

ADVANCED ENERGY CAPITAL (“AEC”)

**Turn-key Supply, Credit and
Operational Solutions
for
Retail Energy Providers
of any size**

***AEC Provide REPs with Supply and
Financing in Strategic***

This document is intended for information purposes only.



ADVANCED ENERGY CAPITAL

**THE INCUBATOR:
Flexible and Low Cost
Financing, Supply and
Services for Re-Marketers
of both Power and
Natural Gas**



AEC and join forces with a National Energy Wholesaler to assist companies in becoming REPs

- Advanced Energy Capital (“AEC”) is a specialty finance company dedicated to serving the energy remarketing industry.
- AEC is affiliated with an aggregator or incubator that provides EDI, Back-office Software, Scheduling, Forecasting, Purchasing of Power and Natural Gas for REPs of any size.
- AEC has entered into a strategic relationship with a National Energy Wholesaler and, together they have enabled companies to become Retail Energy Providers (“REPs”) who can re-market Electricity and Natural Gas in the United States with the following:
 - Forecasting, Purchasing, and Scheduling/Nomination of Power/Gas
 - Capacity Management of Power and Gas
 - EDI and Back-office Software
 - Revolving Lines of Credit and Supply Lines to eliminate ISO deposits* and dramatically reduce capital needed to build the business

•Note: in NY, small deposits may still be required for real-time power purchases



Advanced Energy Capital: Our Mission

AEC's mission has been to provide clients with cost efficient finance solutions.

With respect to Retail Energy Providers (“REPs”), we have developed and implemented a complete protocol of credit products, operational controls and monitoring tools which have resulted in the financing of more than \$300 million in energy sales.

Our facilities allow REPs to focus on selling and ensure that an adequate supply of energy is within their reach.



“The Incubator”:

Our Mission is to Assist Energy Companies in Becoming REPs with Power and Gas Supply and Operational Solutions at Low Cost

Low cost EDI, Back-office Software, Forecasting, Nomination, Purchasing, Scheduling – for both power and gas

Unique comprehensive program allows REPs to focus on selling and ensure that an adequate supply of energy is within their reach.



ADVANCED ENERGY CAPITAL

Advantages of working with AEC & National Energy Wholesaler: Energy Companies can now obtain financing to open divisions that can become Retail Energy Providers and focus on sales and marketing as AEC and the Energy Wholesaler will provide the power and gas necessary, as well as the lines of credit

- Revolving cash line for REPs to use in peak periods – includes Working Capital needs
- REPs can capture both “P.O.R” and, to some extent, “Non-P.O.R.” receivables - thus increasing availability
- Dramatically reduces equity requirements thus freeing up your cash for growth
- Dramatically reduces cash drag by reducing payment frequency

About the Energy Incubation Company:

- Its affiliates have been in the energy aggregation and supply business since 1997
- Affiliates have assisted dozens of REPs build businesses in the Natural Gas arena
- Currently provides REPS with power scheduling, forecasting etc.
- Provides the EDI and back-office software systems for REP use
- Has a long-established relationship with AEC

About Advanced Energy Capital:

