

Summary of Findings –Company Z

Date: 18th March 2015 - Electricity

SmartPower reviewed the electricity configuration for Company Z for the upcoming year 2015.

This report makes recommendations for optimising the energy budget spend.

Findings:

1. Last year the highest MIC level used was 483 kVA. Currently the MIC capacity level charge is set at 560. We recommend this is reduced to 526 kVA. This keeps the MIC level inside the correct (lower) charge window and lowers the cost by about €1500 per year made up of €1162 PSO Levy reduction and ESB Networks (DUoS) Charge reduction of €360.
2. An analysis of the bills suggested that some €112,000 was spent on electricity last year on a Supplier 1 STOD tariff. These rates usually carry high premiums and a pass through rate is generally better value. Using the calculation outlined below and assuming the energy usage over the next year stays constant switching to a pass through tariff (such as those available via the SmartPower procurement group) would save Company Z an estimated €12758 over the next year.
Note the calculations take into account that the PSO tax levy increased from 1.84 to 2.85 which will increase the bills going forward by approx. €734 a month (€8803 annual). As a result, if Company Z stay on the same Supplier 1 tariff for the coming year with the same electricity usage we estimate the annual bill will increase to €120780.
3. We recommend that Company Z join the SmartPower procurement group in order to ensure it gets the most competitive price in the market going forward. SmartPower procurement group is completely independent and awards the business to the lowest cost supplier. There is no fee to Cow Comfort or any obligation to buy. SmartPower gets paid a small management fee from the supplier that is identified as the lowest cost provider.
4. We offered Supplier 1 the opportunity to re-quote for the contract. However, I have not received this by the time of writing.

Month	Bill € (ex VAT)	
May-14	5431	
Jun-14	2327	
Jul-14	2257	
Aug-14	2347	
Sep-14	5524	
Oct-14	16975	
Nov-14	17911	
Dec-14	14660	
Jan-15	12609	
Feb-15	13273	
Total	93314	10 months
Total	111977	adjusted for 12 months

Increase in PSO levy for 2015		
MIC	Rate	euro
560	2.85	1596
560	1.54	862.4
	month	733.6
	year	8803.2

Estimated bills for year going forward	
SmartPower rate	€ 110,022
Saving	€ 10,758
incl. kVA changes	€ 1,500
Total Potential Savings	€ 12,258

Note: these projected saving are an estimated value. They will vary according to

- Changes in market prices which can either go up or go down.
- The sites electricity usage.
- Changes in regulation (from October 2015)
- Taxes such as the PSO levy may change (from October 2015)

Get the Power Market Experts on your side by joining our Procurement Group Scheme

The SmartPower procurement group uses our inside knowledge of industry pricing practises to negotiate cheaper electricity and gas prices for clients who are members of our procurement group. We monitor market developments to ensure that you always get the most competitive price in the market. We advise you of opportunities to save money by switching suppliers or changing tariffs as market conditions develop. It is free to join the group as there are no direct fees or any obligation to buy. There are no contracts or restrictions. You can be a member of the group but maintain your current direct supplier relationships if preferred.

SmartPower awards the business to suppliers who offer both exceptional value for money and flexibility to allow our clients lock in tariffs at the appropriate times. The fee that we receive directly from the supplier is 0.15c/kWh which generally works out at about 1% of your bill.

Best of all, we ensure that difficult to understand bills hiding high supplier mark-ups are a thing of the past....

Our buying strategy.

In the normal course of events the SmartPower buying strategy is to favour the floating tariff but to take advantage of dips in the market when they occasionally occur to lock in at very good prices. Electricity suppliers routinely offer fixed tariffs (called SToD or Standard Time of Day contracts) which are good for clients where budget certainty and risk migration are important. But in order to offer this the supplier adds a premium to protect themselves in the event of a price shock. While the latter do occur quite often, they are usually (though not always) transient in nature, with price returning to its previous break out zone allowing the buyer to re-enter.

Our preference is not to pay the premium where possible but to take advantage of dips in price towards the electricity floor (currently 5c/kWh for energy at the power station gate) which is where the best value in the market is to be found. This approach allows us to attain good prices for clients without premium loading while at the same time lock in prices at the best rates when it makes sense to do so.

Of course it is always important to be flexible and respond to new market conditions and new economic events. At SmartPower we keep a close eye on the market ready to respond to new information and take advantage of price dips as they arise.

More commentary on trends in energy prices and market conditions affecting them can be found in our free monthly newsletter.