

World Energy Solutions

The Perfect Partner for Government Energy Procurements

World Energy Solutions (WES) is the undisputed leader in government energy procurements. The World Energy Exchange has procured over 45 billion kWh of electricity and 100 billion Dth of natural gas, in addition to millions of kWh of green power and renewable energy certificates. Our national footprint covers 38 states, and we currently have contracts with several state governments including Maryland, Massachusetts, Pennsylvania, Delaware, New Jersey, Rhode Island, and Connecticut. Documented cost avoidance savings for all WES customers exceeds \$600 million.

WES has enabled its clients to win nine prestigious awards including the National Association of State Facilities Administrators (NASFA) and the National Association of State Chief Administrators (NASCA) Outstanding Program Award for the most effective cost saving program of any kind, in any state.

We believe – and our belief is based on an unrivaled portfolio of success – that selecting WES will enable you to secure the absolute lowest price for your energy needs.

There are several reasons why this is true.

1. All auction platforms are not created equal

The World Energy Exchange is the product of millions of dollars of IT investment and consultation with leading economists. It has been designed from the ground up to be specifically optimized for securing the best price from volatile, non-transparent energy markets. WES's hybrid Anglo-Dutch design shows bidders where the market is settling while forcing them to maximize their aggressiveness. Our "last bid blind" approach often causes the price reduction from the last bid to save more than our entire fee, and approximately 20% of the time, the then-leading bidder outbids itself to win the business. Our Exchange has been described by one bidder as "brutally efficient at squeezing margins to the bare minimum."

2. Maximizing competition is a critical factor

A significant determinant of final price is the level of competition during the event. While all auctioneers may have access to the same list of bidders, there are several factors that determine the true competitiveness of the auction:

- ✓ **The reputation of the auction provider.** WES has closed more structured energy auctions than any other competitor in the space. That reputation for high closing ratios encourages bidder commitment to participation in WES events. Furthermore, in many cases we have introduced new credit-worthy bidders into a market for a procurement initiative, adding to the existing base of competition.
- ✓ **The quality of the data delivered to the suppliers.** WES provides bidders with utility quality data for use in developing their pricing strategies. Because we have such a strong and dynamic customer base, it follows that WES has more experience in pulling, cleansing, analyzing and preparing a database of usage information. In our annual supply survey, one gas supplier said they could bid \$0.20 / MMBtu lower on the delivered price of gas because of the quality of our data versus what is typically provided from other brokers.

In a recent auction run by one of our competitors, only the incumbent supplier was able to bid below the standard offer because only they had access to quality data due to their history with the customer. Bidders reported to us that the data delivered to them was of such a poor quality that it was too risky for anyone but the incumbent to bid aggressively.

3. RFP structuring and sequencing

WES is the market expert in designing auctions to maximize price discovery and test the cost tradeoffs of various parameters. For the State of Maryland, in one day, we ran 38 separate auctions to test pricing of various terms. The resulting pricing matrix enabled the State to award four contracts to four separate suppliers within hours of the final auction. The weighted average price for the individual load segments was actually lower than when the load was bid out as a whole. Being able to test a variety of parameters in real time with executable pricing resulted in substantial additional savings for the customer.

Typically, WES may test for various term lengths (e.g. 6, 12, 24, 36, 60 months), levels of green power (2.5%, 5%, 7.5% etc., up to 25%), different segmentations (by load factor, by utility territory), and different pricing products (fixed price full requirements, index, block and index, shaped block, heat rate, and others).

4. Contract awards

WES designs its process and conducts its auctions so that within a few hours after the last auction ends, the client is prepared to award a supply contract. This streamlined approach, which shortens the time between when the bidder submits a price and when they sign a contract, enables bidders to minimize their market price exposure.

WES's management team works hand-in-hand with the customer and the winning bidder to ensure an efficient contracting process which accurately reflects the parameters of the entire procurement event.

5. Market intelligence

Our volume enables us to have significant visibility into the market. We provide our customers intelligence on market rules, pricing trends and specific analysis about utility pricing for their accounts. While we do not advocate a market timing approach, we provide views into forward curves and technical analysis on pricing trends including all four ERCOT zones so our clients can make intelligent choices about when to go to market.

6. All data and management tools reside in one place

The World Energy Exchange is an end-to-end energy procurement system including deal and task management, the RFP/auction module, and a portfolio management and reporting system that tracks contracts, accounts and usage for individual facilities. This last portion of our system has enabled clients to forego expensive database projects, providing an easy-to-use and effective tool for managing and reporting their facilities' portfolios.

7. Integrity

The software combined with a well-honed process has enabled WES to enjoy a protest-free track record. No WES procurement has ever been protested. The date and time stamping of bids, the self-documenting features of the Exchange, and WES's proven process help customers meet increasingly stringent audit and oversight requirements.

8. People

The commitment and experience of the WES team enables clients to benefit from the cumulative best practices developed and refined over the course of our history of success. This manifests itself in expert support in developing contract language that is both protective of the client while encouraging bidder participation. Additionally, we support clients throughout the life of the contract, helping resolve issues with suppliers, understanding market conditions and providing advice regarding opportunities to extend or renew contracts, as well as supporting any ad hoc requests that arise.

In sum, WES has attained the position of runaway leader in online procurements by taking a client-centric, energy-focused approach to the entire procurement process. We have the most effective price discovery tool, the deepest store of market intelligence, a sterling reputation with customers and a proven process for ensuring success. We also have significant experience in gas, fuels and procuring renewable energy certificates and green credits, making us a logical choice for a long term relationship.