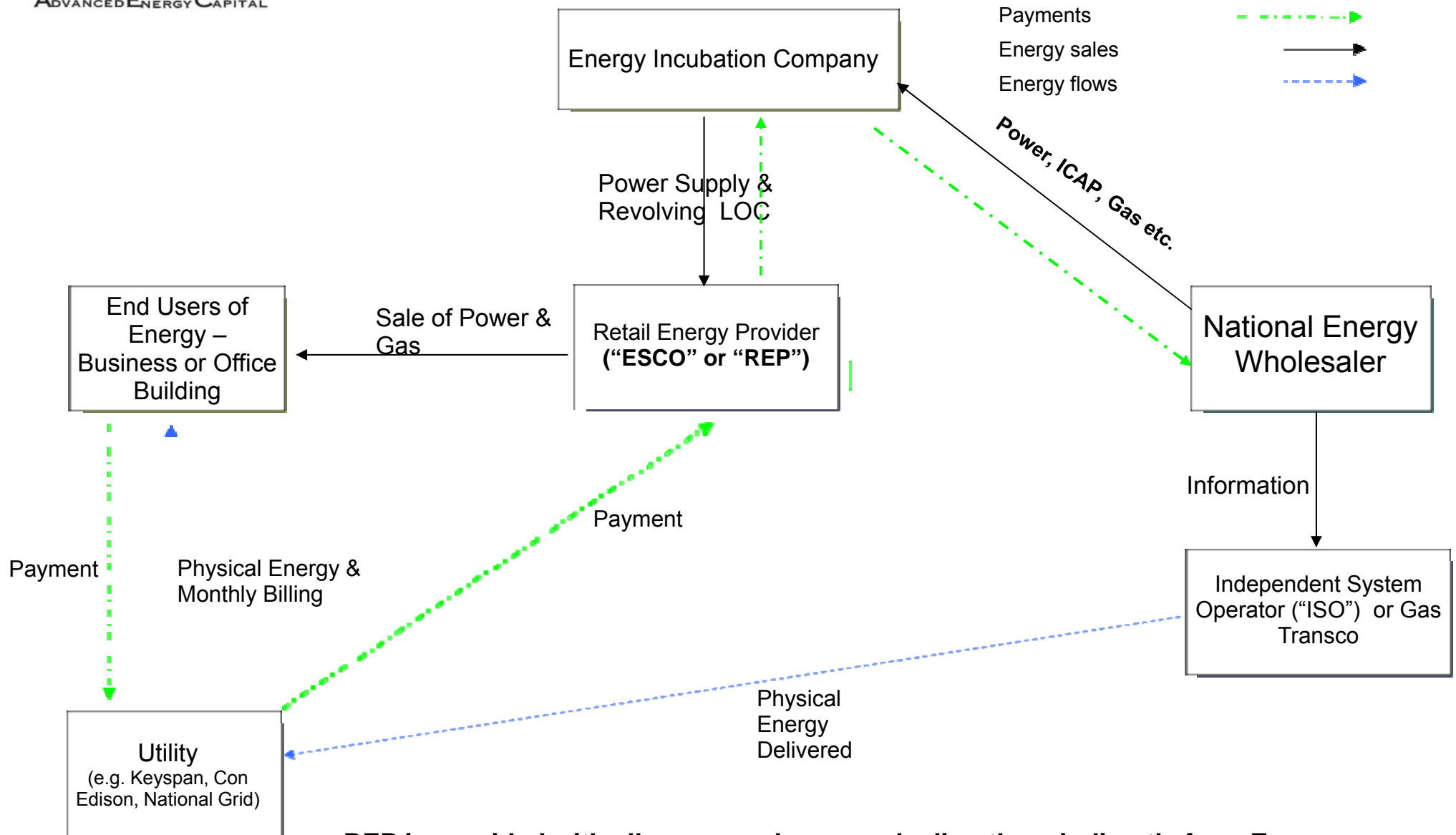
- Management has many years of experience.
- Team started working together in 1997 and started the finance business in 2003
- Management team has invested over \$1 billion in a variety of credit strategies
- Established process that has facilitated more than \$300 million of energy sales



