrant County 911 District
 Tarrant County Hospital District
 Town of Lakeside
 Van Zandt County
Wharton County
 Wichita Appraisal District
 Williamson County
 Wise County
 Zapata County



Rate Estimate for Webb County

4.455 cents/kWh fixed for 48 months (Jan start)

= [REDACTED] compared to current rate based on usage data for 13,952 MWh and market pricing on 11/12/18

<i>Prices/kWh</i>	
Supplier Rate	\$0.04455
Est. Nodal pass-through	\$0.00000
P3 Aggregation Rate	\$0.00059
Losses pass-through	\$0.00123
Other Regulated pass-through	\$0.03596
<i>Annual Consumption</i>	
Annual kWh	13,951,526
<i>Annual Costs</i>	
Annual Supplier Cost	\$621,540
Annual Nodal Cost	\$0
Annual P3 Cost	\$8,273
Annual Losses Cost	\$17,092
Annual TDSP Cost	\$501,651
Annual GRT/PUC Taxes	\$0
Total Annual Cost	\$1,148,556

P3 Offer
48-Month

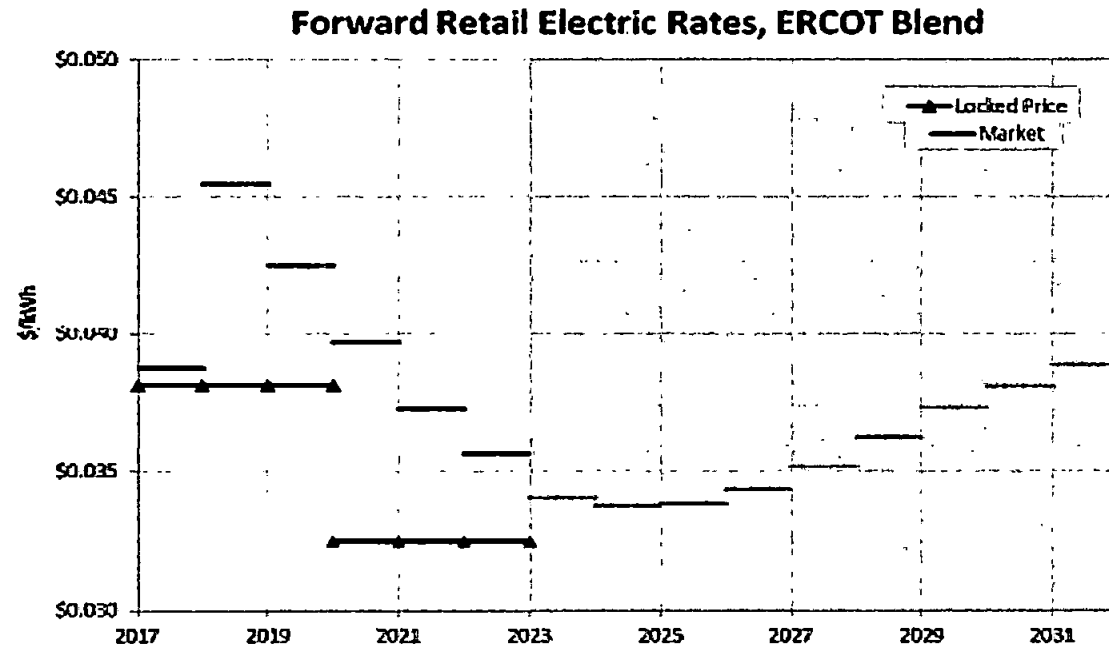


*P3 Indicative Prices include commodity, ancillaries, intrazonal congestion, UFE, unlimited swing and retailer margin
TDSP charges include local distribution costs and all additional charges for to-the-meter delivery*

Building on P3's Record of Savings

Members have saved \$118.3m against market since 2002

- P3's Technical Committee and Board approves any new procurement based on our ongoing market analysis:



- Members have 60 days to review our proposal and customized price targets
- Every registered retailer invited to bid: last time, 38 REPs responded
- For our last procurement in 2017, the winning bid from GLO-Cavallo delivered the lowest rate in the program's 16-year history

