



What Energy Suppliers and Brokers do not want you to know

Part 1

About Us

- E-Quantum Consulting Founded in 2011
- Provide the Energy Buyer Information
- **Independent** Consultants
- Higher Education Partners



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Principal



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Sr. Consultant



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Mngr. Business
Administration



Do you understand your
energy supplier's contract
structure?

Things to Consider

- Retail Energy Suppliers are not Utility Companies
- Energy is the 3rd Largest expense in running an organization
- When you purchase yours, does it feel like the deck is stacked against you?

Agenda

- Energy Purchasing Channels
- How to ID a Broker & why it matters
- Pitfalls & Best Practices

Energy Purchasing Channels

- 1 Direct
- 2 Direct with Consultant assistance
- 3 Broker

Independent

OR

Non-Independent

Independent Consultants



Independent

“ not hold itself out as independent or unaffiliated with any supplier....unless the person...has no contractual relationship ”

Public Act 096-1385

Independent

YOU



Independent
Consultant



Supplier A 

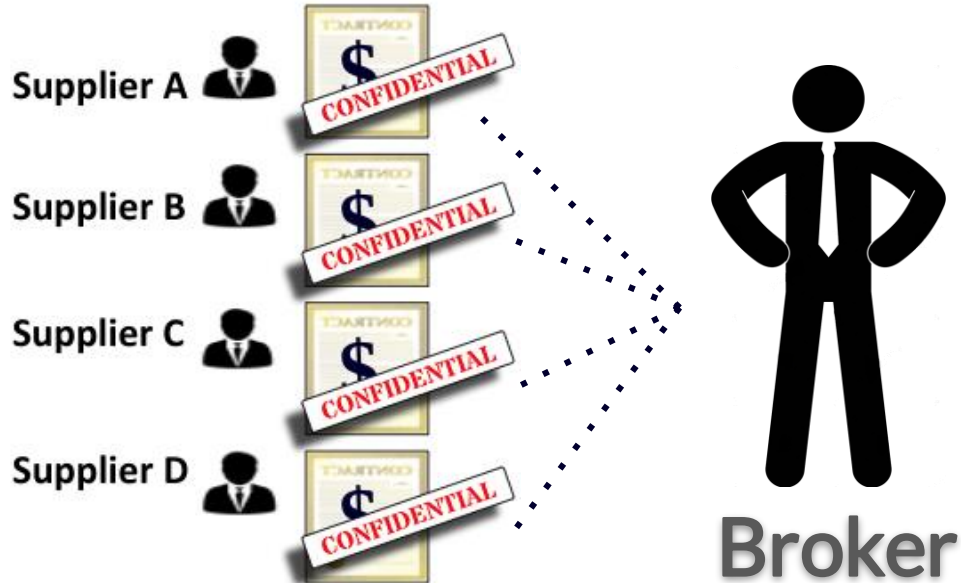
Supplier B 

Supplier C 

