

Case Study:

Switching Back to the Utility Pays Dividends

OPPORTUNITY

When Pacific Gas & Electric (PG&E) offered a fixed price for electricity for three years, Fellon-McCord engaged several California manufacturers who qualified for this service. We analyzed the potential benefits of switching from the open market back to the utility. The concept of switching back to the utility for power supply seemed inconsistent with the perception that “market rates are always lower than utility supply.”

SOLUTION

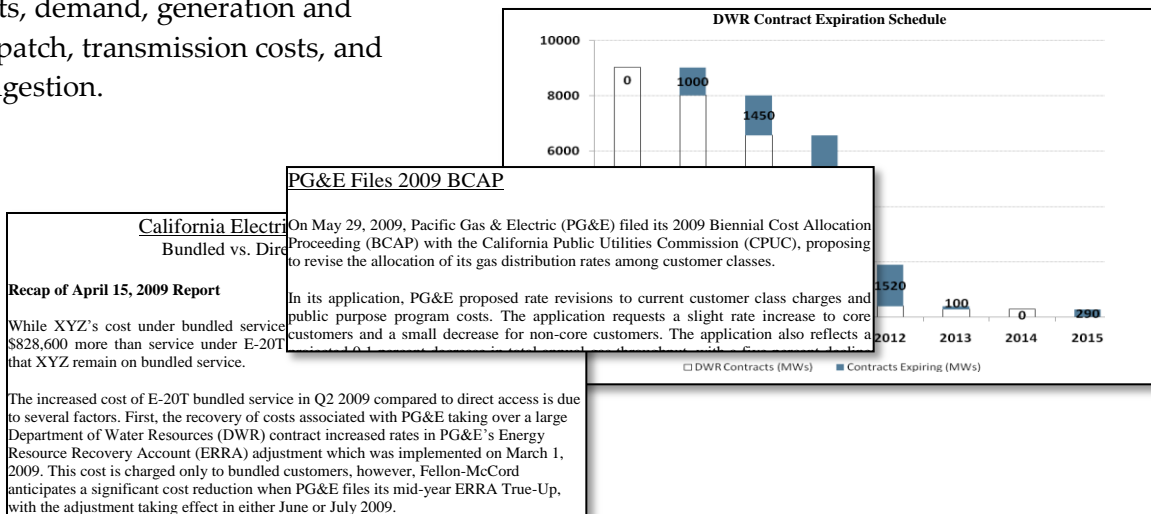
Fellon-McCord analyzed the forward price curve for electricity supply in Northern California, taking into account the major variables affecting prices such as fossil fuel costs, demand, generation and dispatch, transmission costs, and congestion.

RESULTS

A thorough understanding of PG&E’s fixed price offer versus the potential future prices that could be obtained in the open market led Fellon-McCord to advise several customers to switch to PG&E saving tens of millions of dollars during the past three years.

CONCLUSION

Proactive monitoring and evaluation of all factors that influence the energy markets allow clients to take advantage of opportunities and manage challenges when they arise. A deep understanding of the issues enables us to help clients make timely, informed decisions.



Fellon-McCord is a global energy and sustainability management firm headquartered in Louisville, Kentucky. To learn more, please visit our website at www.fellonmccord.com.