

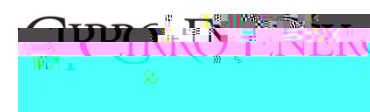
# **Marketing Geothermal Generated Power in The Deregulated Texas Retail Electric Market**

*SMU Geothermal Energy Lab Conference*

*Geothermal Energy Utilization Associated with Oil and Gas Development*

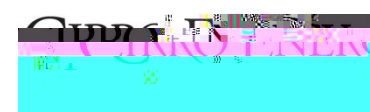
*June 18, 2008*

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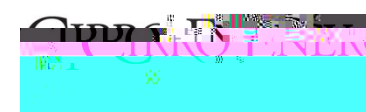
# Benefits of Geothermal to Retail End-Users

- Š 7x24 base load
- Š Reliable and predictable power supply over the long-term
- Š Renewable energy source and environmental attributes
- Š Budget certainty (assuming fixed price over long-term)
- Š Manageable down-time for planned maintenance and outages.
- Š Scalable by adding more wells should end-user load grow
- Š Available resource in multiple regions within Texas
- Š Potential for oil and gas producers (as an end-user of electric) to have captive supply of electric for their own use.



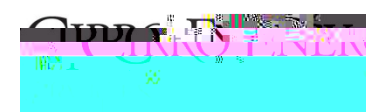
# Marketing Geothermal to Retail End-User's

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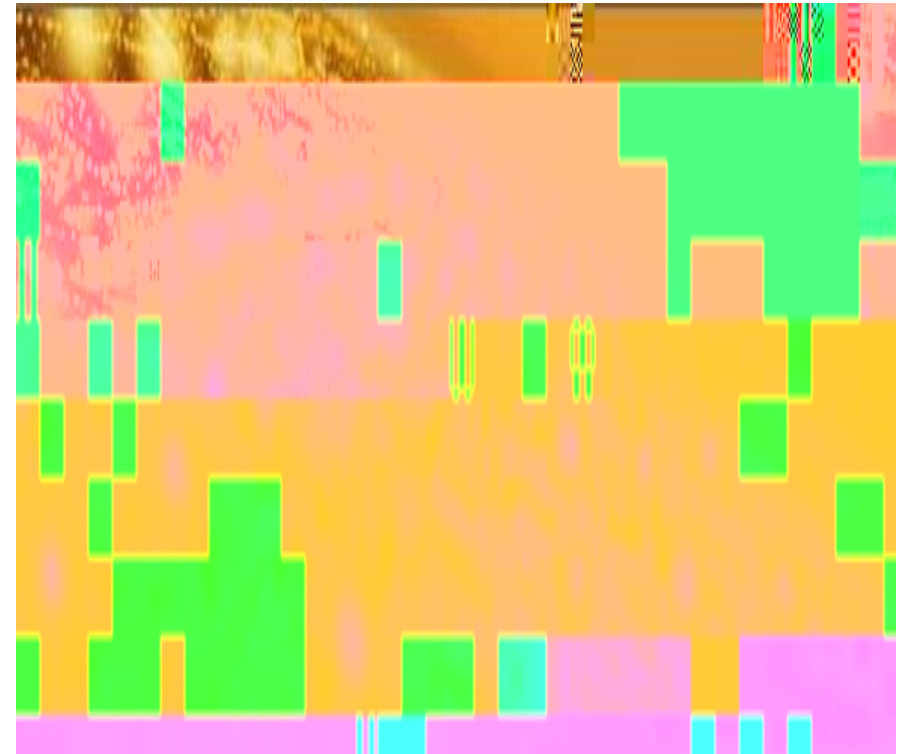
# Marketing Geothermal to End-User in ERCOT

- § Actual customer consumption above or below the fixed shaped block will be exposed to ERCOT Market Clearing Price of Energy (“MCPE”) or Locational Marginal Pricing (“LMP”) when ERCOT transitions to the new Nodal market design.
- § Renewable energy credits (REC’s) can either be bundled with the electric or un-bundled (as required by customer)
- § Attractive wholesale price points to end-user for long-term (10+ yr) in the \$68 to \$78/MWh range (without REC’s) given current forward market conditions.
- § Delivery would be at the busbar grid interconnection point. Customer would accept pass-through charges from delivery point to meter.
- § Prefer generator and end-user load be in the same ERCOT congestion zone to mitigate risk of zonal basis differential charges.



## Contact Information

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**We are energy consulting experts on retail electric supply, renewable energy sourcing, and demand response services in deregulated electric markets.**