

AEG Shopping Mass Market Retail Business, Book

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AEG Affiliated Energy Group announced today that it has been retained by a “mid-sized” retail electricity provider (Energy Service Company, or ESCO) seeking a well-capitalized purchaser of its business, customer portfolio, and certain related assets.

“This deal, which is not a distress deal, presents an efficient opportunity to enter or expand into the mass market retail electricity space with an attractive customer portfolio,” said AEG’s Chad Price. “Our client has a creditworthy portfolio of both residential and commercial customers, with bad debt historically below one percent. Our client wishes to complete the deal by year’s end, after which our client believes long term capital gains tax rates may substantially change in the wrong direction,” noted Price.

AEG’s team has closed three mergers and acquisition deals specifically in the retail energy space in roughly the past year.

AEG said that its team expects to close two additional M&A deals as well as a substantially sized debt/financing deal (both specifically involving the retail electricity market) by year’s end, with several more deals in the pipeline.

“With an economic environment of continued historically low treasury and corporate bond rates, we continue to experience strong demand for REPs and customer portfolios from purchasers ranging in size from new participants with energy experience and investors seeking favorable returns on invested capital, to parties with existing operations looking to ramp up growth via acquisition to reach critical economies of scale, to large established utilities with strong balance sheets and excess cash seeking increases in market share,” Price said.



“Over the past year we’ve seen increased demand by purchasers for small to mid-sized REPs and customer portfolios in ERCOT due to a decreasing number of remaining REPs with established operations and brand names, favorable bad debt metrics, desirable gross margins, customized billing systems and hedging platforms, among other assets that can take time to build from the ground up,” Price added.