

Take Action to Protect Your MUD's Future

Texas is rapidly changing the rules and laws associated with the energy market due to the reliability challenge experienced in the extended freeze of February 2021. Over the last six months, the Texas Commission on Environmental Quality (TCEQ) and the Public Utility Commission of Texas (PUCT) have begun to clarify and implement the application of Senate Bill 3 (SB3). In addition, the PUCT announced a roadmap on December 16th that Texas will need to follow to create a reliable grid. These changes and others under review are expected to be the most significant reforms since energy deregulation in the 1990's. As with any change in the rules, it can create challenges and opportunities for the MUDs and Special Districts.

Since the reliability challenges in the Texas electrical grid was exposed in 2021, Acclaim has been proactively engaged with the PUCT in monitoring key stakeholder positions regarding proposed reforms and solutions. What we have learned is that many of those making the policy decisions lack an understanding of what a MUD or a Special District is and how it can contribute to solving the reliability challenges of Texas.

Unfortunately, the industry has not been represented in many of these conversations that will affect the future of the MUDs' energy budgets and reliability. Currently, the PUCT proposal includes heavily incentivizing consumers to take part in load reduction and creating markets to embrace the introduction of significant quick response generation into the grid. The incentives to install generation in the grid creates the choice for the MUD to provide reliability to the homeowners if the rules can be crafted properly. Considering the incredible impact these changes can have to the MUDs, it is imperative that the MUD industry have an advocate to protect their interests and ensure they only pay their fair share of the increasing costs of the new market rules and work to provide the option to the MUDs to provide reliability for the homeowners.

To this end, Acclaim would like to propose a solution that has been vetted with MUD industry leaders and ensures proactive, quality representation by experienced and former industry regulators to advocate for the interests of the MUD industry before these governing bodies.

The Reliability Advantage Program

Purpose: To have Acclaim Energy and Axeon Interlocal to serve as the interface before government agencies and elected officials in Austin to track policy discussions, coordinate responses, and present options that best represent and protect the interests of the MUD industry.

Who is Acclaim?

A Texas-based energy advisory firm who has served the MUD industry for more than 19 years. Currently they are the largest energy management firm for the MUD industry, serving nearly 300 districts. They have a 97% customer retention rate, manage more than 30,000 meters, and over \$2.5 billion in energy spend, with representatives in Austin, Corpus Christi, Dallas, and Houston.

Who is Axeon Interlocal?

A Texas nonprofit, political subdivision corporation whose members are local governments and political subdivisions that look to improve how they buy, use, and manage energy. Axeon operates in accordance with Texas Government Code Title 7 Chapter 791 intergovernmental relations and interlocal cooperation contracts. Axeon has secured the services of Acclaim to deliver energy services to their customers and will be integral to the public private partnership strategy for the MUD community.

Services Include:

Acclaim is providing the Acclaim Reliability Advantage that will provide you with consistent and timely representation and deliver the following:

- Monthly summary of the PUC meetings as the topics pertain to Reliability, Distributed Generation and potential increasing charges that will be passed thru to customers
- Provide virtual access to open meetings at the PUCT
- Provide quarterly webinar updates/report by a former PUCT Chairman as to the status of the market transformation and what it means to the Special Utility Districts/MUDs



The Acclaim Reliability Advantage

Services Include (continued):

- Working with PUCT and ERCOT to identify areas of opportunity in the new market structure that would result in cost reductions for MUDs
- Work with the PUCT, ERCOT and Utilities to realize the goal of creating the option for the MUD’s to provide reliability to homeowners by leveraging the distributed generation that is to be installed in the grid
- Updates on opportunities to participate in emergency programs to reduce energy costs.
- At the conclusion of the project when there is regulatory certainty on the value of programs and the increased costs, we will notify you if there are opportunities given your load that makes economic sense to reduce costs and what increases that you can expect in your energy budgets

Term and Renewals: 12-month service agreement from date of signing. If the PUCT process takes longer than the estimated timeframe of 12 months, then two months prior to the end of your agreement the MUD Board will be notified if an extension is needed. If the board does not feel there is real value being delivered, they can advise via email, and they will be removed from the program.

Cost: Flat fee of \$2,500 due upon contract signing

Signature: _____

Print Name: _____

Date: _____

MUD: _____

Board Representative: Name and Email _____

Operator: Name and Email _____