Supplier D 

1. Unbiased advice
2. No hidden contracts
3. Flat fee

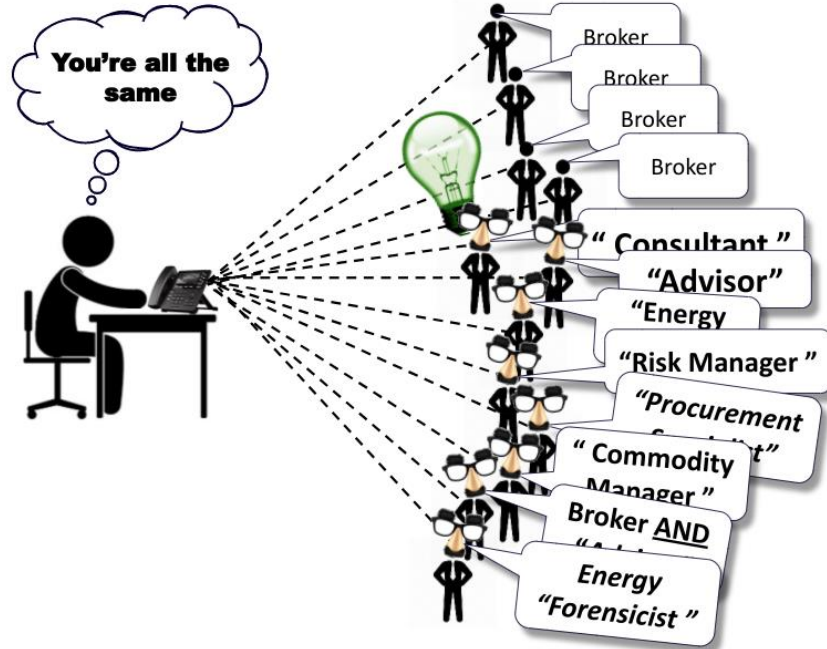
Non-Independent



YOU

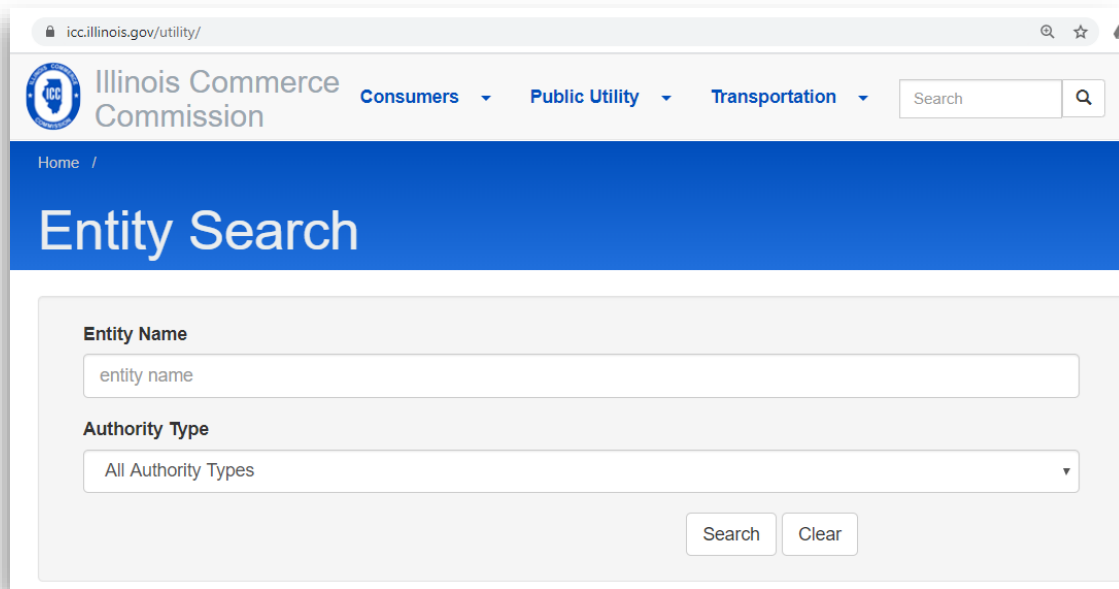
1. Conflict of Interest
2. Commission Unknown
3. Higher Rates
4. Double dipping risk

How to ID a Non-Independent Broker



State of IL Tool

Verification Tool



The screenshot shows a web browser window with the URL icc.illinois.gov/utility/. The page header includes the Illinois Commerce Commission logo and navigation links for Consumers, Public Utility, and Transportation. A search bar is located in the top right. Below the header is a blue banner with the text "Entity Search". The main content area contains a form with two input fields: "Entity Name" with the placeholder text "entity name", and "Authority Type" with a dropdown menu currently set to "All Authority Types". At the bottom of the form are two buttons: "Search" and "Clear".

3 Clicks

2 Minutes

Required Disclosure

ABC Report Form: To be submitted annually by March 31

ABC Annual Recertification under 83 IL Adm. Code 454

Section 454.110 Reporting Requirements

a) Each licensee shall submit a report identified with the name of the ABC as it appears in the most recent Commission order granting the ABC a license.

