

Energy Management: *Structured Approach*



Risk Management | Compliance | Business Process | Project Management | IT Effectiveness

Our objective is the same as yours – ***A Structured Approach to Strategic Solutions*** for obtaining the most economical energy supply arrangement available.

Through our energy management solution we provide visibility, transparency and control over how and when energy is consumed.

Simplifying the purchase and management of energy requires a thorough understanding of the energy industry, including generation and delivery, external factors, micro and macro economic drivers and their impact on prices.

ProSidian Consulting understands these factors better than anyone. Most important, we work with stakeholders to manage the variability in cash flows associated with the price you pay for the energy you use.

Energy Management

Over the past few years fluctuations in the price of energy have become more extreme. As global demand continues to expand and supplies become tighter this trend toward greater volatility will continue to gather momentum. A consequence the process of budgeting and managing energy costs will become even more challenging in the future.

We at ProSidian Consulting understand that this situation presents a major concern to our clients and have developed a service to assist them in managing this growing threat to their profitability. Our energy management solution offers experienced staff of energy professionals, technology and global reach to provide industry leading services and solutions with regard to energy management, control and environmental impact. Moreover, our focus on energy cost management consulting ensures that we possess a thorough and detailed knowledge of the local and international energy markets.

We are trusted advisors that advocate a structured approach to energy management tailored to the needs of our clients and based on company risk tolerance. ProSidian associates have been in the business of structuring and procuring energy supply for industrial and large corporate customers for almost two (2) decades. ProSidian works with energy producers, marketers, and end users in all commodity markets, making our firm uniquely qualified to provide superior energy portfolio management and risk management services. We recognize that our clients have

Three (3) Typical Goals and Objectives:

1. Reduce the risk of volatile energy prices
2. Continually monitor markets for short, medium and long term opportunities
3. Determine the best opportunity - then act when the opportunity exists

The experience of the Associates and Senior Fellows runs deep in many areas, including:

- **Energy Market Fundamentals** - Commodity markets and cost components
- **Product Selection** - Structuring and pricing (fixed, index, physical hedges, triggers, swings, On/Off Peak, RTM, DAM)
- **Technical and Fundamentals Analysis** - When to buy and what factors move market prices
- **Unique Operational Requirements** - Understanding how/when you use energy and its impact on procurement
- **Energy Supply Risk Process and Risk Tolerance** - Defining and understanding your risk tolerance
- **Supply Contract Negotiations/Requirements** - Key contract provisions and their impact on pricing and supplier performance
- **Procurement Process (RFP/on line auction)** - The mechanics of the procurement process
- **Benchmarking and Performance Evaluation** - Understanding and defining what data is relevant for the Energy Risk Management Strategy

We are well positioned not only to provide our assistance with regard to the development and implementation of:

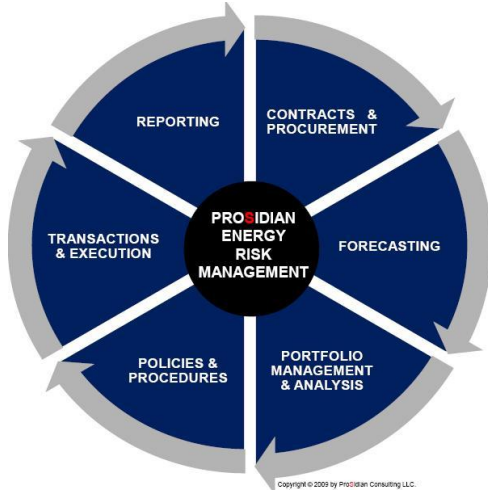
- ✓ **Energy Trading and Hedging Strategies**
- ✓ **Sustainability Programs**
- ✓ **Energy Risk Management Guidelines and Procedures**
- ✓ **Regulatory Compliance and Conservation Programs**

You Own The Risk, We Help You Manage The Risk

ProSidian works with clients to create Customized Energy Supply RFPs with recommendations for an energy strategy tailored to the needs of your organization:

- Competitive energy strategies
- Energy procurement and management
- Contract negotiations
- RFP generation, management, and analysis
- Facility requirements and/or operation schedules
- Supply contracting options
- usage and cost forecasts
- Company risk tolerance
- Counterparty credit
- Regulatory compliance
- Sustainability initiatives

