



Reduce Natural Gas Basis Volatility

Managed Portfolio Service (MPS) for IL Customers

Strategic Basis Management

Managed Portfolio Service is a targeted approach for managing risk that focuses on the basis component of a customer's total gas costs. Basis consists of the costs associated with delivering natural gas to a customer's facilities. This includes transportation, fuel, local production, and more. Basis changes often due to regional supply/demand, weather and other factors.

How MPS Works

The objective of MPS is to proactively manage basis risk through a structured, algorithmic approach. MPS uses time diversification to manage the basis component of a customer's natural gas supply. Modified dollar cost averaging is used to purchase forward basis during summer and all forward flow months. This locks in 50% of a customer's monthly volume and keeps the remaining 50% at current market price. The program then manages any incremental costs by predicting daily use and adjusting deliveries.

What is storage?

Storage provides balance between producers and end user consumption. When less natural gas is being consumed than is being produced, it is stored for other times when more natural gas is being consumed than produced. Gas production is, generally, constant and storage management focuses on the seasonal fluctuations in consumption. Constellation's storage management program helps customers create this balance in their gas supply—and in turn, their costs.

How MPS IL Storage Works

Natural gas storage can be difficult to manage. When it is managed effectively, storing natural gas can help reduce the volatility of basis costs. Customers with storage can buy more gas when prices are typically lower in the summer months and store it to use when prices are typically higher in the



Constellation[®]

An Exelon Company

America's energy choice[®]

winter months. By allowing Constellation to manage storage, customers' energy needs can be met while reducing cost unpredictability.

Customers can customize their storage management through two options:

1. Storage Release – The customer releases the management of their storage capacity to Constellation. Constellation then bills the customer based on actual usage.
2. Managed Storage – The customer has multiple options (such as “front loading,” “back loading” and more) to meet specific business needs to use their storage volumes throughout the winter months. Constellation will help them to proactively manage and mitigate risks.

Benefits

- Customers' needs are actively managed to optimize cost and reduce risk
- Provides customers who prefer to lock in their basis nominations the ability to mitigate basis costs
- Eliminates cash-outs
- Access to transparent online reports

Ideal for Customers Seeking:

- Innovative and time-tested risk management
- Portfolio diversification and analysis
- Variety of program participation options
- Strategic storage management

Products to Help You Buy, Manage and Use Your Energy

Electricity

- Fixed Price Solutions
- Secured Solutions
- Flexible Index Solutions
- Block Solutions
- Peak Load Management
- Minimize Volatile Pricing (MVPe) Program
- Information to Implementation (i2i)
- Transparency Product

Natural Gas

- SmartPortfolio Program
- Minimize Volatile Pricing (MVP) Program
- EnerPro/Energy Manager
- Fixed Price
- Fixed Basis
- Index

CPower Load Response

- Automated Load Control
- Demand Response
- Ancillary Services
- Economic Programs

Renewable Energy

- Solar
- Renewable Energy Certificates (RECs)
- Generation Development

Energy Efficiency

- HVAC Infrastructure
- Building Automation & Analytics
- Lighting & Controls
- Water Conservation
- Retro-Commissioning
- Measurement & Verification (M&V) Services
- Efficiency Made Easy

Onsite Generation

- Solar Solutions
- Fuel Cells
- Batteries & Storage
- Back-up/Emergency Generation
- Cogeneration
- District Energy Systems & Operations

© 2017 Constellation Energy Resources, LLC. The offerings described herein are those of either Constellation NewEnergy-Gas Division, LLC, Constellation NewEnergy, Inc., Constellation Energy Services - Natural Gas, LLC or Constellation Energy Services, Inc., affiliates of each other and ultimate subsidiaries of Exelon Corporation. Brand names and product names are trademarks or service marks of their respective holders. All rights reserved. Errors and omissions excepted.



constellation.com