Licensee Name:

ICC Docket # for current certification

b) The annual report required by subsection (a) of this Section shall list **each** RES (Retail Electric Supplier) the licensee had any contractual relationship with during the prior calendar year, and shall contain the following information (NOTE: #2 & #3 below should include customers for which RES paid the licensee's fee, and #4 & #5 should include customers for which customer paid the licensee's fee. Do not count the same customer(s) twice. If you need additional space, please attach additional sheets.):

RES: AEP, Champion, Constellation, Direct Energy, Dynegy Energy, Energy.me, Entrust, Hudson, IGS, Kona, Mansfield, MC2, NextEra, Nordic Energy, Source Power

1) The type of contractual relationship (such as subcontractor, affiliate, commission compensated):

Commission Compensated

RECEIVED
MAR 18 2019
ILLINOIS COMMERCE COMMISSION
CHIEF CLERK'S OFFICE
ORIGINAL
OFFICIAL FILE
ILLINOIS COMMERCE COMMISSION

NOT
Independent

Hidden Data

Remarkable

OFFICIAL FILE
ILLINOIS COMMERCE COMM

[Public Redacted Version]

ABC Annual (2019) Recertification under 83 IL Adm. Code 454

ORIGINAL

Section 454.110 Reporting Requirements

a) Each licensee shall submit a report identified with the name of the ABC as it appears in the most recent Commission order granting the ABC a license.

Licensee Name: [REDACTED]

ICC Docket # for current certification: [REDACTED]

RECEIVED
MAR 25 2019
ILLINOIS COMMERCE COM
CHIEF CLERK'S OFF

b) The annual report required by subsection (a) of this Section shall list **each** RES (Retail Electric Supplier) the licensee had any contractual relationship with during the prior calendar year, and shall contain the following information (NOTE: #2 & #3 below should include customers for which RES paid the licensee's fee, and #4 & #5 should include customers for which customer paid the licensee's fee. Do not count the same customer(s) twice. If you need additional space, please attach additional sheets.):

RES: [REDACTED]

1) The type of contractual relationship (such as subcontractor, affiliate, commission compensated):
[REDACTED]

BEWARE of Misleading Advertising

██████████ is completely independent of any utility, energy commodity provider, or equipment supplier. A truly impartial total energy management company means we are able to configure and implement the best solution for our clients' unique energy requirements.

Utilizing a proprietary energy desk, our professionals blend market analytics and qualitative market factors to build a strategy to control members' energy costs over time. We ensure our energy management strategy remains current as market conditions change over time.

██████████ is 100% independent, not affiliated with any energy supply company, and works solely on the behalf of its members.

██████████ offers facility owners and operators a comprehensive integrated energy management program independent of any manufacturers or suppliers of energy related equipment or services. The purpose of the program establishes best practices across all energy

OUR PROCESS IS RISK FREE

We work as an independent agent through energy suppliers buying **directly** from the wholesale market. If you sign with an energy supplier we represent,

Qualifying Questions



“Energy
Advisor”

1
Do you have a **contractual relationship** with any supplier?

2
So can you email me your **unredacted** 2021 ABC Filing?

Why does it matter that I “ID” a Broker?

Non-Independent

COMPETITION

LOW

TRANSPARENCY

LOW

COST

HIGH

Letter of Exclusivity (LoE)

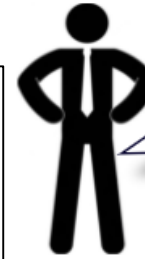
Activates the
broker
contracts

Letter of Exclusivity (LoE)

