

Case Study: Tariff Review Identifies Savings through Third-Party Supply

OPPORTUNITY

During a tariff review for a multi-national aluminum client that provides aluminum



extrusion, fabrication and custom finishing services, Fellon-McCord

determined the company would benefit from being on third-party supply versus the then-current utility tariff rate. Once we identified the appropriate supply structure, we realized there was an opportunity to move the company's natural gas procurement away from its current utility to a third-party supplier.

SOLUTION

Fellon-McCord's energy sourcing team reviewed 12 months of historical utility invoices and analyzed usage to identify the company's load profile. We then consulted with the utility to determine the client's ability to switch rates, which confirmed our assumption that there was an opportunity for third-party supply.

We recommended to the client that they issue an RFP to evaluate third-party supply options. As part of our responsibilities during the RFP process, Fellon-McCord:

1. Reviewed the credit requirements of potential suppliers,

2. Compared bid prices and supplier reliability of three different counterparties,
3. Presented our sourcing recommendation to the client,
4. Facilitated the client's switch to the third-party supplier they selected, and
5. Tracked year-over-year savings.

RESULT

Our recommendation to the client that they move off of tariff-rate gas and put their natural gas supply requirements out for competitive bid resulted in annual savings in excess of \$1 million. The savings were a result of Fellon-McCord's direct negotiation with the supplier community, the client's current utility, as well as our market knowledge and final procurement recommendation, which was based on the client's energy needs.

CONCLUSION

Fellon-McCord's expertise in natural gas markets enabled us to recommend a course of action that led to significant savings. Using our experience in negotiating with numerous third-party suppliers and executing these transactions, the client received pricing at a much more competitive rate than if the client had remained with the utility.

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.