OUR ENERGY MANAGEMENT FRAMEWORK



HOW THESE OBJECTIVES WILL BE ACHIEVED

- ✓ Competitive Energy Procurement
- ✓ Develop & Document Energy Risk Management Strategy W/ Key Stakeholders
- ✓ Environmental Sustainability Support/Analysis
- ✓ Establish A Pricing Plan And Think Ahead To Future Procurement Needs
- ✓ Implementation Of Risk Management Strategy And Measurement Processes
- ✓ Incorporation Of Facility Operations
- ✓ Market Overviews And Market Updates
- ✓ Reporting Of Portfolio Positions.
- ✓ Risk Assessment To Determine Risk Appetite
- ✓ Tariff/Regulatory Reviews & Utility Bill Auditing
- ✓ Training Of Associates
- ✓ Utility Budgeting & Ongoing Support
- ✓ Utility Data Base Mgmt & Utility Bill Auditing
- ✓ Utilize Market Tools To Take Advantage Of Market Opportunities
- ✓ Address Information About The Market That Is Useful In Making Decisions In Accordance with Energy Risk Management Strategy
- ✓ On-Going Market Monitoring and Procurement Support with A "Review of Market Dynamics"

We categorize our efforts in Six (6) Process Areas in order to take a holistic view and provide effective feedback on the current Energy Management and Risk Management activities. We will work with the team to identify and classify each energy procurement related activity into one of the 6 Process Areas.

PROCESS AREA

DESCRIPTION

1. Contracts / Procurement

- Selection Of Strategic Commodity Suppliers
- Advise On Contracting Options
- Ensure Reliability Of Supply
- Monitor Contract Requirements
- Advise On Optionality Embedded In Supplier Contracts
- Leverage Available On-line Platforms For Reverse Auctions

2. Forecasting

- Forecasting Energy Usage
- Reporting And Analysis Of Future Market Prices
- Forecasting Portfolio Values Based On Futures Market Curves
- Incorporation Of Facility Operations Forecast In Energy Risk Management Strategy

3. Portfolio Management & Analysis

- Policies And Procedures
- Regulatory Requirements
- Utility Data Base Management
- Environmental Sustainability

4. Policies & Procedures

- Corporate Policies And Procedures
- Establish Policies And Procedures For Energy Risk Management Based On Risk Tolerance
- Tariff/Regulatory

5. Reporting

- Position Reporting To Track Commodity Position
- Compliance Catalogue Of Tariff/Regulatory Requirements
- Link Compliance To Business Processes
- Establish Requirements For Tariff/Regulatory Compliance
- Periodic Update Of Compliance Catalogue

6. Transactions & Execution

- Energy Risk Management Services
- Risk Monitoring, Control And Governance
- Management Reporting
- Monitoring And Managing Performance
- Utility Bill Audit
- Quarterly Tariff Reviews
- Proactively Monitor Energy Markets
- Manage Energy Portfolio

ENERGY MANAGEMENT SERVICES

- Commodity Procurement and Negotiation
- Corporate Reporting - Consumption and Cost
- Energy Request For Proposal (RFP)
- Forecasting (Price, Weather, Futures), Including Budget Preparation
- Global Commodities Market Data
- Hedge Strategy Development and Execution
- Monthly, Quarterly, Annual Reports, and Market Updates
- Price Forecasting and Budgeting
- Scheduling and Nominations
- Supply Sourcing / Supplier Evaluation
- Utility Contract Review Negotiations, and Analysis

SUSTAINABILITY INITIATIVES

- Project Management
- Benchmark Of Usage and Cost For Utilities
- Comprehensive Baseline Evaluations
- Review Sustainability Initiatives and Validate Results

WHAT PROSIDIAN OFFERS AS YOUR TRUSTED ADVISOR

We provide clients with end to end portfolio, data and invoice management solutions ensuring they only pay for what they use, whilst providing advice and expertise on reducing their energy consumption.

Our objective is the same as yours – **A Structured Approach to Strategic Solutions** for obtaining the most economical energy supply arrangement available. Our team of experts can also provide advice on different systems and solutions that can be used to meter, collect, monitor and model data.

Through ProSidian's independent relationship to the nation's largest most reliable energy providers, you'll have access to highly competitive pricing with a full array of energy management products and services that help you identify, understand, and manage the variables that affect the price you pay for the energy your need.

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ENERGY COST AND USAGE DATABASE

- Commodity Price Tracking and Forecasting
- Energy Audits
- Energy Information Management
- Invoice Auditing and Data Warehousing
- Invoice Auditing and Dispute Resolution
- Utility Bill Audit

TARIFF / REGULATORY ASSESSMENT, COMPLIANCE, MONITORING, AND REPORTING SERVICES

- Rate Structure, Review, and Negotiation
- Regulatory and Legislative Support
- Regulatory and Market Intelligence Monitoring & Reporting