

December 2, 2010

Dear Pastor,

Our records indicate that your church is a member of the Grace Presbytery's Electric Group Purchase Program. This strictly voluntary program was started in 2002 and has more than doubled in size since then. So much time has passed since its inception I think it is time to reacquaint each of you with the program and get a new affirmation of your desire to be a part of it.

In 1999 the State of Texas passed a law that deregulated the retail electric market in Texas. The law was to go into effect on January 1, 2002. The Presbytery formed a committee in 2001 to evaluate how the law would impact our churches.

An initial investigation revealed that:

1. The new law would require each church to enter into a "forward contract" for the purchase of electricity.
2. These contracts were extremely complicated and if not executed and managed properly could result in large penalties.
3. We also came to understand the value of leveraging the purchase power of all of our churches to achieve a better price as well as better terms and conditions in the contract.
4. And finally, we realized that a typical church was not equipped to negotiate and manage this type of contract.

Due to the expected confusion and unknown consequences of the initial start up of electric deregulation, the committee opted to stay with our local supplier, TXU, for the first contract. We sent out invitations to all eligible churches in the Presbytery. Each church was required to fax to TXU copies of each bill that they wanted on the contract along with a statement that they wanted to be part of the group. The Presbytery did not encourage participation but simply offered the opportunity.

After the first contract with TXU we hired a consultant and issued a Request For Proposal to several retail electric providers and accepted the lowest bid which was from Direct Energy. Prior to executing the Direct Energy contract a letter was sent out to each church explaining our expected course of action in as much detail as possible. Each church was asked to respond if they did **not** want to be part of the group going

forward. Subsequently we have negotiated two additional contracts. Each time we solicited bids from reputable suppliers and took the best price available. Each time a letter was sent to give each church the chance to opt out of the program.

As you might expect our results have been mixed. Since 2002 electric power prices have ranged from a low of 5.2 cents to a high of 11.2 cents. We have managed to stay considerably under the market price for six and half of the eight years since deregulation started. However, since the collapse of the energy markets in 2008, we have been over the market price which brings us to the reason for this letter.

Our current contract ends in June of 2012. Electric prices starting in June 2012 and running two to three years out to May 2014 or 2015 are in the six to seven cent range or 30% to 35% lower than our current rate. We plan on negotiating a new contract that starts in June of 2012 and runs out to May of 2014 or 2015. Nothing will change until our current contract ends then we will simply roll into a new lower priced contract. **If you are in the current contract you are obligated to remain in thru June 2012.** Since no one knows how long the lower energy prices will last we encourage each of you to complete the attached form and fax it back to 866-472-8789 indicating if you want to remain part of the Grace Presbytery Electric Group Purchase Program. **Please do this as soon as possible but no later than January 6, 2011.**

If you decide not to remain part of the group and after you have faxed in your form, please contact our consultant, Trenton Cogdill, at 817-229-9234. Trenton will explain what you need to do to make sure you do not incur any termination charges when you exit the program.

The "Nodal Pricing System" for the Electric Reliability Council of Texas (ERCOT) will begin on Dec. 1, 2010. This adds a whole new level of complexity and possible additional charges to our electric bills especially the churches in the Dallas area. We have been waiting until it was clearer on how NODAL pricing would affect our contract before we negotiated a new one. We are confident now is the time to move forward with a new electric deal.

If you have any questions concerning this matter, please call Trenton Cogdill at 817-229-9234 or via Email at tcogdill@prioritypower.net.

Sincerely,

Janet M. DeVries

Janet M. DeVries
General Presbyter

Please return this as soon as possible but
no later than January 6, 2011.

To: Grace Presbytery

From: _____
Name of Church City

Our church chooses to remain in the Grace Presbytery Electric Purchase Program and gives permission to Grace Presbytery to negotiate electric contracts for our church.

Our church wants to be removed from the Grace Presbytery Electric Purchase Program effective at the end of the current contract in June 2012.

(Name of Church)

(Clerk of Session Signature & email address)

(Name, Printed)

(Date)

**RETURN TO MARGARET LaPLANTE, Grace Presbytery,
6100 Colwell Blvd, Irving, TX 75039 or
margaret@gracepresbytery.org**