Five Reasons why P3 is Webb County's Best Option for Purchasing Power

- 1 We negotiate bulk discounts unavailable to individual entities
 - ✓ The combined flattened load we take to market reduces risk for the retailer, producing discounted rates and the most competitive bids from eager retailers
 - ✓ If P3 members had procured individually, they would pay over 1/3 – 1/2 cent/kWh more; thus P3 members are saving \$3.2m each year by working together
- 2 Our contracts are the most member-friendly in the business
 - ✓ No penalties for consumption changes due to aggregate swing benefit provisions
 - ✓ No minimum use requirements
 - ✓ Enhanced supplier performance standards and enforcement penalties
 - ✓ Competitive pricing for large load add; small loads are added at the contract price
 - ✓ Unfettered member access to demand-side programs
- 3 Our transparent aggregation fee of 59.3 c/MWh is the lowest in the business
 - ✓ By sharing energy expertise, legal counsel, operating expenses and account management, members receive a suite of services without paying a premium
- 4 We provide valued and customized support to the County's officials and staff
 - ✓ From expertly-managed RFPs & procurements, to account adds & deletes, monthly bill checks, semi-annual audits, forward budgeting, HB3693 reports, we help you plan
- 5 We are a non-profit owned and operated by our members
 - ✓ Unlike brokers, we take no commission from REPs to steer business their way
 - ✓ Our unbiased, ethical RFP awards contracts to only the best and lowest offer

Public Power Pool Board of Directors

Hon. Glen Whitley

County Judge
Tarrant County

Hon. Clay Lewis Jenkins

County Judge
Dallas County

Hon. Dennis Bailey

Commissioner, Pct. 3
Rockwall County

Hon. Jack Cagle

Commissioner, Pct. 4
Harris County

Ms. Anita Campbell

Executive Director & Chief Appraiser, Ector County Appraisal District

Public Power Pool Staff

John Dahill – Executive Director

David Quin – Program Manager

Lori Scarmardo – Program Administrator

Brandon Fowler and Stephen Parr – Energy Experts

Tel: 512.233.5780 Web: www.publicpowerpool.org





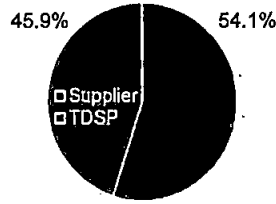
Forward Budget Report

Webb County

Total Cost by Term

Term	Supplier Cost	Total Cost
2019-01 to 2019-12	\$621,540	\$1,148,556
2020-01 to 2020-12	\$621,540	\$1,148,556
2021-01 to 2021-12	\$621,540	\$1,148,556
2022-01 to 2022-12	\$621,540	\$1,148,556

Cost Split



Price History

Cycle	Average Rate	Change
2009-13:		
2014-16:		
2017-19:	\$0.0445 /kWh	
2020-22:	\$0.0445 /kWh	0.0%

Month / Year	kW Demand	kWh Usage	Commodity Rate \$/kWh	Commodity Cost	Nodal Cost	Aggregation Cost	Utility and Taxes	Total Cost
Jan 2019	3,260	1,176,715	\$0.0446	\$52,423	\$0	\$698	\$44,689	\$97,809
Feb 2019	2,986	1,127,895	\$0.0446	\$50,248	\$0	\$669	\$41,877	\$92,793
Mar 2019	2,817	1,046,861	\$0.0446	\$46,638	\$0	\$621	\$41,326	\$88,584
Apr 2019	2,865	1,068,117	\$0.0446	\$47,585	\$0	\$633	\$41,718	\$89,936
May 2019	3,014	1,240,958	\$0.0446	\$55,285	\$0	\$736	\$44,019	\$100,040
Jun 2019	2,955	1,249,505	\$0.0446	\$55,665	\$0	\$741	\$44,533	\$100,940
Jul 2019	2,991	1,148,251	\$0.0446	\$51,155	\$0	\$681	\$44,385	\$96,220
Aug 2019	3,012	1,180,749	\$0.0446	\$52,602	\$0	\$700	\$43,623	\$96,925
Sep 2019	2,989	1,135,143	\$0.0446	\$50,571	\$0	\$673	\$43,228	\$94,472
Oct 2019	2,739	1,106,764	\$0.0446	\$49,306	\$0	\$656	\$40,939	\$90,901
Nov 2019	3,069	1,173,982	\$0.0446	\$52,301	\$0	\$696	\$43,384	\$96,381
Dec 2019	3,219	1,296,586	\$0.0446	\$57,763	\$0	\$769	\$45,022	\$103,554
Year 2019	2,993	13,951,526	\$0.0446	\$621,540	\$0	\$8,273	\$518,742	\$1,148,556
Jan 2020	3,260	1,176,715	\$0.0446	\$52,423	\$0	\$698	\$44,689	\$97,809
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Year 2021	2,993	13,951,526	\$0.0446	\$621,540	\$0	\$8,273	\$518,742	\$1,148,556

