

# PRESENTATION TO ILLINOIS CHAPTER OF ASHRAE – HIGH PERFORMANCE SCHOOLS



Managing Escalating Electric and Natural Gas  
Prices Through Deregulation

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# TABLE OF CONTENTS – ASHRAE

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SECTION 1 WHAT IS DEREGULATION?

SECTION II TARGET AREAS OF ENERGY SAVINGS

Billing and Rate Review

Supply Management

Price Management/Advisement

SECTION III NATURAL GAS CASE STUDY

SECTION IV ELECTRIC CASE STUDY

SECTION V ABOUT THE PRESENTER

# WHAT IS DEREGULATION?

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- ❑ Voluntary Program
- ❑ Opportunity to Choose Natural Gas and/or Electric Supplier
  - Risk Tolerance
  - Utility Tariffs
  - Annual Expenditure Per Account
- ❑ Informative Websites
  - [www.icc.illinois.gov](http://www.icc.illinois.gov)
  - [www.exeloncorp.com](http://www.exeloncorp.com)
  - [www.nicor.com](http://www.nicor.com)
  - [www.peoplesenergy.com](http://www.peoplesenergy.com)



# TARGET AREAS OF ENERGY SAVINGS

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- Billing and Rate Review
- Supply Management
- Price Management/Advisement



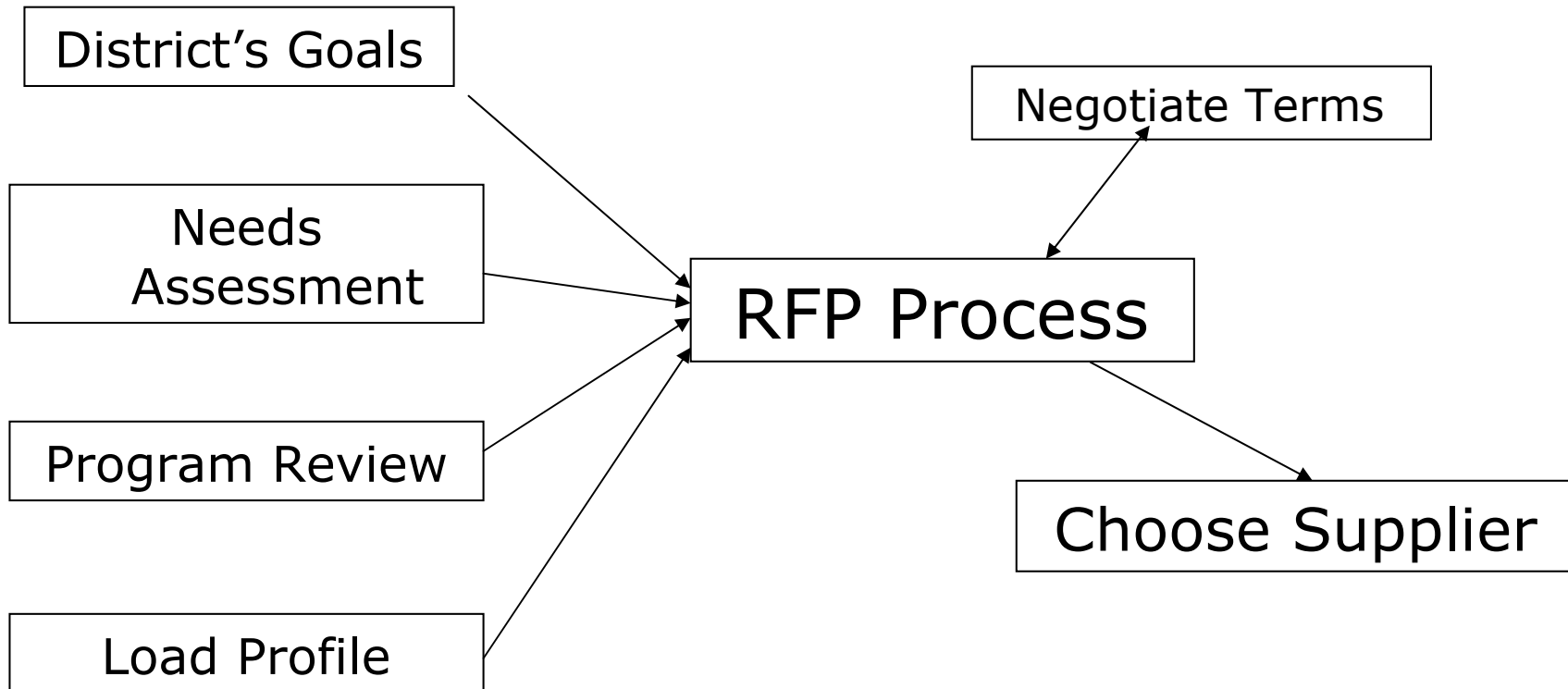
# BILLING AND RATE REVIEW

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- ❑ Identify Needs and Goals of District
- ❑ Review Alternate Utility Tariffs
- ❑ Review Existing Supplier Contracts
- ❑ Analyze the Past Two - Three Years of Utility Bills
- ❑ Identify Billing Errors from Suppliers and Utility
- ❑ Help Obtain Billing Credits or Checks

# SUPPLY MANAGEMENT

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# PRICE MANAGEMENT/ADVISEMENT

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- ❑ Index Pricing – Set on NGI or Gas Daily Periodicals
- ❑ Fixed Pricing – Set on NYMEX, Basis, Supplier Margin
- ❑ Capped Pricing – Set on Capped Price vs. Market, NYMEX, Basis, Supplier Margin
- ❑ Hybrid Pricing – Hybrid of Index, Fixed, and/or Capped Pricing

# NATURAL GAS CASE STUDY – District A

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- District A Facts

- K-8 District

- Five Buildings

- Four Schools

- One Maintenance Building

- Annual Natural Gas Expense = \$300,000

# NATURAL GAS CASE STUDY – District A

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- Billing and Rate Review
  - School 1: Change Rate/Rider
    - Save \$5,100/year
  - School 1–4: Over-billing from Supplier
    - Save \$520
  - School 1-4: Exemption from Il. Use Tax
    - Save \$8,000/year
  - Maintenance Building: Return to General Service
    - Save \$100/year

# NATURAL GAS CASE STUDY – District A

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- Supply Management
  - Run RFP and Change Suppliers
    - Save \$2,300/year
  - Normalize Contractual Load Profile
    - Save \$500/year
  - Intangible Benefits
    - Align Needs with Best Supplier
    - Extend Payment Terms by 15 Days
    - Pool Volumes of Four Schools

# NATURAL GAS CASE STUDY – District A

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- Price Management/Advisement
  - Fixed Price for three months
    - Save\$2,900
  - Intangible Benefits
    - Purchase Larger Volumes for Savings
    - Improve Purchase Options to Reduce Risk

# Electric Case Study – District B

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- District B Facts
  - K-8 District
  - Four Schools
- Annual Electric Expense = \$325,000

# Electric Case Study – District B

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- Electric Supply Management
  - Run RFP and Change Suppliers
    - School 1: Save \$14,000
    - School 2: Save 5,000
    - School 3: No Savings Opportunity
    - School 4: No Savings Opportunity

# About the Presenter

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Tim O'Shaughnessy

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- ❑ Started Energy Consulting Business in April 2003
- ❑ Worked in Energy Industry since 1990
- ❑ Worked as Director for Coral Site Advantage, Division of Shell from 2000 – 2003
- ❑ Managed Natural Gas Pools at American Energy Management and Penn Union
- ❑ Has a B.S. in Finance from Illinois State University