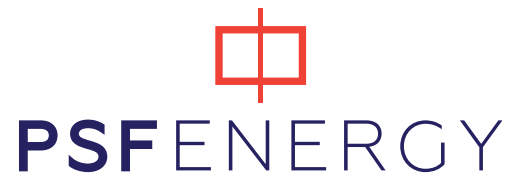


PRODUCT: Heat Rate



This product pricing is derived from a quoted heat rate value, the published natural gas index that you select and your electricity usage. Energy providers implement three pricing options to support a range of preferences:

1. FULL REQUIREMENTS:

Our full requirements product offers an all-inclusive Heat Rate, which includes costs for all components, including energy, ancillaries, losses, congestion and renewable portfolio standards, as well as ERCOT ISO and Direct Energy Business fees.

$$\text{Electricity Price} = \text{Heat Rate (fixed)} \times \text{Natural Gas Index (variable)} \times \text{Monthly Usage (variable)}$$

2. LIMITED FULL REQUIREMENTS WITH FIXED RETAIL ADDER:

With this, the heat rate value quoted is for your commodity portion only and may be target or market-based. All additional cost components are quoted as a fixed rate under a single retail adder.

$$\text{Electricity Price} = \left(\text{Heat Rate (fixed)} \times \text{Natural Gas Index (variable)} \right) + \text{Retail Adder (fixed)} \times \text{Monthly Usage (variable)}$$

3. LIMITED FULL REQUIREMENTS WITH COMPLETE PASS-THROUGH:

The complete pass-through option also provides a heat rate quote for your commodity portion only. However, all additional cost components are passed through at cost.

$$\text{Electricity Price} = \left(\text{Heat Rate (fixed)} \times \text{Natural Gas Index (variable)} \right) + \text{Pass-Through Costs (variable)} \times \text{Monthly Usage (variable)}$$