Month / Year	kW Demand	kWh Usage	Commodity		Nodal Cost	Aggregation Cost	Utility and Taxes	Total Cost
			Rate \$/kWh	Cost				
Jan 2022	3,260	1,176,715	\$0.0446	\$52,423	\$0	\$698	\$44,689	\$97,809
Feb 2022	2,986	1,127,895	\$0.0446	\$50,248	\$0	\$669	\$41,877	\$92,793
Mar 2022	2,817	1,046,861	\$0.0446	\$46,638	\$0	\$621	\$41,326	\$88,584
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Dec 2022	3,219	1,296,586	\$0.0446	\$57,763	\$0	\$769	\$45,022	\$103,554
Year 2022	2,993	13,951,526	\$0.0446	\$621,540	\$0	\$8,273	\$518,742	\$1,148,556
Grand Total	2,993	55,806,104	\$0.0446	\$2,486,162	\$0	\$33,093	\$2,074,970	\$4,594,225



Public Power Pool

500 W. 13th St. Austin, TX 78701 Ph 512-233-5780 Fx 512-233-5781 www.publicpowerpool.org

Atascosa County	Ector County	MHMR of Tarrant County
Bee County	Ector County Appraisal District	Midland County & Midland CSCD
Bell County	Falls County	Mills Road MUD
Bell County Tax Appraisal District	Foard County	North Cen. TX Council of Govts
Brazoria County	Foard County Hospital District	North Mission Glen MUD
Calhoun County	Fountainhead MUD	NTTA - North Texas Tollway Authority
Chambers County	Freestone County	Nottingham Country MUD
Chelford City MUD	Galveston County	Nueces County
Cherokee County	Grayson County	Presidio County
Cinco MUD # 7	Greater Harris County 911 ED	Rains County
City of Arcola	Green Trails MUD	Reeves County
City of Bedford	Harris County	Rockwall County
City of Bryson	Harris County Appraisal District	Rolling Creek UD
City of Cockrell Hill	Harris Health System	Runnels County
City of Crowley	Harris Co. SCC (NRG Stadium)	San Patricio County
City of Friendswood	Harris County MUDs # 11, 18, 23, 46, 102, 191, 278, 383	Scurry County
City of Haslet	Heatherloch MUD	Smith County
City of Hutchins	Howard County	Somervell County
City of Jamaica Beach	Irion County	Tarrant County
City of Santa Fe	Jack County	Tarrant County Appraisal District
City of Uvalde	Jackson County	Tarrant County 911 District
Collin County	Jeff Davis County	Tarrant County Hospital District
Cooke County	Jim Hogg County	Town of Lakeside
Coryell County	Johnson County	Van Zandt County
Crockett County	Johnson Co. Cen. Appraisal Dist.	Wharton County
Cypresswood Utility District	Kaufman County	Wichita Appraisal District
Dallas Central Appraisal District	Kleinwood MUD	Williamson County
Dallas County	Mason Creek MUD	Wise County
Denton County	McLennan County	Zapata County
Dickens County	MHMR of Nueces County	

2018 P3 Board of Directors

Judge Glen Whitley, Tarrant Co. / Judge Clay Lewis Jenkins, Dallas Co. / Cmr Jack Cagle, Harris Co.
Cmr Dennis Bailey, Rockwall Co. / Ms. Anita Campbell, Ector County Appraisal District



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Howard County joins Public Power Pool

Falls, Jeff Davis, Jim Hogg, Presidio, Smith and Wharton other counties to recently join P3 to save money, manage risk

Commissioners Courts cite value of working with 96 other political subdivisions to secure lower rates, better contracts, superior service

- ✓ No matter when your current contract ends, you can lock in a **record low rate** by joining now
- ✓ By working together members **save \$3.2 million** a year; savings since 2002 total **\$113.7m**
- ✓ If P3 members had procured power alone they would have paid up to **1/2 cent/kWh** more

Why do counties procure power through P3 instead of from a broker?

