Energy Savings from Reverse Auctions

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President & Managing Partner
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Agenda

• Introductions
• Wagner College’s Energy Supply Strategy
• What Is A Reverse Auction And How Does It Work?
• Wagner’s Energy Reverse Auction Experience
• Looking Ahead...
• E&I Energy Partnership
Christian Miller
Director of Campus Operations, Wagner College

Christian Miller, CFM is a 33-year Facility Management Professional currently serving as Director of Campus Operations for Wagner College on Staten Island, NY. Previously, Mr. Wagner was Vice President of Maintenance for the Brooklyn Navy Yard and the Director of Property Management for the YMCA of Greater New York where he lead the construction of the first new YMCA in Manhattan in over 75 years.

Gregg C. Shively
President & Managing Partner, PRX Energy

Gregg Shively is a 25-year energy veteran that has held prior management and executive positions with Stat Oil Energy Marketing, Pace Global Energy Services and Siemens Building Technologies. PRX Energy works with institutions to minimize energy cost and market risk and improve performance against sustainability goals including participation in renewable energy, demand response and energy efficiency.
Wagner College Overview

• Founded in 1883 and relocated to Staten Island in 1918
• Wagner is a private liberal arts school in New York City with a beautiful 105-acre campus containing 23 buildings with approximately 9,000,000 square feet of facilities.
• Recognized by the New York Times, Forbes 2017 America’s Top Colleges
• Included in Princeton Reviews 382 Top Colleges
PRX Energy Overview

• Reducing and managing energy costs for Private Colleges and Universities
• 25-years of energy market experience
• Regional offices in PA, NC, NY and VA
• Services include:
  • Energy strategy and procurement
  • Market advisory and budget management
  • Renewable energy
  • Reverse Auctions
  • Energy efficiency
• Providing comprehensive energy portfolio management
• Managing energy aggregations to maximize competition
Wagner College Energy Supply Strategy

- Energy costs average approximately $2 million annually
  - 50% distribution
  - 50% supply
- Wagner receives distribution service from:
  - Electricity – ConEd
  - Natural Gas – National Grid
- Electricity and natural gas supply is purchased competitively at fixed prices for budget certainty
- PRX Energy provides advisory and transaction support
  - PRX Energy looks at future market trends and recommends opportune times to purchase future energy requirements
  - Competitive suppliers provide fixed-price quotes using the Procurex reverse auction technology.
What is a Reverse Auction?

• COMPETITIVE - A reverse auction allows suppliers to actively lower prices to win a contract.

• APPLICABLE – Energy is a commodity that is largely differentiated by price

• FAIR – All suppliers receive the same information and are given equal opportunity to reduce price and win

• SECURE - Reverse auctions are conducted on a secure web portal (Procurex) accessible via a web browser and login.

• EFFICIENT – the procurement process with reverse auction take less time than a traditional RFP

• EFFECTIVE – Reverse Auctions save money! Suppliers prefer not to use them for a reason...
Wagner’s Reverse Auction Experience

• Wagner chose PRX Energy for its Reverse Auction for the following reasons:
  • Experience
  • Technology
  • Service
  • E&I Partner

• PRX Energy presented a compelling strategy blending market advisory and reverse auction technology to reduce and control Wagner’s energy budget.

• Internal approvals were obtained to adopt reverse auction procurement of energy

• PRX Energy is paid by the winning supplier eliminating the need for additional budget approval

• PRX Energy advised Wagner on the energy products available and made recommendations based on Wagner’s usage history and fiscal requirements
Wagner’s Reverse Auction Experience

- Wagner provided PRX Energy a list of active utility accounts for both electricity and natural gas
- PRX Energy estimated savings of more than $75,000 given current market prices
- PRX Energy provided a list of competitive suppliers and a summary of their contract terms, performance record and regional presence
- PRX Energy prepared the reverse auction website and posted account details, product specs and bidding instructions for supplier access
- Procurex operational staff ensured all supplier accounts were active and offered supplier training where needed
- PRX Energy answered supplier questions prior to the reverse auction
- Procurex and PRX Energy monitored live bidding and managed supplier needs
Wagner’s Reverse Auction Experience

