

# Frequently Asked Questions:

## North America's Utilities Capture the Best Possible Price with Enel X's Energy Exchange

Utilities are some of the most technologically advanced businesses on the planet, yet many lack the tools they need to improve a decades-old, paper-based commodity transaction process. This is exactly where Enel X's wholesale energy service comes in. By digitizing wholesale transactions through competitive reverse auctions, Enel X's Energy Exchange helps utilities transact faster, increase liquidity, and command better commodity prices.

Hundreds of utilities across North America have embraced Enel X's Energy Exchange, but it isn't always clear to the rest exactly how the Exchange fits into their existing transaction processes. If you are like many of your peers, you probably have some questions. We've addressed a few of the most common:

### **How much does it cost, and how does Enel X get paid?**

You don't pay Enel X to transact on the Exchange, the supplier does — meaning there is no fee until you choose to award. More importantly, there is no obligation to award a contract. You don't pay anything if you don't like the results.

### **I don't want to re-engineer my processes. How does this fit into my existing transaction procedures?**

Nobody knows your business or processes better than you. Enel X does not replace your existing procedures—we automate the bidding process to add efficiency and improve transparency.

### **My products are liquid. Why is Enel X better than a clearing house?**

When you transact on a clearing house, you are strictly bound to the products that they have available. Enel X's Energy Exchange allows you to secure custom products, and you have counterparty visibility.

### **My products are complex. How do you automate bidding for sophisticated products?**

Enel X works with suppliers on your behalf and educates them on the products that you want brought to market. With more than 60,000 pricing events conducted on the Exchange to date—and over 200 different products, structures, and mechanisms transacted—we have trained our supplier network to compete for the sophisticated needs of the utility buyer.

Moreover, we built the Exchange to be flexible, handling physical and financial, monthly and term, large and small volumes, one-delivery-point and comparison buys. The Exchange can support dispatch auction modeling and analyze credit impact.

### **I've been conducting sealed bid auctions for years. Why is a live auction better?**

Enel X's Energy Exchange is the best of both worlds—an open auction that drives pricing down using bidder feedback with a last bid blind feature that introduces a sealed bid experience.

We find that in 20% of auctions the leading party outbids themselves with their last blind bid. That's the evidence you need to prove you've delivered the best market price for your customers.

## How can I be sure that an auction won't impact my supplier relations?

Competitive auctions depend on supplier participation, so we are obsessive about protecting supplier relationships. Enel X's delivery team ensures that origination efforts are thorough and well documented, that our supplier network is trained on your products, and that the auction provides a seamless transaction experience.

Moreover, with 300 wholesale suppliers bidding in our auctions each year, it's likely your suppliers are already active on our platform.

## What do suppliers get out of this? Why do they participate?

Enel X's reverse auctions have proven to shrink supplier margins, but the Enel X Exchange offers suppliers access to a greater pool of utility customers.

Suppliers also participate in Enel X's reverse auctions for their high transaction percentages. The fact that 99% of Enel X's auctions result in transactions assures suppliers that their efforts will be justified.

## Can I still engage in bilateral transactions?

We don't expect the Exchange to handle all of your transactions. The Exchange is an available tool, not a process mandate.

## Can I choose which suppliers participate in an auction?

We understand that you work with different suppliers for a variety of reasons, and that your evaluations include non-price considerations. Some of the most frequent non-price criteria that we include in auction architecture include supplier diversity, credit limitations, and supplier affiliates.

The Exchange is adaptable, and our energy supply management experts work with your credit team to ensure that all of your corporate or public policies align with the auction architecture and credit review process.

## I need PUC approval to change our energy supply management processes. How do I know this is worth the effort?

The Energy Exchange is a proven, risk-free transacting tool with no obligations until you choose to award. We've seen a 99% transaction rate over the 60,000 pricing events performed on the Exchange. All results have been protest-free and PUC-approved.

## Does Enel X take title to the commodity?

Enel X does not take title to the power, natural gas, environmental attribute, capacity, or any other commodity transacted on the Exchange. As we don't require a financial relationship with you, the legal, approval, and contracting process is very smooth.

## Do I need legal agreements with the competing suppliers or counterparties?

Our delivery team will help you set up master agreements with the counterparties participating in an auction. Only if you choose to award will you then paper the transaction.

## If I run an auction, do I have to transact?

No, you can walk away at any time.

## How do I know I'm getting the best price for the commodity? How can I prove it?

The Enel X Energy Exchange compiles all auction process and bidding data at audit-quality level. This information is catalogued and available 24/7 on the Exchange.

The typical utility is under a tremendous amount of scrutiny. The Exchange offers a transparent, proven, and protest-free approach.