Dear Supplier,

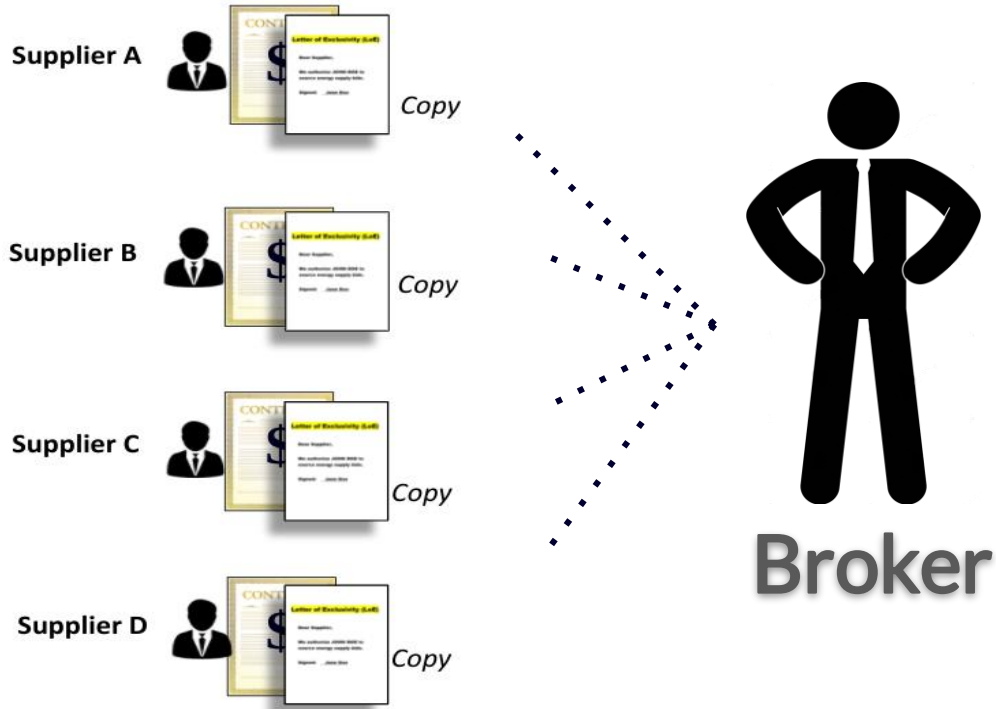
**We authorize JOHN DOE to
source energy supply bids.**

Signed: Jane Doe



**“Energy
Advisor”**

Non-Independent



Key Broker Contract Clauses

1

NON-COMPETE

2

CONFIDENTIALITY

3

COMMISSIONS



**“Energy
Advisor”**

YOU



Key Broker Contract Clauses

1

NON-COMPETE

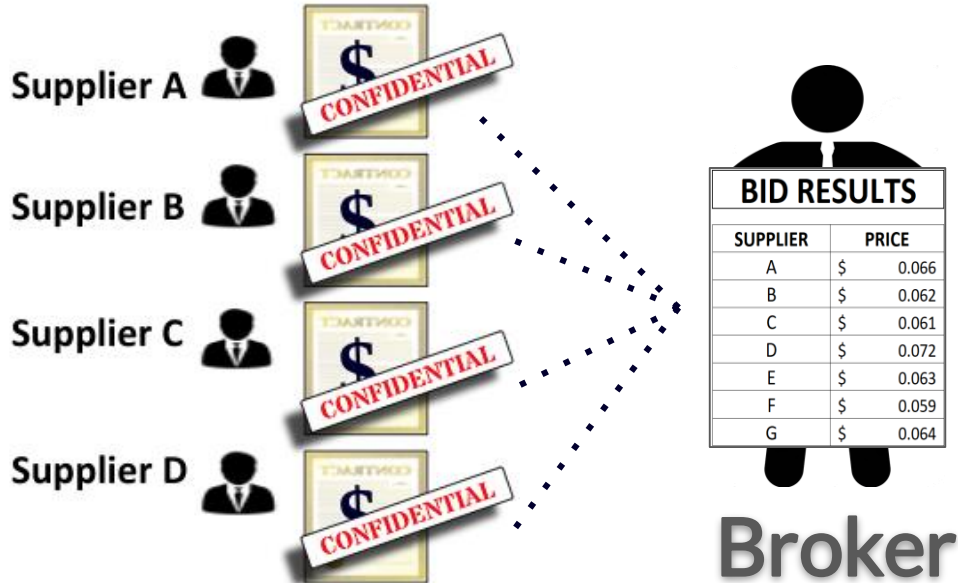
YOU



██████████ agrees not to directly or indirectly solicit business from any Customer provided by broker for a period of 6 months after initially providing pricing (the exclusivity period).

