

Online auctions force energy suppliers to bid against each other in real time, driving down the winning price.



Commercial Forged Products

Case Study

Commercial Forged Products Turns to Transparent Energy, Online Auctions for Energy Price Relief



Commercial Forged Products

ONLINE AUCTIONS FOR ENERGY PRICE RELIEF

As a major manufacturer of technically advanced forgings, Chicago-area-based Commercial Forged Products (CFP), a division of Wozniak Industries, is familiar with energy being a major operational expense. But when the company's General Manager Mark Derry noticed an unexpected spike in his energy costs, he consulted a trusted ally – Jim Warren, President & CEO of the Forging Industry Association (FIA).

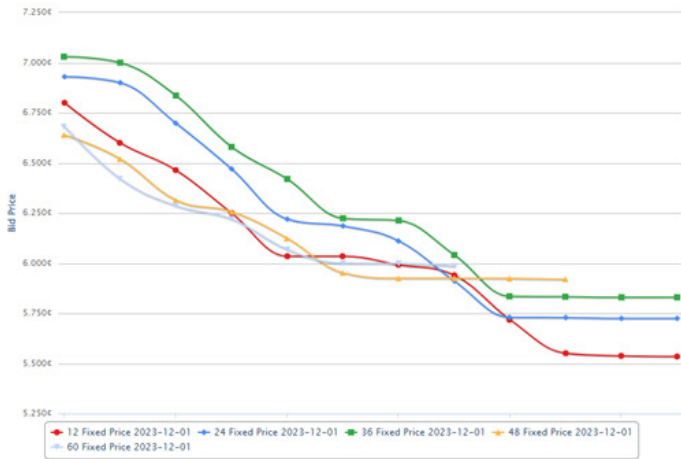
Jim had seen issues like this before and connected Mark with Transparent Energy, an FIA partner that has successfully helped other FIA members navigate energy-market complexities and secure energy contracts that reduced risk and supported their bottom lines.

While Mark suspected that CFP's electricity contract had expired, causing his company to be returned to a more expensive "utility rate," further digging by Transparent Energy found that CFP was in fact still with its original energy supplier. The contract had in fact run out, but the jump in cost had occurred because CFP had been switched automatically onto the supplier's more expensive "holdover rate."

Working quickly, Transparent Energy worked with CFP to develop and market an RFP for a new electricity contract that would get the forger out of this expensive energy purgatory. The two also used the occasion to get proactive with CFP's natural gas contracts, issuing an RFP for them as well.

ONLINE AUCTIONS DRIVE DOWN ENERGY PRICES

Combined, the RFPs attracted 15 suppliers in all – eight for CFP’s electricity contract, seven for natural gas. With a full competitive field ready to bid to win CFP’s energy business, Transparent Energy ran a set of auctions that put CFP back in control of its energy costs and resulted in **six-figure savings**.



Best Bids					
	12 Month	24 Month	36 Month	48 Month	60 Month
Best Bid	5.535c	5.725c	5.830c	5.920c	5.985c
Supplier	Supplier H	Supplier H	Supplier H	Supplier H	Supplier H

Current Bids					
Supplier	12 Month	24 Month	36 Month	48 Month	60 Month
Supplier A	6.464c	6.698c	6.836c		
Supplier B	6.250c	6.470c	6.580c	6.640c	6.680c
Supplier C	6.600c	6.900c	7.000c		
Supplier D	5.538c	5.729c	5.833c	5.952c	6.068c
Supplier E	5.718c	5.911c	6.041c	6.124c	6.220c
Supplier F	5.940c	6.220c	6.420c	6.520c	
Supplier G	5.551c	5.730c	5.835c	5.924c	5.999c
Supplier H	5.535c	5.725c	5.830c	5.920c	5.985c

Over the course of the electricity and natural gas auctions, 15 suppliers placed a total of **190 bids** across five different term lengths – 12-month, 24-month, 36-month, 48-months, and 60-months. CFP selected the winning bids for fixed-price, 48-month electricity and natural gas contracts, netting a **total savings of more than \$650,000** over the four-year terms.

“I love Transparent Energy’s auction process: it is a great way to buy energy,” said Mark Derry, General Manager at Commercial Forged Products, a division of Wozniak Industries. “The auctions empower the buyer, transforming what is typically an opaque pricing process into one that is entirely visible to the buyer. With Transparent Energy, we got to see every bid by every supplier in real time as they aggressively countered each other, lowering their prices bid by bid to win our business. I can’t recommend buying energy this way highly enough, and appreciate Transparent Energy for their efforts on our behalf and Jim Warren and the FIA for recommending them and connecting us.”

Added Jim Warren, President & CEO, Forging Industry Association, “At FIA we are focused on delivering value to our forging association members, partnering with experts in other fields as we can to maximize member benefit. Transparent Energy is our partner in energy procurement for a reason: they are extremely knowledgeable about energy markets and highly skilled in extracting the best prices from them. Their success with Commercial Forged Products is the latest in a series of beneficial engagements on behalf of FIA members. These successes not only help the bottom line of forging members and reduce energy budget risk, they also provide a major contribution to FIA scholarship funds, with Transparent Energy donating 15% of its fees.

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