- Combining the loads of many political subdivisions across the state means bulk discounts that are unavailable to counties acting alone. The huge committed load we take to market reduces risk for retailers and reduces rates, attracting the lowest bids from eager retailers
- Our RFP saves you time and money. All retailers - not just a select few - are invited to bid on our unbiased RFP. We award the contract to only the very best offer
- P3 is a non-profit, owned and operated by our members and managed by County Judges and Commissioners. P3 takes **no** industry commissions whereas brokers take a commission from retailers to steer business their way, which is rolled into an inflated energy rate
- P3's transparent aggregation fee is the lowest in the business. Members save by sharing the cost of energy experts, legal advice, operational expenses and account management
- P3 negotiates the most member-friendly contracts in the business. Our "no swing" provision means members aren't penalized for consumption changes; there are no minimum use requirements, and providers can be penalized for inaccurate bills or sloppy service
- P3 delivers full contract service. On-going account management, customized budgetary support, monthly and semi-annual billing audits, and access to a range of expert services and analysis are services that brokers simply cannot – or will not – provide

A non-profit political subdivision corporation created by Texas counties, P3 makes procuring cheap electricity easy: by working together our 96 members see big cost savings, better contracts, a turnkey procurement and top-notch contract support

Elected officials & key decision-makers talk about P3...

"By procuring through the group, P3 members realize \$2,827,912 of group savings each year.

Other political subdivisions in and around Dallas County are paying significantly more under contracts negotiated at the same time. P3 membership offers unique opportunities and economies of scale for counties looking to save taxpayer dollars; I urge you to call P3 to discuss the benefits of joining."

Judge Clay Lewis Jenkins, Dallas County

"Research shows that counties that go it alone pay much more for electricity than P3 members. One county that signed a contract directly with a retailer paid an additional \$33,922 per year; another wound up paying \$17,743 more than if they'd procured through our group. As a budget defender, I urge you to consider the bulk purchasing discounts that come from working with 46 counties and 50 other political subdivisions in P3."

Judge Glen Whitley, Tarrant County

"We appreciate the service P3 provides and see the benefit of long-term procurement in a volatile market. Their competitive RFP takes the burden off the County and they deliver on their promise of lower rates. In the last two procurements, P3's rates were lower than those targeted at the beginning of the process."

Commissioner Rick Bailey, Johnson County

"P3's Board is made up of elected officials who actively review all facets of the organization to make sure taxpayers get the biggest bang for their buck. The Board reviewed P3's aggregation fee and found that the competition charges 2-3 times more. Members get the best advice at the lowest cost and benefit from a range of services such as forward budgeting, bill audits and invoice verification that brokers just don't provide."

Commissioner Dennis Bailey, Rockwall County

"P3 provides us with the customized services we need. Anytime we want to add or remove an account, they process our request and secure beneficial rates. All we do is pick up the phone - and P3 does the rest. I have no hesitation in recommending them to any political subdivision seeking the best contract at the lowest cost."

Judge Bruce Wood, Kaufman County

"P3's contract allowed us to take advantage of load shedding opportunities at our chiller, saving us thousands of dollars. P3 also helped realign a meter to MCPE index pricing, providing more flexibility in the future. P3's invaluable assistance is not something your typical energy broker or retailer would have done."

Dan James, Facilities Director, Collin County

"From purchasing RECs to get buildings LEED certified, to providing accurate budget reports and analyzing our usage patterns, the service that P3 provides is second to none."

Robert Carter, Assistant Director - Tarrant County Facilities Management

"Conducting a RFP for our electricity supply is a time-consuming process, fraught with complications. With P3, we can relax knowing that their energy experts conduct the most thorough and ethical procurement. P3's RFPs attract the very best offers, which are then carefully vetted by their experts to meet our needs."