ADVANCED ENERGY CAPITAL

Advanced Energy Capital

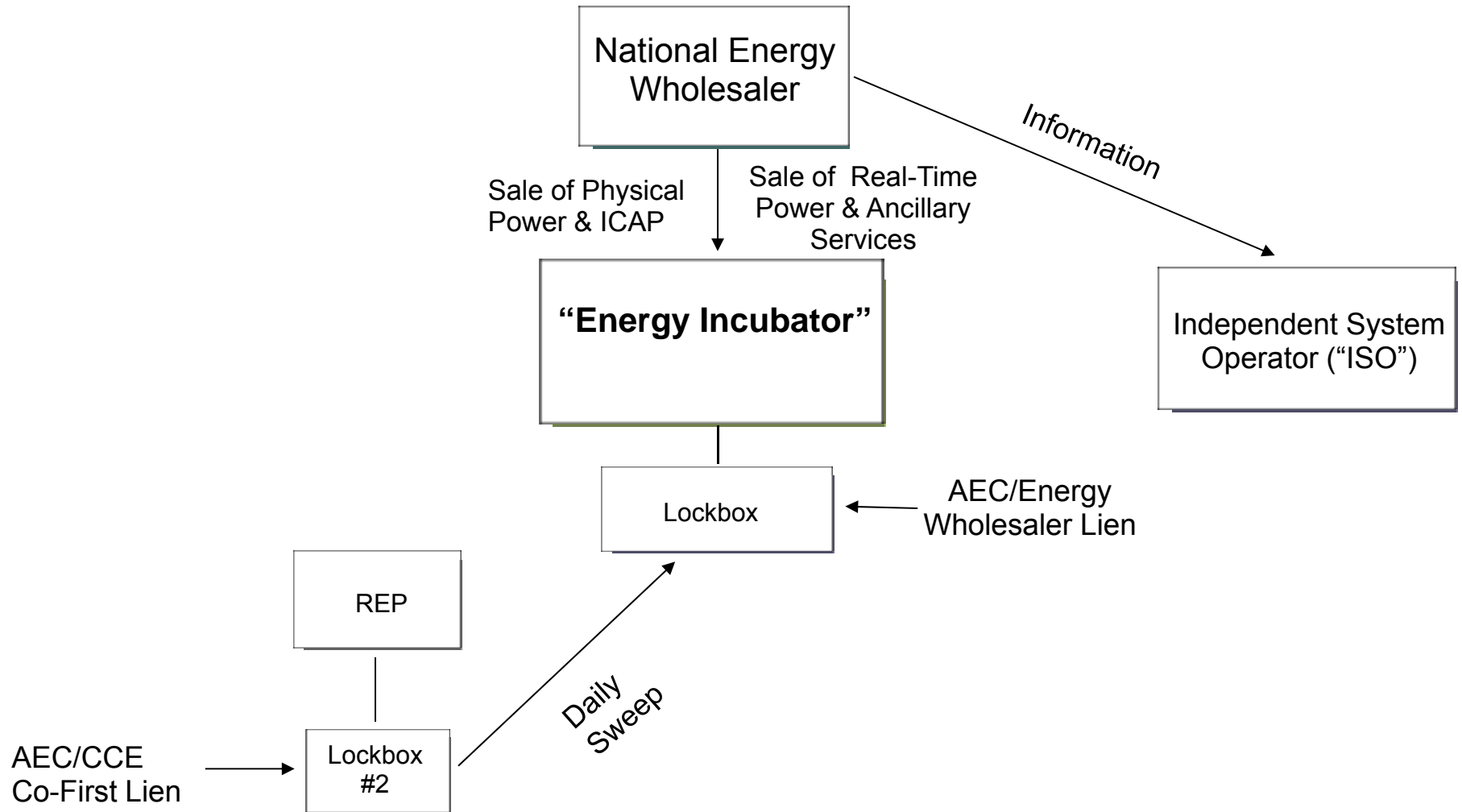
Power & Gas Flowchart



REP is provided with all power and gas needs directly or indirectly from Energy Wholesaler. REP does not need to post any deposits at most ISO's (small deposit may be required for NYISO).



Power Supply: Flowchart





A Structure That Provides for all REP's Needs

- AEC provides a Supply Line of Credit equal to approximately two months of peak power needs (subject to borrowing base)
- As part of the Line of Credit AEC will provide a Revolving Cash Facility for the REP to use when needed (subject to borrowing base)
- BP will function as supplier for Power and Gas, (REP or incubator still retains the right to access pricing from other suppliers as well)
- Reduced equity collateral needs by REPs results from National Energy Wholesaler providing power rather than local ISO
- Reduced cash drag on REPs as we pay the ISO for our clients.
- AEC oversight, lockbox and structure creates comfort and the ability to access National Energy Wholesaler



AEC and Incubator Flexible Menu of Services

	Provider	Optional?
EDI*	Incubator	YES
Back Office Software*	Incubator	YES
Power: Forecasting, Purchasing, Scheduling, Settlement and Reconciliation*	Incubator	YES
Natural Gas: Scheduling, Nomination, Capacity Management*	Incubator	YES
Working Capital Revolving Cash Facility Supply**	AEC	YES
Supply Credit Facility for Supply of Natural Gas and Power**	AEC	NO

* Retail Energy Providers may use Incubator services or any approved third party providers

** Retail Energy Provider may, or may not, need a Cash Facility, but will always need a Supply Credit Facility for Commodity Supply



AEC Financing Comparison

	Other Providers	AEC
Adder	YES	YES
Facility Fee	YES	YES
Cash Borrowing Coupon	YES	YES
Unused Line Fee	YES	NO
Warrants	YES	NO
LTV on Billed Receivables	85%	85%
LTV on Unbilled Receivables	80%	85%
Charging to Borrow One's Own Cash	YES	NO
Minimum Volume Guarantees	YES	NO
Operating Reserve Requirements	YES	NO
Ability to Draw Cash for Other Needs	NO	YES
Providing Initial Hedge Margin via Line of Credit	YES	YES
Providing M-T-M Margin via Line of Credit	YES	YES

Typical Terms

- 85% Advance Rate on Eligible Receivables
- Both Bill as well as Unbilled Receivables included
- Growth-driven variable pricing: The vast majority of costs for the facility are covered via adder on unit purchases
- Flexible term
- First lien and cash controls via lockbox structure



Summary

- **Reduce or Eliminate ISO/Power-grid Deposits** - The combination of AEC and National Energy Wholesaler helps position an REP for growth by freeing up 'trapped' capital and by providing substantial cash lines and supply lines of credit. Reduce cash drag by reducing frequency of power supply payments from weekly to monthly.
- **Lower Cost of Financing to REP** – Better all-in pricing than typical cash facilities, factoring arrangements or supplier-provided financing. The vast majority facility costs are variable and tiered for volume growth.
- **More Reliability and Continuity** - AEC's core business is supporting our commitments and we are strongly incentivized to help you grow. AEC's structure, protocol and experience provides the National Energy Wholesaler with the confidence to provide REP with its supply needs via a joint lien.
- **Flexible Sizing of Facility** -Remarketers need to know that, in peak season, they can maximize sales and take on new customers. Our facility size takes peak sales into account, allowing remarketers to aggressively seek growth.
- **More Potential for Growth** – The National Energy Wholesaler coupled with unique structure and oversight of AEC, means that there is potential for very large scalability of the facility
- **Eligibility to Lend and Support Unbilled Receivables, Natural Gas as well as Power** - Advance Rates and structure specifically allow for meaningful advance rates on eligible unbilled receivables. Unbilled receivables can double a facility's size.



ADVANCED ENERGY CAPITAL

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