Partner will not imply or state, either verbally or in writing that the broker services it provides are without cost to Customer, and ██████████ will not imply or state either verbally or in writing, that the cost of electricity to Sales Partner's Customer would be less without the involvement of Sales Partner;

Non-Independent



Have you ever wondered why you cannot get pricing from the same Supplier from 2 different Brokers or Direct?

Key Broker Contract Clauses

2

CONFIDENTIALITY

YOU



CONFIDENTIALITY: Except for disclosures that are required by law or disclosures to any legal advisor or other person or company with whom communications may be privileged from disclosure, each of _____ and _____ Broker will keep strictly confidential the existence of this Agreement, the terms and conditions herein, and all information and relationships disclosed by, pertaining to, relating to, or arising from this Agreement.

8. CONFIDENTIALITY. Except for matters of public record, information already within the other Party's possession prior to entering into this Agreement, and except to the extent required (through deposition, interrogatory, request for production, subpoena, civil investigative demand or similar process) by a court order, both parties agree to keep confidential all information, including but not limited to, Suppliers detail pricing and structures, Suppliers Retail Electricity Supply Agreements, the Non-Exclusive Broker Agreement, Broker commissions, Suppliers sales and marketing materials and any data collected hereunder, unless expressly agreed to in writing by either party.

Key Broker Contract Clauses

2

CONFIDENTIALITY

YOU



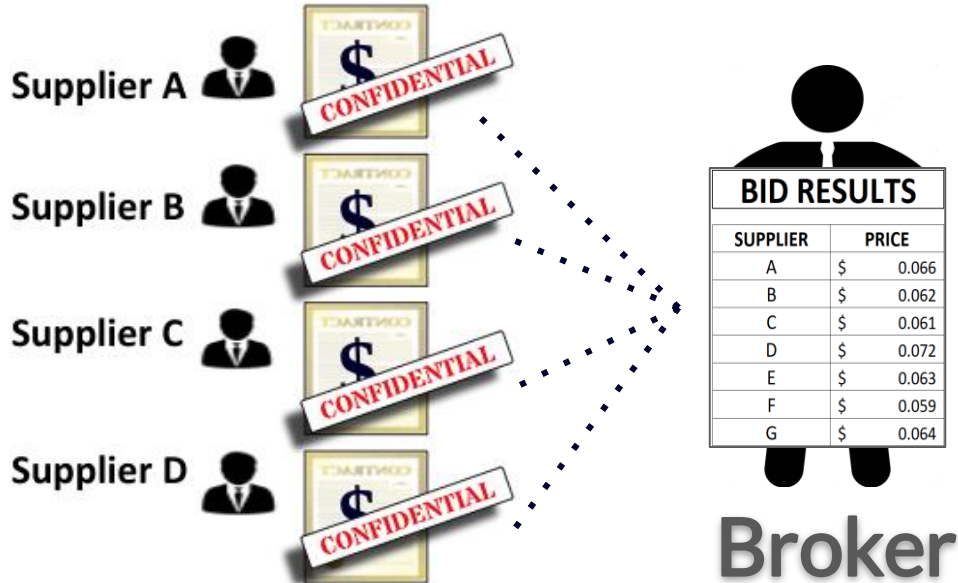
Supplier Contract Language (EXAMPLE):

Payments to Certain Third-Parties: You acknowledge and understand that:

- We are making a payment to [REDACTED], Inc in connection with its efforts to facilitate our entering into this Agreement; and
- Your price reflects the fee we are paying to [REDACTED], Inc
- [REDACTED] is acting on your behalf as your representative and is not a
- You should direct any questions regarding such fee to [REDACTED]

WHY can't
supplier tell us?

Non-Independent



You: What price did you just quote?
Supplier: Sorry,... you gotta ask your broker
You: WHY???

