

## Electricity Products to Meet Your Needs

*As your Trusted Energy Advisor, Usource will guide you safely through important energy decisions.*

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### Understanding the Market

To purchase electricity wisely, you must first understand the fundamentals of the electricity market.

- ▶ The electricity futures market is speculative and unpredictable. Pricing trends may continue or reverse.
- ▶ Prices are subject to change at any time in response to a host of drivers such as the economy, unexpected weather extremes, hurricanes, and regulatory and political events.
- ▶ The most advantageous buying opportunities open and close quickly, so it's vital to continuously monitor the markets and strike on these market shifts to secure your energy pricing for the future.

### Identifying Your Energy Needs and Capabilities

You should evaluate your business's energy requirement and if you can tolerate fluctuation on your bill based on price movement. Some key considerations for identifying how much risk you can take:

- ▶ **Budget certainty:** Do you need predictable energy costs that will guarantee you come in on budget, or are you willing to take on market risks and rewards?
- ▶ **Ability to curtail or shift load:** Can you change your operations to use less at different times?
- ▶ **Your end product:** Can you pass on the higher energy costs in your product or service?

### Evaluating Pricing Options

Each of these pricing strategies hedge against inherent uncertainties. Each carries a different type of risk.

- ▶ **Fixed Price**  
You pay a fixed price for energy for a defined period of time. Works best for businesses that require price certainty and budgetary control. 100% of the supply cost risk is on the seller.
- ▶ **Index Price**  
You pay the variable hourly price for each kilowatt-hour (kWh) of electricity consumed. Works best for businesses that can adjust their operations in response to changing hourly prices. 100% of the supply cost risk is on the purchaser.
- ▶ **Block and Index**  
This strategy strikes a balance between price certainty and price variability. A percentage of supply is purchased on both a fixed and variable basis. Works best for large businesses that have the ability to predict and actively monitor and manage electricity usage.
- ▶ **Managed Service**  
This strategy allows you to buy a percentage of your energy over time. Works best for large companies looking to secure budget stability over the long run. This option also allows you to maintain buying flexibility for market dips.

## Comparing Electricity Pricing Options

Pricing Option	Fixed Price	Index Price	Block & Index	Managed Services
<b>Features</b>	Price set for a defined time period (up to 5 years)	Price varies over time: tied to the locational hourly or day-ahead wholesale price	Purchase a block of power at a fixed price; buy remaining requirements at an index price	Buy percentage over time Long-term market strategy Customized risk profile cap
<b>Benefits</b>	Price certainty Budget energy costs with certainty Avoid increased market impacts during term	Take advantage of down markets Potential to lower costs by shifting usage from high-priced, on-peak, to low-priced, off-peak, periods	Fixed component protected from market volatility Ability to lower costs by shifting usage from high-priced to low-priced periods for the index component Take partial advantage of lower prices for the index component	Create budget stability over the long run Decrease annual cost exposure by cost averaging purchases over time Flexibility to buy when market dips
<b>Considerations</b>	Exposure to market outside supplier tolerances (swing) Lost opportunity if market declines	Fully exposed to increases in market price	Block portion: Lost opportunity when market dips Index portion: Higher costs in rising markets If usage is less than block, sell excess back at market price	Balanced risk as cost fluctuation is dampened
<b>Representative Minimum Annual kWh Consumption</b>	N/A	3,000,000 kWh	10,000,000 kWh	10,000,000 kWh

## Executing Your Strategy

The key to successfully managing energy costs is to be prepared with a comprehensive energy management plan. Our proprietary technology, coupled with our deep market expertise, allows us to secure the best pricing available for our wide range of industrial, commercial, and institutional customers. As a Usource customer, you will receive real-time market intelligence, gathered and interpreted by a dedicated team of experts whose primary focus is to help you execute on the best energy buying strategy for your business.

Call Usource today at 1.888.686.4845 or visit [UsourceEnergy.com](http://UsourceEnergy.com) to get started.