

A circular inset image showing a man in a light blue suit and yellow tie. He is pointing with his right hand towards a digital interface. The interface features several hexagonal icons: a house with a sun, a house with a battery and lightning bolt, a power line tower, and a house with solar panels and a sun. The background of the inset is a light blue gradient with white lines and dots connecting the icons.

DPU 23-50 TECHNICAL SESSION PRESENTATION

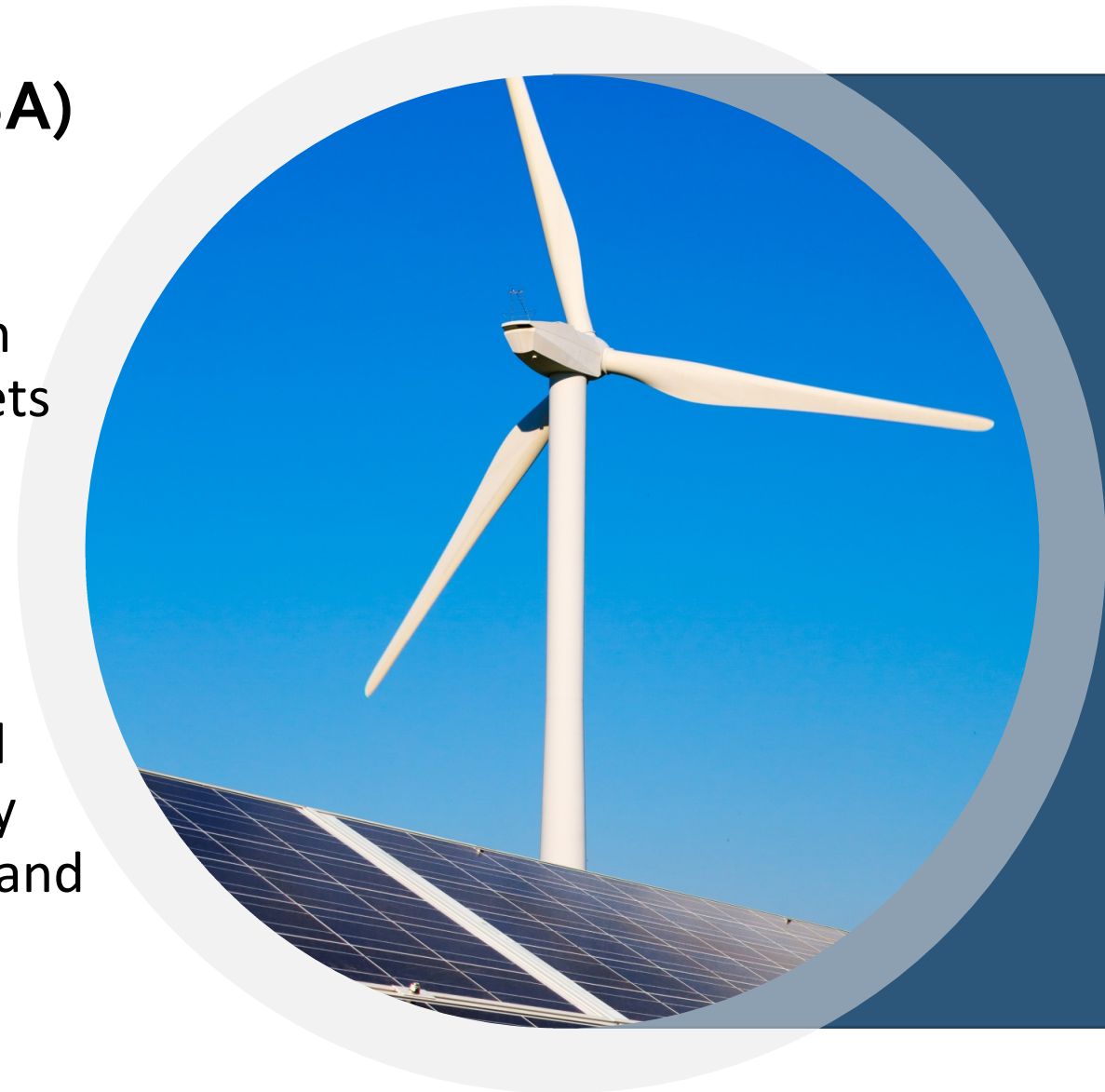
JOEY LEE MIRANDA ON BEHALF OF RETAIL ENERGY
SUPPLY ASSOCIATION

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ABOUT RETAIL ENERGY SUPPLY ASSOCIATION (RESA)

RESA is a group of retail energy suppliers who have a common vision that competitive retail energy markets deliver a more efficient, customer-oriented outcome than a regulated utility structure.

RESA is devoted to working with all stakeholders to promote vibrant and sustainable competitive retail energy markets for residential, commercial and industrial consumers.



PROCUREMENT & PRICING TIMING CHANGES

- Proposal: Split January and February into separate fixed-rate procurement and pricing periods
- Goal: Spread the higher wholesale electric prices into two different rate periods

HEDGING

- Basic Service suppliers hedge risk
- Ability to hedge is an essential prerequisite
- Hedges can be financial or physical
 - Owned physical generation
 - Purchases on exchanges (e.g., ICE) or through bilateral trades

EXCHANGE TRADING

- Provide price & quantity transparency
- Accessible to most (if not all) suppliers
- Blocks for a given delivery period
- Financial settlement

PRODUCTS TRADED

- Blocks for a given delivery period
- Future Delivery: highest liquidity in annual followed by seasonal products
- Seasonal products are: Winter (Jan-Feb), Spring (Mar-Apr), Summer (Jul-Aug), Q4 (Oct-Dec)

PRODUCT SPLITS

- Peak months (i.e., Jan/Feb, July/Aug) trade as package on forward basis
 - Sold together to provide hedging and minimize risks
- No market for individual winter and summer months
 - If split, will increase risk and correspondingly risk premiums
- Priced based on traders' expectations at time that sold (changes in world markets; weather conditions)

RATE IMPACTS

- Increased Costs
 - No trading market for split
 - Fewer participating suppliers
 - Increased risk premium
 - Limited data available
- Volatility
 - Still have two peaks in pricing periods
 - Inaccurate price signals



THANK YOU



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