Getting Started

Bidding

Results

Contract

Natural Gas Reverse Auction Bidding Results

Opening Bids to Access Price Feedback

Market-Based Price Quotes

Aggressive Price Competition

Indicative Renewal Price

First 10 minutes
Next 5 minutes
Last 5+ minutes

Bid #

Supplier #1
Supplier #2
Supplier #3
Supplier #4
Supplier #5
Supplier #6
Wagner’s Reverse Auction Experience

Getting Started

Bidding

Results

Contract

Electricity Reverse Auction Bidding Results

Indicative Renewal Price

Bid #

$/kWh

Supplier #1
Supplier #2
Supplier #3
Supplier #4
Supplier #5
Supplier #6
Supplier #7
Supplier #8
Supplier #9
Wagner’s Reverse Auction Experience

- PRX Energy reviewed winning bidders compliance with bid specs and contract terms
- PRX recommended supplier award and provided supporting savings calculations
- Total savings to prior electricity and natural gas contract prices was over $100,000 per year!
- Savings were consistent with pre-approved estimates and contract approval was obtained quickly
- Wagner signed the contract prior to close of trading to hold pricing
- PRX Energy facilitated supplier transition:
  - Obtained countersigned contracts
  - Notified prior supplier of termination and switching requirements
  - Submitted tax exemption forms
  - Established invoicing protocols with new supplier
  - Monitored switching process and accuracy of initial invoices
Looking Ahead...

- Wagner and PRX Energy are monitoring market conditions to identify additional savings opportunities.
- PRX Energy provides market updates as needed to inform Wagner of market movements and budget impacts.
- PRX Energy is evaluating additional cost savings opportunities:
  - On-site generation
  - Renewable energy
- Wagner reports changes to campus requirements including:
  - Energy efficiency (usage reduction)
  - Campus growth (usage increase)
E&I Membership Benefits

- **Procurex (and PRX Energy) has been an E&I vendor since 2012**
- E&I is comprised of **over 4,400 members** primarily in the higher education sector
- E&I offers **more than 110 contracts** 92% of which are competitively awarded with industry leading suppliers
- Members projected to purchase **nearly $3 billion in goods and services** annually through E&I cooperative contracts

**Select E&I Member Energy Reverse Auctions**

- **Rensselaer**
  - Electricity reverse auctions since 2012
  - Savings over $300,000

- **Ivy Tech Community College**
  - 6 College Consortium
  - Natural Gas reverse auctions since 2014
  - Savings over $500,000

- **The College of Saint Rose**
  - Natural Gas reverse auctions since 2015
  - Savings over $150,000
Other Successful Reverse Auction Applications

• E&I members are also saving substantial dollars by applying reverse auctions to other spend categories

Common Reverse Auction Categories

- **vehicles** 11%
- **office supplies** 20%
- **janitorial supplies** 14%
- **software licenses** 10%
- **PROCUREX AVERAGE SAVINGS** 18%
- **Waste Hauling** 25%
- **guard services** 12%
- **electricity** 10%
- **natural gas** 11%

- **supercomputers**
  - **PURDUE UNIVERSITY** $1.5M
  - **$1.3M**
  - **$200k**
  - went from $1.5M to $1.3M, saving $200k

- **microsoft surface pros**
  - **CAL STATE northridge**
  - **SAVED $180k per year of the contract**

- **security services**
  - **San Diego State UNIVERSITY**
  - **$1M saved on a 3-year contract**

- **managed print services**
  - **NYU**
  - **$250k savings per year of the contract**

- **waste hauling**
  - **BAYLOR University**
  - **$30k saved per year**

- **software licenses**
  - **YALE UNIVERSITY**
  - **30% saved on budget**
Thank you and please feel free to contact us with any questions as you consider the application of reverse auctions to your energy purchases.