Michael Papayiannis, Tarrant County Hospital District

"The trust that McLennan County has experienced through our membership in P3 is second to none. Transparency, services, lower rates, and honesty: P3 has been able to deliver on all points and as promised."

Commissioner Will Jones, McLennan County

Call us at 512.233.5780 to schedule a presentation!



Public Power Pool

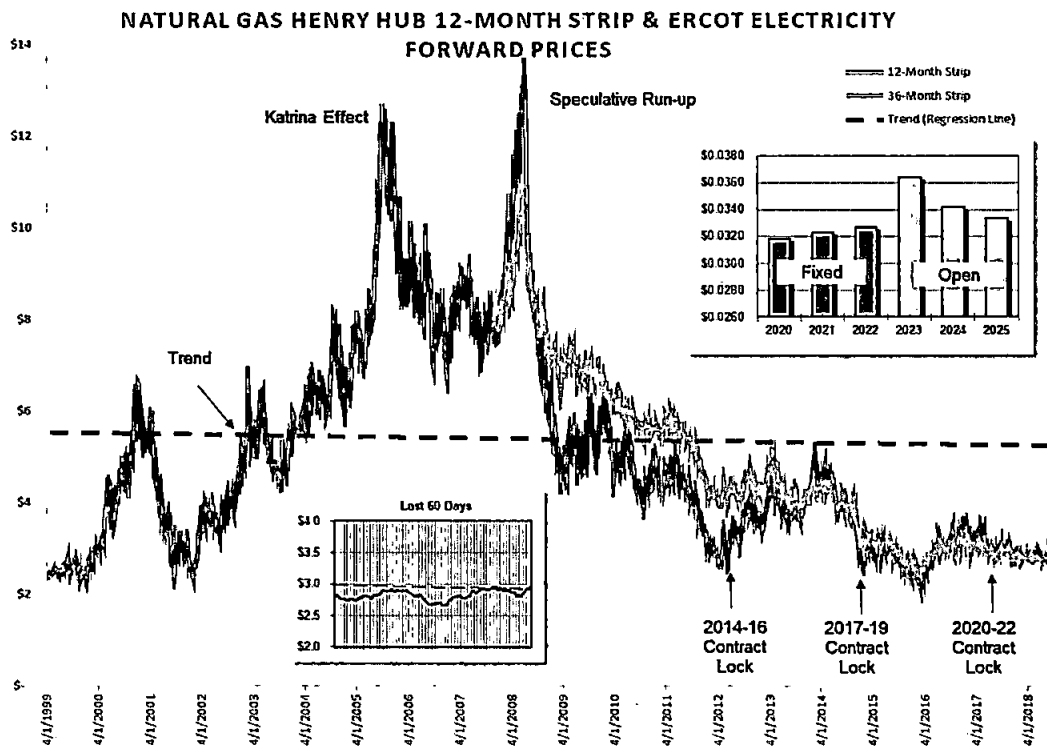
500 W. 13th St. Austin, TX 78701 Ph 512-233-5780 Fx 512-233-5781 www.publicpowerpool.org

Re.: Technical Committee Meeting for November 13, 2018

To participate, please dial 800.510.5860. When prompted, enter code # **197576**

Market Update for November 2018

- The natural gas storage shortfall - compared with last season and the five-year average - has shown signs of correcting. A 65 Bcf net build was reported last week - well above most estimates - with a 22 Bcf build recorded in the same week a year-ago and a five-year average injection of 48 Bcf. Future prices have risen modestly but remain within the range of the last P3 contract.



