

Case Study

Cooperative Aggregation

OFMS ADVISORY SERVICES: Electric Aggregation, Natural Gas, Energy Efficiency Solutions

Background

A thousand (1000) member Cooperative (the “Cooperative”) responsible for providing cost savings services to members wanted to expand its offerings to energy by developing an energy program. The Cooperative included hundreds of electric and natural gas accounts of various sizes located across several different utility service territories.

The CEO knew an energy plan of this size would require a specific skill set, including, but not limited to (1) in-depth knowledge of energy markets, (2) knowledge of pricing methodologies underlying various energy solutions, (3) electric and natural gas pricing and contract negotiation experience among a large number of energy suppliers, (4) portfolio management experience, and (5) experience developing specific solutions given certain market conditions.

Lacking the resources and experience to develop and manage its own energy program, the Cooperative reached out to Optimal Facility Management Solutions, LLC (“OFMS”).

Customized Energy Aggregation Program

An OFMS energy manager met with the founding members of the Cooperative to understand their energy needs. After listening to each member discuss their experience with managing energy costs, the OFMS energy manager explained how different energy markets operate and the opportunities for cost savings and price protection.

After (1) a detailed portfolio analysis of the electric and natural gas accounts and tariff rates of each member, (2) analyzing historical/current/forward energy and economic factors that affect the pricing components of the supply rate, and (3) assessing the risk tolerance level of the Cooperative, OFMS developed customized electric and natural gas programs. The energy solutions for each program maximize energy savings while minimizing market risk over time.

OFMS developed a centralized energy platform for the Cooperative. The energy platform is accessible via the OFMS Online Utility Manager, allowing the Cooperative to manage all the members’ electric and natural gas accounts in one central location. Other benefits of the Cooperative Aggregation Program include, but are not limited to:

- Budget certainty and price stability
- Economies of scale through the group purchasing consortium
- Ability to customize energy solutions for individual members
- Customized performance reporting comparing actual to forecasted costs
- Bill auditing
- Dedicated energy portfolio manager

Through this unique program, the Cooperative is helping its members realize lower electric and natural gas bills, without experiencing any change to the quality and reliability of their service. The Cooperative is expected to receive approximately \$13,000,000 in electric generation savings. Members received a low fixed rate, which is an estimated 23% savings off ComEd’s current utility supply rate.

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