



The E Group

A Division of
FirstEnergy Solutions Corp.

Retail Industry

- Eliminate Performance Gaps
- Increase Profits
- Improve Business Performance

Project:

Implement strategy for energy procurement, utility bill reconciliation and energy efficiency measures

Situation:

A large national coatings manufacturer/retailer understood that the variable energy expense line item on its balance sheet could no longer be treated as a fixed cost. Its largest accounts were adversely affected by the volatile electric and natural gas markets and needed a strategy for procuring energy. Missing was a plan for maximizing opportunities while minimizing the exposures inherent in a deregulated environment. In addition, the smallest accounts were being overlooked and exposed to billing errors and late fees. This posed several problems:

- 1 The client did not effectively audit its energy because of the large number of facilities across the nation.
- 2 The client could not develop a comprehensive energy procurement strategy due to little in-house understanding of how to take advantage of usage rates or patterns.
- 3 Utility bill errors were not effectively identified or reconciled due to limited resources/expertise to understand local tariffs, contract provisions and rate codes.
- 4 The client had not considered the various on-site opportunities to conserve energy with current energy saving technologies.

Objectives:

- Develop an energy procurement strategy for one of the nation's largest coating companies
- Develop an energy database with query capabilities to provide a comprehensive and detailed management reporting system to effectively target opportunities at both manufacturing and retail stores
- Eliminate late fees and billing errors
- Identify, model and implement effective rate change opportunities

Challenges:

- Limited capital budget with very aggressive ROI expectations
- Corporate silos that would need to be overcome in order to implement a comprehensive strategy

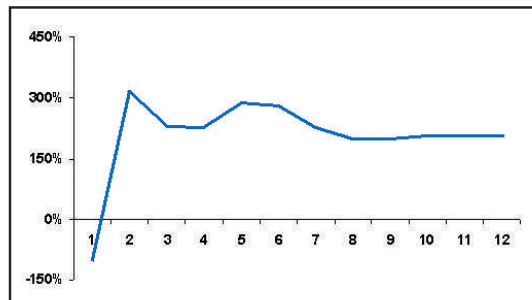
The E Group Solutions:

- Develop a plan to communicate the program to client's key personnel
- Direct utility bills to The E Group for monthly processing
- Capture usage and rate code data from each bill for data mining
- Audit bills for savings opportunities
- Audit bills and utility vendors for rate change opportunities
- Challenge late fees with utilities and establish rapid response system for bill payment to avoid future late fees
- Implement a procurement strategy optimizing tariff and transition period savings opportunities
- Use forward market hedging to minimize risk exposures within predefined risk tolerances
- Conduct site surveys to identify energy conservation opportunities at both manufacturing plants and retail stores

Results:

- Captured over \$1,000,000 in savings from utility bill audits
- Executed procurement strategies, saving more than \$3,500,000
- Identified energy conservation measure opportunities within retail stores with payback periods between 1.5 and 1.9 years
- Cumulative three-year ROI of 207% with a 3-month payback

Cumulative ROI



Quarters