CASE STUDY

Energy Supply Advisory Team Saves Client $800K Annually

EDISON energy® DRIVEN BY DELTA

SCOPE

In order to supply gas for a specific facility located in the East Central United States, the client owned pipeline capacity on two major pipelines, one coming from the Gulf and one in the area of this facility. Although this solution met the client's objective of having a consistent, reliable supply, it subjected them to hurricane supply disruptions, higher commodity costs, fixed pipeline demand fees and significant variable costs largely due to elevated fuel rates each year, in addition to the contract terms to hold the pipeline capacity.

When the time came to renew the contract for one of the capacity agreements, our team revisited the current supply strategy and questioned whether it was the most affordable option available for the client. After attempting to negotiate with the pipeline for a rate reduction and not being able to reach revised terms that would result in meaningful savings, we went back to the drawing board.

We looked at other supply options that were available to serve the area. Based on this facility's location, we suspected there might be more affordable gas available in the Appalachian Region that would require lower transportation costs than gas from the Gulf. We knew security of supply was imperative to the client and that we would need to locate a supplier with a strong presence in the area that had the resources to deliver reliable supply on a consistent basis.

Based on the strength of our relationships with suppliers and producers in the industry, as well as our expert knowledge of the natural gas pipeline system, we were able to identify a supplier we knew to be reliable and capable of meeting the client's needs. We worked with them to develop a strategy to supply the plant utilizing Appalachian supply. The strategy included identifying the primary supply path that would bring in gas via the supplier's capacity.

PROJECT RESULTS & KEY METRICS:

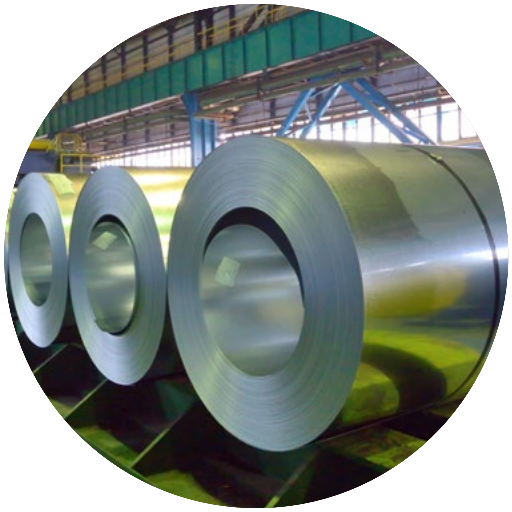
Savings:	$800,000 per year since implementation of contract

CLIENT
World leading metals manufacturer

MARKET
Industrial

› Metals

OFFERING
Commodity Advisory & Procurement



Since the facility was not directly in the path of the supplier's pipeline capacity, there was a chance of interruption, which was not an option for the client. Therefore, our team negotiated with the supplier to include a second and third supply path utilizing the client's pipeline capacity and long-haul Gulf pipeline capacity to ensure that supply to the plant would not be interrupted. Since the client was able to release some of their contracted pipeline capacity and use the supplier's capacity, each of the options was less expensive than their current situation. In addition, through an Asset Management Supply deal negotiated with the supplier, the client was able to recoup some of the fixed demand fees associated with the pipeline capacity that they own.

CUSTOMER VALUE

The client has been following the new process since 2008 with no supply interruptions, which was their primary objective. In addition, **they have realized savings of $800,000 each year since Edison Energy developed and implemented the improved supply plan**.

Edison Energy is an independent energy advisory and solutions integration company with the capabilities to develop and implement a broad portfolio of energy services for commercial, industrial and institutional organizations. We help customers reduce their energy costs, improve the environmental performance of their operations, ensure energy resiliency and manage exposure to energy price risk.