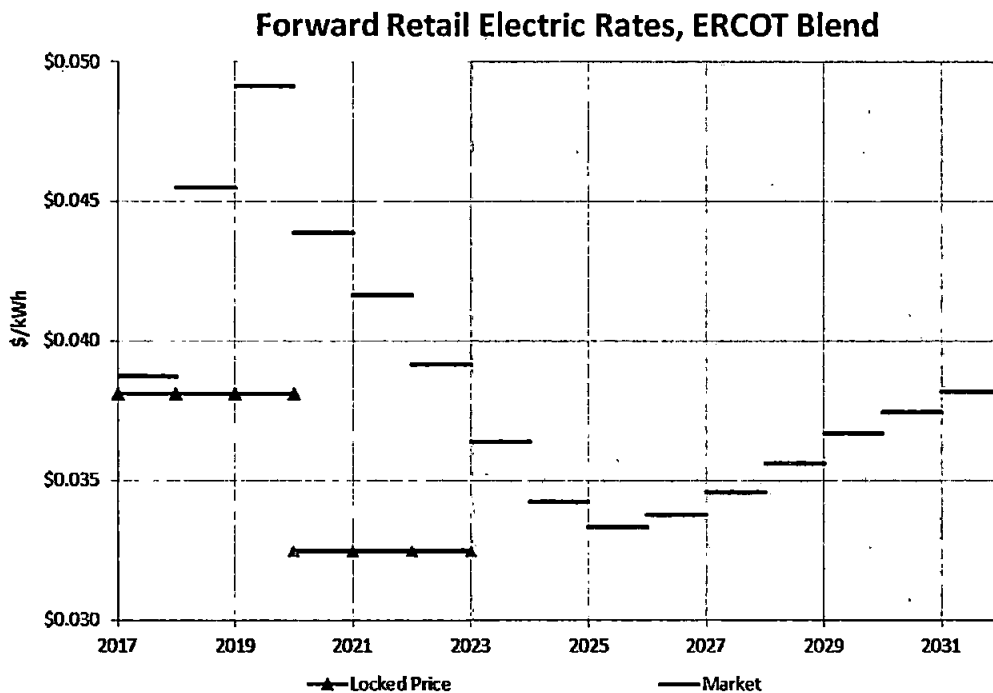
- ERCOT reported that the state will have adequate power generation this winter and spring to meet peak power demand, with nearly 80,000 megawatts available to meet a projected load of 62,000 megawatts.
- Another recent study identifies three reasons for excellent grid performance in the past record breaking summer season in Texas:
 - State regulators encouraged power plants to improve planning for summer maintenance;
 - High wholesale spot market prices incentivized power plants to be online to produce more electricity; and
 - Wind and solar plants produced more power than anticipated.

P3 is a non-profit political subdivision corporation, created by local governments in Texas, designed to save taxpayer money by aggregating power usage to procure the best power contracts at the lowest cost.

- A report by the Wind Solar Alliance claims renewable energy resources reduced wholesale power costs by an estimated \$700M annually, noting that the effect is amplified during periods when gas prices are higher, as renewables that carry no fuel costs reduce wholesale spot market prices and dampen price volatility.

Savings Update: P3 Members have saved \$118.3m against market since 2002

As discussed on previous calls, we recently presented a long view of forward prices to your P3 Board. Below is our updated forward curve for 2017 to 2031:



Thursday, November 8, 2018 1:22:58 PM

The P3 Board has asked for member input about what contract term period after 2022 would be palatable. Would an additional five-year contract, putting the group under contract through 2027, be going out too far? Or would members favor forward rate stability at a level that's close to our current contracted prices? We want your input!

P3 Makes Adding and Deleting Accounts Easy!

Every year, P3 processes hundreds of adds and deletes for members. In the past twelve months alone, P3 has processed 296 loads additions. We like to do the legwork for you, but to make sure you meet your deadlines, we ask for some information that we need to process these requests expeditiously and efficiently. Attached, please see our re-designed Member Tip Sheet for Adding and Deleting Accounts. We think it makes sense and is easy to follow. Let us know if you have any suggestions or questions!

The next P3 Technical Committee will be on December 11th, 2018 at 1:30 PM.



Public Power Pool

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To: Members of Public Power Pool
From: David Quin, Public Power Pool
Date: July 11, 2017
Re.: Transaction Report for Public Power Pool's New 2017 Procurement

On June 29th, P3 executed for its membership a three-year agreement with the Texas General Land Office, represented by Cavallo Energy, for electricity supply for 2020-22.