Key Broker Contract Clauses

3

COMMISSIONS

YOU



Broker Confirmation Schedule

Broker Name **Electric Broker**
Contract ID **123321**
Customer Name **Acme Manufacturing**
Contract Start Month **4/2019**
Contract End Month **12/2019**

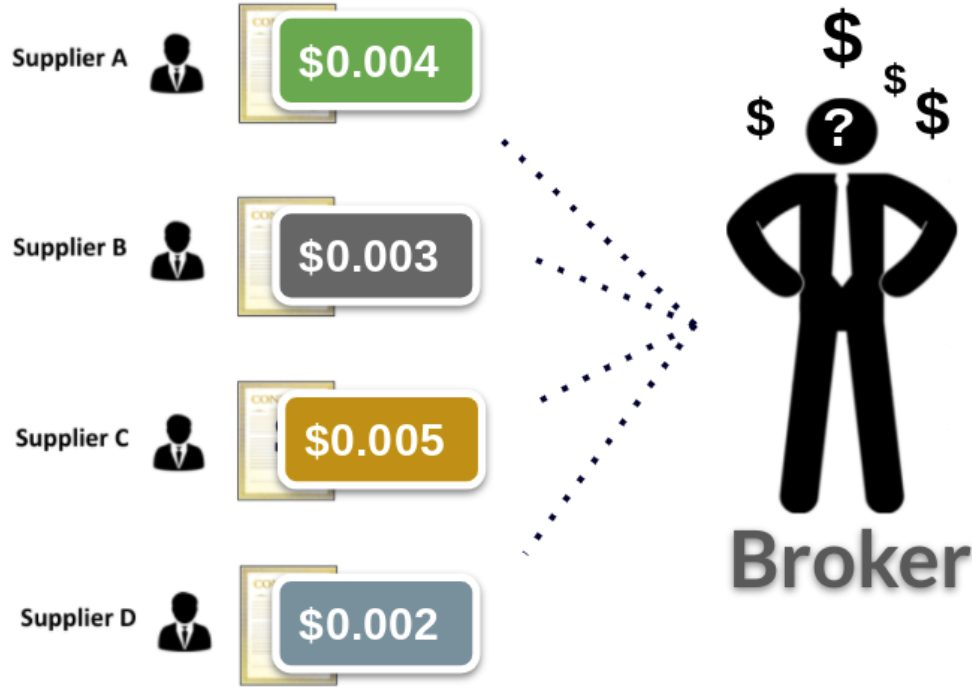
Account Number	Site Location	Estimated Usage kWh	Cycle Start	Cycle End	Broker Commission Rate \$/kWh
0146503102	1255 W Br Ave	114,872	04/15/2019	12/12/2019	\$0.00400
9169914404	1255 W Br Ave	190,182	04/29/2019	12/30/2019	\$0.00400
1406802500	1255 W Br Ave	118,311	04/19/2019	12/18/2019	\$0.00400
6433503603	1255 W Br Ave	12,531	04/17/2019	12/16/2019	\$0.00400
0531851803	1255 W Br Ave	12,632	04/12/2019	12/11/2019	\$0.00400

Signature _____
Print Name _____
Title _____
Date _____

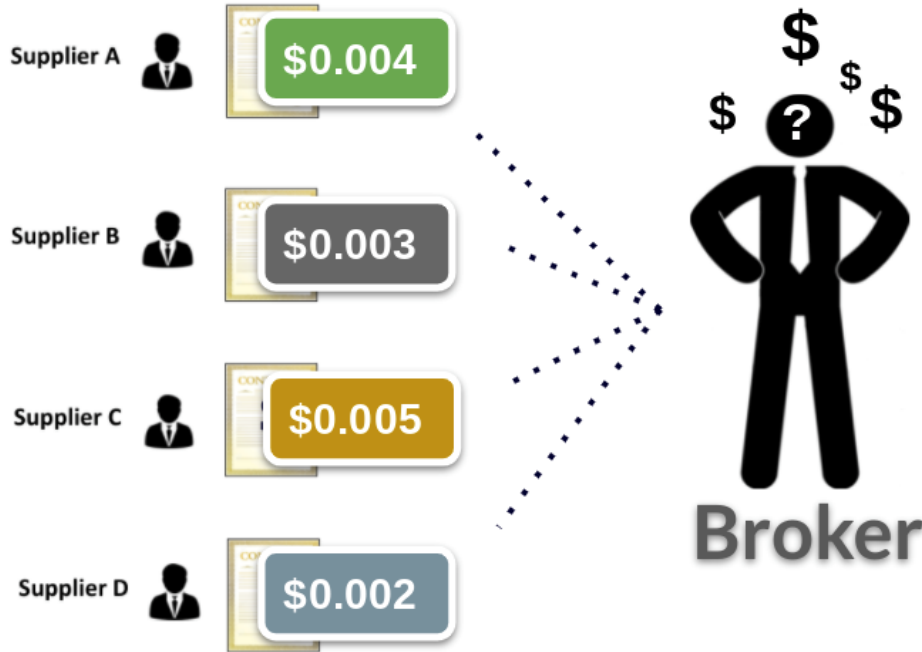
Signature _____
Print Name _____
Title _____
Date _____

