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## Buying Energy in an Open Market

Chamber of Commerce

Energy Purchasing Cooperative



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## 2008 Wild Ride 2009 Stable to Date

- July 3, 2008**
  - Highest prices for all energy resources in six years
  - Oil \$147.00 per barrel
- December 22, 2008**
  - Lowest prices in four years
  - Oil \$42.00 per barrel
- February 26, 2010**
  - Short-term prices lowest in five years
  - Prices are returning to 2007 levels
  - **Prices for summer 2010 & 2011 higher than 2007 summer by 15%**





## Timeline - Electricity

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- Electricity rates shifted from a **fixed price basis** to **market based rates**:
  - Law Passed July 2002
  - Fixed Price or Capped Rates 4 years
  - **Market Based Rates** Jan. 2007
  - **Next Transition Period** May 2010



## Spring Campaign Elements

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- Renewals for Members with Electricity Contracts Ending:
  - Group 1 – June 2010
  - Group 3 – July 2010
  - *(Group 2 – Indexed to July 2011) Not Included*
- New Electricity Members
- Natural Gas to Renewal and New Members





## **Results to date**

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- Group 1 – 25.9%
- Group 2 – 19.3%
- Group 3 – 8.9%
- Group 4 – 12% (based on predictions)



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## **Co-op Application Fees**

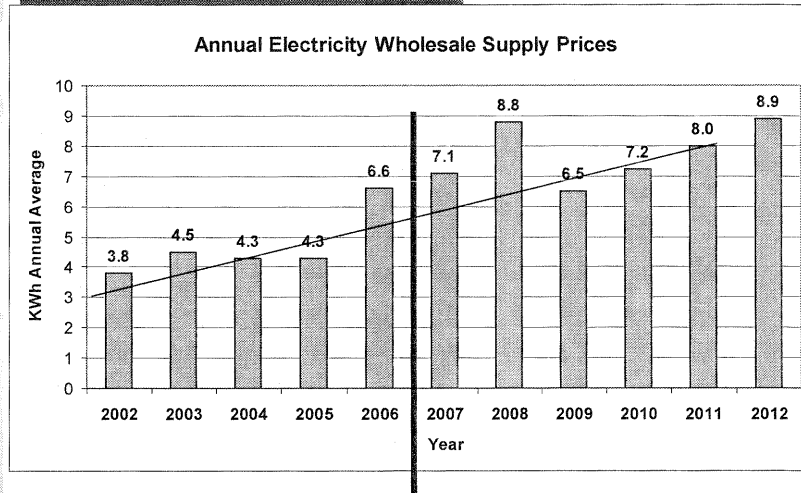
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- Renewal Electricity Account  
Members: \$150 per location
  
- New Electricity Account Members:  
\$300 per location
  
- New Natural Gas Account  
Members: \$200 per location



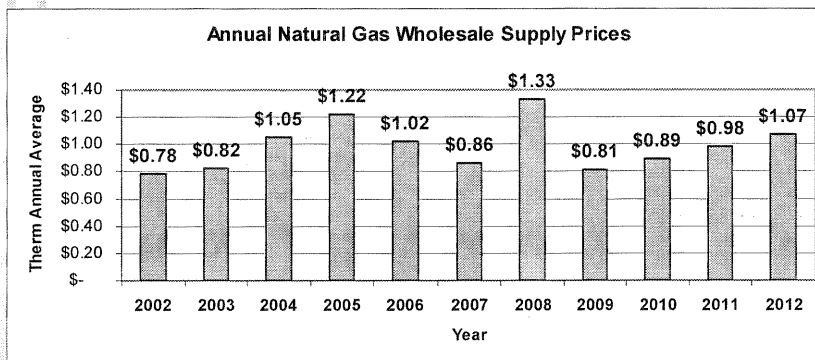
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## Wholesale Electricity Price



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## Natural Gas Wholesale Price