The winning bid price was a fixed weighted 3-year average price for the whole group of \$32.509/MWh (or 3.2509 cents/kWh). This represents a projected three-year reduction of 16.4% - or \$6.9m a year - from electricity rates under the current 2017-19 contract. Compared to the target rates identified for each member at the beginning of the procurement process, the executed rate is an average 4.3% improvement on our targets.

The total value of the contract for all 90 members is \$106.4m for approximately 3,274,068 MWh over the 3-year term. Total expenditures for the same period at current rates would have been \$127m. The total reduction in commodity costs for members will be \$20.8m. A conservative analysis by P3's energy consultants concludes that, had P3 members procured power on their own, the average price would have been 3.55 cents/kWh. Thus the savings to P3 members each year is \$3.3m.

In order to enter the market at an opportune time, the group's 2017 procurement effort was conducted well in advance of the termination date of our current 2017-19 contract. A rigorous competitive market solicitation process was initiated in April 2017, following a review process in which members evaluated our proposal and committed their loads to the procurement. The number of members in the aggregation remained at 90 for this procurement.

Invitations to compete for the contract were sent to all registered suppliers in the state. There were 38 initial responses, with 11 providers entering into negotiations with P3. Six retailers met our May 17th deadline and submitted conforming bids. A process of due diligence followed with an analysis of the competing bids, the contracts offered, and the suppliers' creditworthiness and guarantees. The offerings were ranked to determine an initial short-list.

After an initial round of indicative pricing and input from P3's Technical Committee, the P3 Board approved continuing negotiations with the following six qualified suppliers:

- Cavallo Energy – Texas General Land Office
- Constellation NewEnergy
- Direct Energy
- Entrust
- MP2 Energy
- Reliant

All six short-listed suppliers agreed to conform to the P3 contract terms and conditions and offered to provide a guarantee to secure the transaction in an event of default. On June 29th 2017, each of the six short-listed suppliers submitted a final bid by our deadline. The range of price offerings saw P3 receiving the lowest bids in the aggregation's 15-year history.

The final bids were reviewed by the P3 Technical Committee on June 29th and a consensus was reached to recommend awarding a three-year deal to the lowest bidder, GLO-Cavallo. Based on this recommendation, the P3 Board approved awarding all pricing pools to GLO-Cavallo.

2020-22 Contract Terms and Conditions

We are proud that the P3 contract is the strongest and most member-friendly in the marketplace. In anticipation of increased member interest in renewable energy, P3 asked suppliers to provide an example of a contractual method to incorporate new energy supply volumes from third-party renewable providers. Members may now enter into Power Purchase Agreements (PPA) for renewable energy with third parties during the 2020-22 contract.

P3's Contract Value Matrix was used to objectively judge and help negotiate the various terms and conditions offered by suppliers, and to maintain and strengthen provisions such as:

- Elimination of penalties due to over/under consumption;
- Enhanced supplier performance metrics and enforcement penalties;
- Symmetrical treatment of default and termination provisions;
- Favorable pricing for large-scale load adds and at-contract pricing for small load adds;
- Formal mediation mechanisms to resolve switching/billing disputes; and
- Member access to a voluntary price response program that rewards load curtailment.

Improved Contract Security

As in past contracts, the winning supplier was required to post collateral in support of the deal to contain our exposure to adverse market conditions in the event of a bankruptcy. In this case, the transaction is secured by the General Land Office, backed by the State of Texas with an "AAA" credit rating. A secondary guarantee worth \$15.5m from Calpine Corporation, a reputable international trading firm with an "AA" credit rating that provides credit support to Cavallo Energy, would take effect in the unlikely event that GLO is unable to support the contract for any reason.

Your New Contract Is Structured to Give Members Budget Certainty

The energy portfolio in members' new contract contains a fixed-price product with a nodal congestion cost pass-through for the West zone. For the North, South and Houston zones nodal pricing was fixed at an economical level to remove an element of variability.

P3 is working on customizing budget projections and savings reports for each member. Overall, in 2020 members can expect to see a reduction of approximately 16.4% in the commodity component of their electricity rates. In terms of total electricity costs (including TDSP and other regulated charges) members will see a reduction of 7.6% to 10.4% off their invoice total.

By working together in a synergistic relationship with other political subdivisions, P3 members continue to benefit from better contract terms and lower rates than they could procure alone.