1

Non-Independent



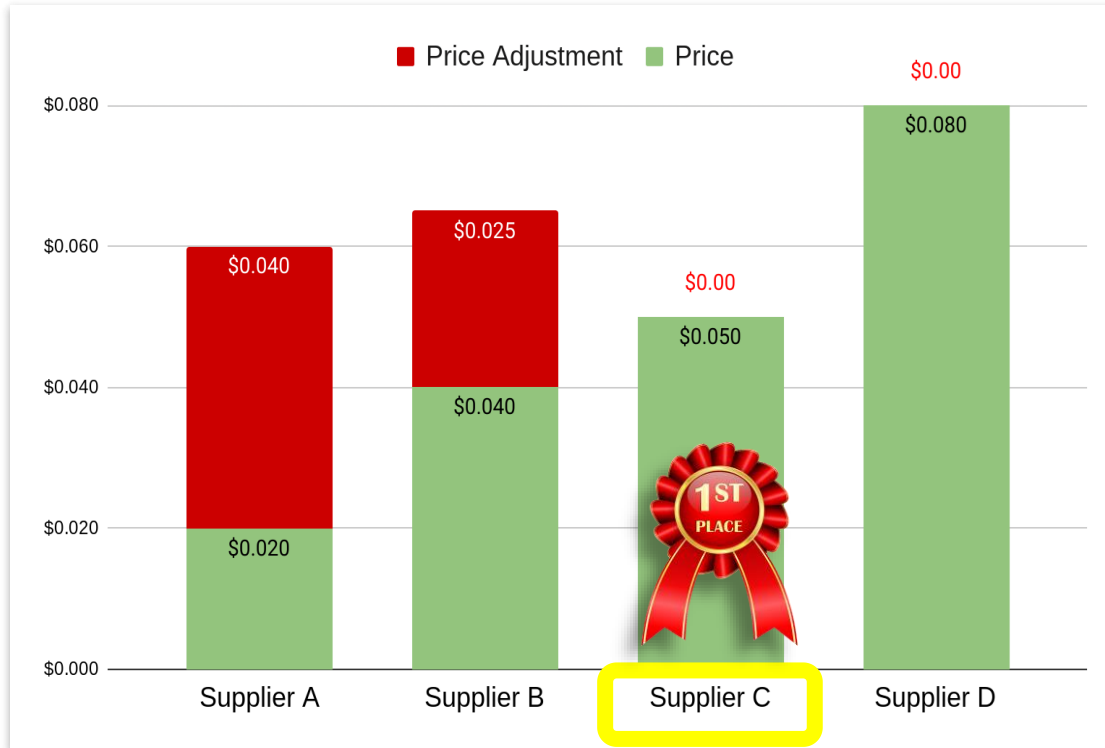
Non-Independent



	Annual kWh	Broker Commission (\$/kWh)	Annual
Supplier A	15M	\$0.004	\$45K
Supplier B	15M	\$0.003	\$60K
Supplier C	15M	\$0.005	\$75K
Supplier D	15M	\$0.002	\$30K

