



foresight

MANAGEMENT

Energy Procurement

Alignment + Transparency = Savings & Confidence

WHY

Buying energy can fall low on a company's priority list due to the relative impact on an organization's entire financial picture. Combine the lack of prioritization with the swiftly evolving (and confusing) landscape of energy, and company's experience inefficient use of resources and sub-optimal outcomes.

Each state and/or region has a different regulatory environment as it relates to buying electricity and natural gas. Each of these unique markets has various alternative energy suppliers that can sell you electricity or natural gas. Most companies will operate their various business units and/or facilities as independent profit and loss centers, which means decisions on buying energy are often made at the local level. This decision-making process creates missed opportunities for leveraging economies of scale as well as establishing consistency of contract terms.

Beyond the generally confusing nature of the rapidly evolving energy markets, most energy management firms/brokers/consultants are not transparent with how they get paid. Often times these firms will earn commissions from the alternative energy suppliers for the life of the contract you sign. These seemingly small dollars can add up to significant sums of money over time, and you should know what your vendor is earning off of your energy usage.

HOW

We are not in the business of predicting energy prices or markets, we are in the business of understanding your company's financial risk tolerance and goals. Once we have a keen understanding of your priorities and needs, Foresight's certified energy procurement specialists will conduct an agnostic, client-centric analysis of your organization's energy procurement strategy.

We will help you understand gaps in your current strategy, and inconsistencies in contract length, terms, and pricing. We will identify areas you might be at risk, as well as areas you could be more aggressive. We will help you understand "industry lingo" and simplify complex contracts and buying strategies.

This report will show you alternative options you might not have previously considered, and ultimately empower you to make educated decisions moving forward. This consultative report is not a commitment to buy energy through our team (although we can do that), it is an unbiased approach to an industry full of biased experts.

BENEFITS

- Independent analysis by unbiased industry experts
- Saves time for internal purchasing department staff
- Identifies areas for cost savings/cost mitigation
- Identifies gaps in current strategy and demonstrates benefits of filling said gaps
- Increased industry knowledge for your staff
- Reduce energy and risk exposure

DON'T TAKE OUR WORD FOR IT...

**ENERGY SOURCING TO
MANAGE HIGH PRICES**

Since 2015, Foresight has conducted over 2,000 energy procurement consultations across nearly every state. During this period, we helped our customers identify cost avoidance (and direct savings) of over \$5,000,000.

SAMPLE REPORT

CASE STUDY

Client Profile

23 location manufacturing company with facilities in 13 states. In 5 states, electricity and natural gas are deregulated. In 4 states, only natural gas is deregulated. In 1 state, only electricity is deregulated. In 3 states, both electricity and natural gas are fully regulated. In total, the annual energy spend in electricity and natural gas was \$14,000,000.

Before Foresight

Energy procurement decisions were made at the local facility level by a mix of facility, finance, and indirect purchasing staff. Some facilities located in deregulated markets had never explored procuring energy outside of their local utilities, some facilities had been on long term variable rate contracts with alternative energy suppliers, some facilities worked with energy brokers and others worked directly with suppliers.

All in all, there was **no strategic methodology across the portfolio of facilities**, even though some of the facilities were doing an excellent job of managing the spend for their building.

After Foresight

The energy procurement consultation identified a number of cost saving opportunities, operational excellence initiatives, and best practice disciplines.

Highlights of the report included:

- A clear roadmap to getting all energy procurement decision-making happening in conjunction with corporate wide annual budgeting cycles, saving time for internal purchasing department staff
- Opportunities for aggregating power purchases across multiple facilities
- Identified gaps in alignment as it related to risk tolerance and hedging
- Introduction to new suppliers with more competitive pricing (upwards of 10% savings in some regions)
- Introduction of renewable energy options when price competitive
- Recommendations on decision making process and flow to create more transparency
- Education sections focused on de-mystifying various terms and conditions in energy contracts

FREQUENTLY ASKED QUESTIONS

If I buy my natural gas or electricity from an alternative energy supplier, how does the power get to my building?

Your electricity and natural gas will still be delivered to your building by your current utility provider. No new pipes or electric lines need to be installed. What you are buying is the actual commodity itself. You will still pay your current utility for delivery.

If I leave my local utility for an alternative energy supplier, can I ever go back to the utility?

Different states have different rules and timeframes around this, but broadly the answer is yes.

Is Foresight Management an alternative energy supplier?

No.

Is Foresight Management an energy broker?

Energy brokers typically make their money by adding a commission on to the alternative energy supplier's contract price. We typically do not build our contracts this way because our clients would rather pay us a transparent fee as opposed to opaque commissions over multiple months and years. That being said, we will structure our contracts like an energy broker if that is what a client requests.

Is Foresight Management an energy consultant?

Energy consultants typically make their money by creating a fee structure around designing and executing RFP's and RFQ's for their clients. The majority of our clients engage with us in this manner. Despite having to pay the fee on the front end of an energy contract, our fees are often 20-80% less cost to our clients than broker commissions would be.

How many different alternative energy suppliers are there?

Dozens, depending on the state/region your facility is in.

Does it really matter which supplier I choose?

Absolutely. Alternative Energy Suppliers come in various shapes and sizes. On top of that, each supplier offers a variety of contract terms. Having knowledgeable experts work with your team to create a list of highly qualified and competitive suppliers across your portfolio of facilities will greatly save your team time and optimize outcomes.

Will I still get my utility bill from my local utility?

Sometimes. The less energy your company uses, the more likely you will only get bills from your existing utility providers, even though you are buying the commodity from elsewhere. The greater your usage, the more likely you are to have separate bills from the alternative energy suppliers.

What if I have issues with my electricity or natural gas in my building? Who do I call?

Your local utility who delivers your natural gas and/or electricity.

Do I have to commit to a certain length of contract with an alternative energy supplier?

No, you have a lot of choice as to how long your contracts are structured.

How long is a typical procurement contract?

Contracts typically range from 6 months up to 5 years. Renewable energy contracts through power purchase agreements can often be 10-25 years in length.

Do I have to lock into a particular price?

No. There are many different types of energy products. You can buy a variable product in which the price floats and follows the market. You can lock in or fix part of your energy load, or you can fix the price for the entire load. You will have the freedom to create a solution tailored to your business needs.

Is Renewable (green) energy cost effective?

It depends on how you define "cost effective". Purchasing renewable energy almost always comes with a premium price, but many times the premium is very small relative to the benefits our clients experience from buying it.



To learn more about how your business could benefit from an Energy Procurement Consultation, contact:

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