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## Keys To Managing Energy

- Plan
- People
- Performance
- Projects
- Procurement**

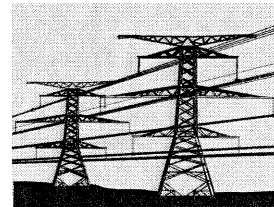


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## Electricity Delivery & Distribution

- Pipes & Wires Services - ***Regulated***
- Electricity Distribution Company (EDC)
  - Ameren
  - ComEd
  - Municipal Utilities

Not included



- You will continue to have a relationship with Ameren or ComEd as the distribution service provider

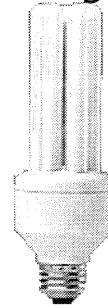


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## Electricity Supply Services

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- Generated Energy or Power - **Deregulated**
- Qualified Suppliers – Providing Service
  - Ameren Energy Marketing
  - Constellation New Energy
  - Direct Energy Services
  - Mid America Energy
  - Integrys Energy Services



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## Electricity Ameren Rate Classifications

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**DS 1** – Residential (Not in Cooperative Program)

- DS 2 – Small Commercial**
- DS 3 – Mid-sized Commercial**
- DS 4 – Large Accounts over 3 Megawatts load**

**DS 5** – Outdoor Lighting (No price option at this time)

- Accounts that use the majority of the energy off peak needs to let us know when submitting an application.



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# Electricity Prior to January 2007

	6.7 cents per kWh	
Generation -- Supply	4.7 cents per kWh	Ameren
Delivery Services	2.0 cents per kWh	Ameren



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# Electricity Default Rate - DS 2 - 2006

	9.45 cents per kWh	
Generation -- Supply	7.45 cents per kWh	Default Rate or New Supplier
Delivery Services	2.0 cents per kWh	Ameren



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## Current Co-op Prices

- Group 1 – 36 Months – 6.89 cents per kWh – Direct Energy
- Group 2 – Indexed – Direct Energy
  - Sept. 2010 – 6.89 cents per kWh
  - Average to date – 7.14 (goal 7.5)
- Group 3 – 24 months – 8.29 cents per kWh – Ameren Energy Marketing
- Group 4 – 36 month – 6.40 cents per kWh – Direct Energy



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## Electricity: Group 1 – 36 Months – 6.89 cents per kWh – Direct Energy

	8.89 cents per kWh	
Generation -- Supply	6.89 cents per kWh	Default Rate or New Supplier
Delivery Services	2.0 cents per kWh	Ameren



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## 2010 Electricity Default Rate - DS 2

	11.467 cents per kWh	
Generation -- Supply	9.467 cents per kWh	Default Rate or New Supplier
Delivery Services	2.0 cents per kWh	Ameren



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## Natural Gas Delivery & Distribution

- Regulated**
- Natural Gas Distribution Company
  - Ameren IP, CILCO, CIPS
  - Peoples Gas
  - Nicor
  - North Shore Gas
  - Mid America
  - Atmos
- You will continue to have a relationship with your distribution service provider



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## Natural Gas Supply Services

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- Deregulated**
- Qualified Suppliers – Providing Service
  - Dominion Retail – Prairie State
  - MX Energy
  - Prairie Point Energy
  - Spark Energy Service
  - Mid America
  - Direct Energy
  - Integrys Energy Services



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## Natural Gas Default Service Rates

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- "Default Service" for an account that does not select a supplier
- Pass-thru market rates monthly**
- Historic rate review should be used to establish a "**upset price**" for evaluation of price offers from suppliers for all accounts
- Look at February 2009 bill for price to compare.**
- 2010 is not comparable – lowest rate in five years**
- 2010 – 2011 Winter Rates projected to be \$0.89 per therm**



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## Natural Gas Enrollment Rules

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- Application includes usage request form
- Form sent to Ameren to verify load and transport supply service
- Load is used to validate service to provide offer to members
- Loads less than 25,000 therms per year could be rejected from enrollment by Ameren rules – This is the law
  - Application Fee will be refunded directly from CQI Associates
- When load is verified and service approved price offer will be presented – July 2010
- Service will start on the October/November meter read date for Winter 2010-2011



