Growing Company Needs Budget Certainty and Flexibility

Background

A franchisee of one of New England's largest breakfast chains came to CBIA Energy Connections with plans for rapid expansion in Connecticut.

Challenge

This CBIA member company was seeking to lock in a fixed price contract for long-term budget certainty in the midst of a rapidly escalating marketplace, but the company's growth plans called for the acquisition of several new stores over a two-year period, nearly doubling their energy footprint. While many of the client's existing electricity accounts bought electricity supply from local utilities, several of the new locations that the company was in process of acquiring were already under third-party agreements with multiple suppliers and various contract end dates.

Solution

Together with the member company's chief financial officer, CBIA Energy Connections put together a schedule to be incorporated into a competitive supply request for proposal (RFP) containing multiple start dates for the 32 current and planned accounts. The RFP also called for additional flexibility via a provision to accommodate for unforeseen changes including the addition of new locations not yet identified, supporting the company's longer-term growth vision.

This RFP was put out to six competitive suppliers and based on the results, the member selected the longest term available with a supplier who had both the lowest price and most flexible contract to accommodate the member's expansion plans.

Results

With this new flexible contract in place, the client was able to add ten new stores and eliminate two accounts which were closed, all while maintaining the same fixed contract supply rate and avoiding any early termination penalties. This was done at a time when both the competitive marketplace and local utilities saw an unprecedented rise in costs based upon the explosion of natural gas prices, a primary driver in electricity rates. As such, this customer was able to realize a **savings of over $200,000** vs. the two-year average utility price.

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