YOU pay this hidden fee via **HIGHER** rate

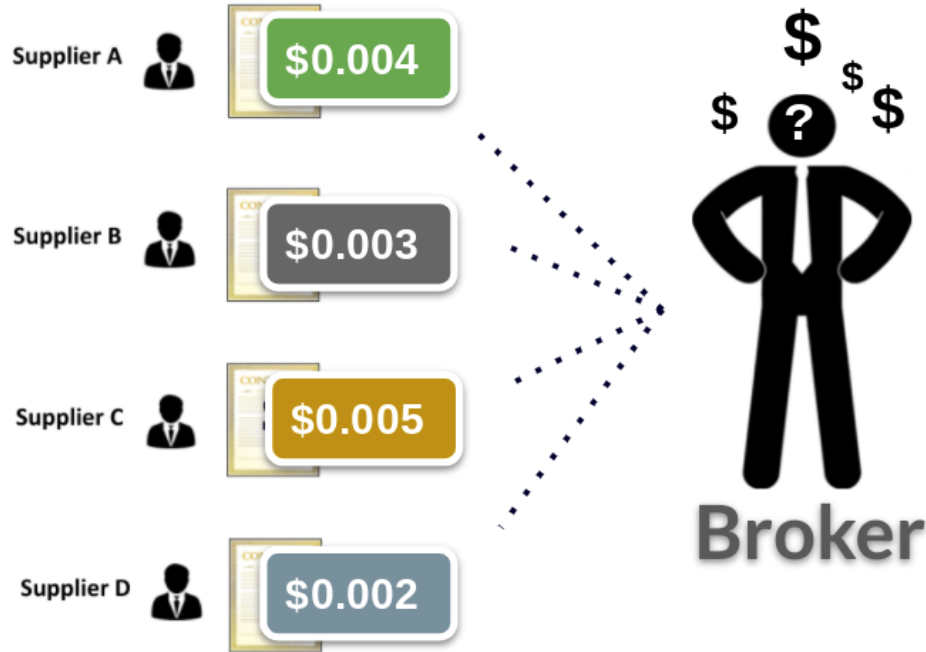
Biased Bidding Process



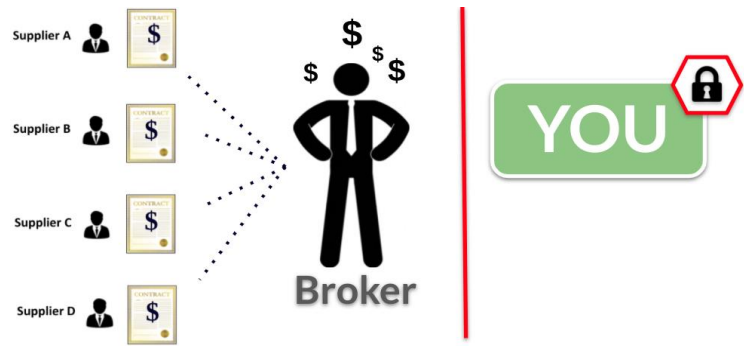
Non-Independent

COMPETITION	LOW ✘
TRANSPARENCY	LOW ✘
COST	HIGH ✘

Non-Independent



Non-Independent



WRONG WAY

1. Conflict of interest
2. Commission Unknown
3. Higher Rates
4. Double dipping risk

Independent



RIGHT WAY

1. Unbiased advice
2. No contract with suppliers
3. Flat fee

Agenda

- Energy Purchasing Channels
- How to ID a Broker & why it matters
- Pitfalls & Best Practices

Best Practices

- Do not forget that Retail Gas and Electric Suppliers are not Utility Companies. There is no Government Oversight in how they do business. Their job is to Max their Margin and Min THEIR risk.

Best Practices (continued)

- Make sure whoever handles the Energy for your organization understands how to ID Brokers and why they should be avoided before wasting their time.

Best Practices (continued)

- Learn how your Regional Transmission Operators Federally Approved Tariff actually works. Or work with someone who does.

Pitfalls

- Remember, this is the 1st section of a 2 hour class were we discuss:
 - How to properly structure Natural Gas and Electric so the Supplier cannot take advantage. Single most important aspect, even before price.
 - The pros an cons of the various ways to shop for a retail contract (online auction, direct request for proposal, etc).
 - Demand Response Programs.
 - Much more...



Questions?