## Purchasing Options

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- Negotiate with one or more supplier
- Join a procurement group
- Form a procurement group





## **Decisions and Directions**

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Remain with AMEREN and budget for an increase

Or

Select a licensed supplier and contract to receive the best price possible

- Manage the Price Increase
- Long-term Budget Stability



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## **Advantages of Joining the Chamber Cooperative**

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- Member Education and Program Focus on an Issue of Local, State and National Concern
- Increased Purchasing Power
- Receive a competitive price
- Share in the costs to prepare a bid
- Share technical support and expertise
- Eliminate the need for the individual to go through the process alone
- Be proactive
- Value added service to members



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## Coop Application Process

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- Application based on a members location
- Fee for each location
  - \$300.00 Electricity NEW
  - \$150.00 Electricity RENEWAL
  - \$200.00 Natural Gas NEW
- Location can have multiple accounts
- Complete the Application Packet
- Provide a copy of the latest bill for each account included on the application
- Send TWO copies of the application and all attachments**
- Remain in the Coop through the end of the Request for Proposal Process
- Required to complete a credit authorization with each of the potential supplier**
- May be required to submit additional financial information in order to receive approval.**



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## Credit Approvals

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- Have tighten up
- We will have members rejected:**
  - Dun and Bradstreet Review
  - Equifax Review
  - Payment History to Ameren Review
  - Deposit to Ameren Review
- Members May Be Asked For Further Information
- Application fee is not refundable



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## Your Responsibilities –

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- Agree to make a decision on acceptance of the final price offer **on the day prices are offered**
- "Accept or Reject" the final offer - it is your option
- Each Member Location Owner will contract directly with the new supplier for each account**
- If a you reject the offer you will return or remain with the EDC – Application Fee in non-refundable
- Refusal to submit additional financials to supplier will result in requiring a deposit or denial.



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## Lessons Learned – Role of Members

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- Members should not make any changes without notifying Supplier, Chamber & CQI - 45 days in advance
- If Ameren assigns a new account number this requires immediate notification
- If the bill changes to another supplier or back to Ameren this requires immediate notification
- If the member receives a letter from Ameren
- Billing for all services is switched to the supplier – Members find this confusing**



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## Price Offer - Bid Day Process

- Email Alert Week Before
- Confirmation Email Wednesday with Price Offer
- Contracts will be sent by the Supplier by Email overnight on Wednesday
- Thursday by noon - are all Contracts Received
- Chamber & CQI can send contract again and fax if requested
- We need to hear back from you on bid day by noon if you are having any problems
- Email questions to CQI
- Must accept or reject on day contracts are offered**
- Check address and account numbers
- Sign and fax back to Supplier
- Offer open until 4:00 pm
  
- Contracts start on each accounts METER READ DATE**



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## Next Steps

- Join the Cooperative**
  - Step One:
    - Fill Out the Application Form/Authorization Form,
  - Step Two:
    - Compile a List of Account Numbers at this Location - Enter data on the ATTACHMENT A - Worksheet,
  - Step Three:
    - Submit a copy of the most recent utility bill for each account shown on ATTACHMENT A, Step Two (Required)
  - Step Four:
    - Submit Payment and return all pages and copies of your bills to the Chamber
- Deadline: March 26<sup>th</sup> 2010 noon**



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## Key Dates

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- Applications to Chamber March 26, 2010 by Noon**
- Contract Offer Dates**
  - Target - April 27 to 29, 2010
  - No later than May 6, 2010
- Electricity Contract Transition Dates**
  - June 2010 Meter Read - Direct Contract
  - July 2010 Meter Read - Ameren Energy Contract
  - June 2010 Meter Read - New Accounts
- Natural Gas Contract Transition Dates**
  - Contract offer July 2010
  - Enrollment Verification by July 2010
  - Service will Start November 2010



## Calls & Emails to CQI

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- Email [brian@cqiassociates.com](mailto:brian@cqiassociates.com)
- Calls to 800-410-0667  
use access code 05
- Or 410-740-0667
- Fax any bills in question to 217-330-7952

