NavigatePower

Different Types of Contracts

1. SHORT TERM CONTRACT

- Typically 6-24 months
- Offered by a large array of suppliers w/ both small & large buying power
- Less rate stability against future increases/decreases
- Less available time to shop favorable market conditions between contracts

2. LONG TERM CONTRACT

- 30 or more months, up to 60 months
- Offered by only largest suppliers with bes buying power
- High rate stability against future market changes
- Large amount of available time to shop for renewal rates

3. FIXED RATE CONTRACT

- Contract price is the same throughout entire term / "Set it and forget it"
- No market exposure except to regulatory cost increases or decreases imposed by the government
- High degree of budget certainty
- Price protection

4. VARIABLE RATE CONTRACT

- High degree of market exposure
- Market movement can increase or decrease price on a monthly basis
- No price protection
- Flexibility to lock in later

5. CONTRACT WITH EARLY TERMINATION FEE (ETF)

- Customer has the ability to exit the contract at any time with no penalty
- Rates are significantly higher because suppliers build in the risks of customers leaving into their costs
- Very few suppliers offer these programs
- Small suppliers only

6. CONTRACT WITHOUT EARLY TERMINATION FEE (ETF)

- Customer has the ability to exit the contract at any time if they are willing to pay an ETF
- These contracts always have the best price point
- ETF is proportional to the unused energy in the remainder of the contract and supplier's losses selling into a lower cost market
- ETF can be zero if the supplier sells hedged energy back into the market at a higher price than for what they bought it

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