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# ENERGY NEGOTIATIONS – COMMERCIAL CONSIDERATIONS

<u>Factor</u>	<u>Resultant Implications</u>
<b>1) Linkage of energy ‘generation’ &amp; ‘retail’:</b>	
Contact Energy – Strong nationwide generation	Fully fledged national energy retailer
Genesis Energy – North Island based generation	Weaker retail presence in South Island
Meridian Energy – Predominantly South Island generator	Somewhat weaker retail presence in North Island
Mighty River Power – North Island based generation	Weaker retail presence in South Island
TrustPower – Pockets of generation especially BOP	Strong in some regions
BOP Electricity – Central North Island based generation	Doesn't retail energy in most of country
King Country Energy – Central North Island generation	Doesn't retail energy in most of country

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<u>Factor</u>	<u>Resultant Implications</u>
<b>2) Political Constraints on generation:</b>	
Coal (hundreds of years of reserves)	Problem - CO <sub>2</sub> emissions
Oil & gas	Problem - CO <sub>2</sub> emissions
Geothermal	One of best sites in world but limited in scale
Hydro-electric	Most of best sites already exploited + farmers + greens
Nuclear	Politically taboo for past 20 years
Wind generation	One of best sites in world but erratic & limited in scale

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<u>Factor</u>	<u>Resultant Implications</u>
<b>3) Transmission &amp; lines constraints:</b>	
Resource Management Act	Slows down or stops decision-making process
NIMBY considerations	Example - objections to planned wind powered stations
DC links in Cook Strait	Strategically vulnerable
Whakamaru Constraint etc	Transmission bottleneck

# WHY USE A BROKER FOR YOUR NEXT ELECTRICITY OR GAS NEGOTIATION?

1) Strength of competing retailers varies:

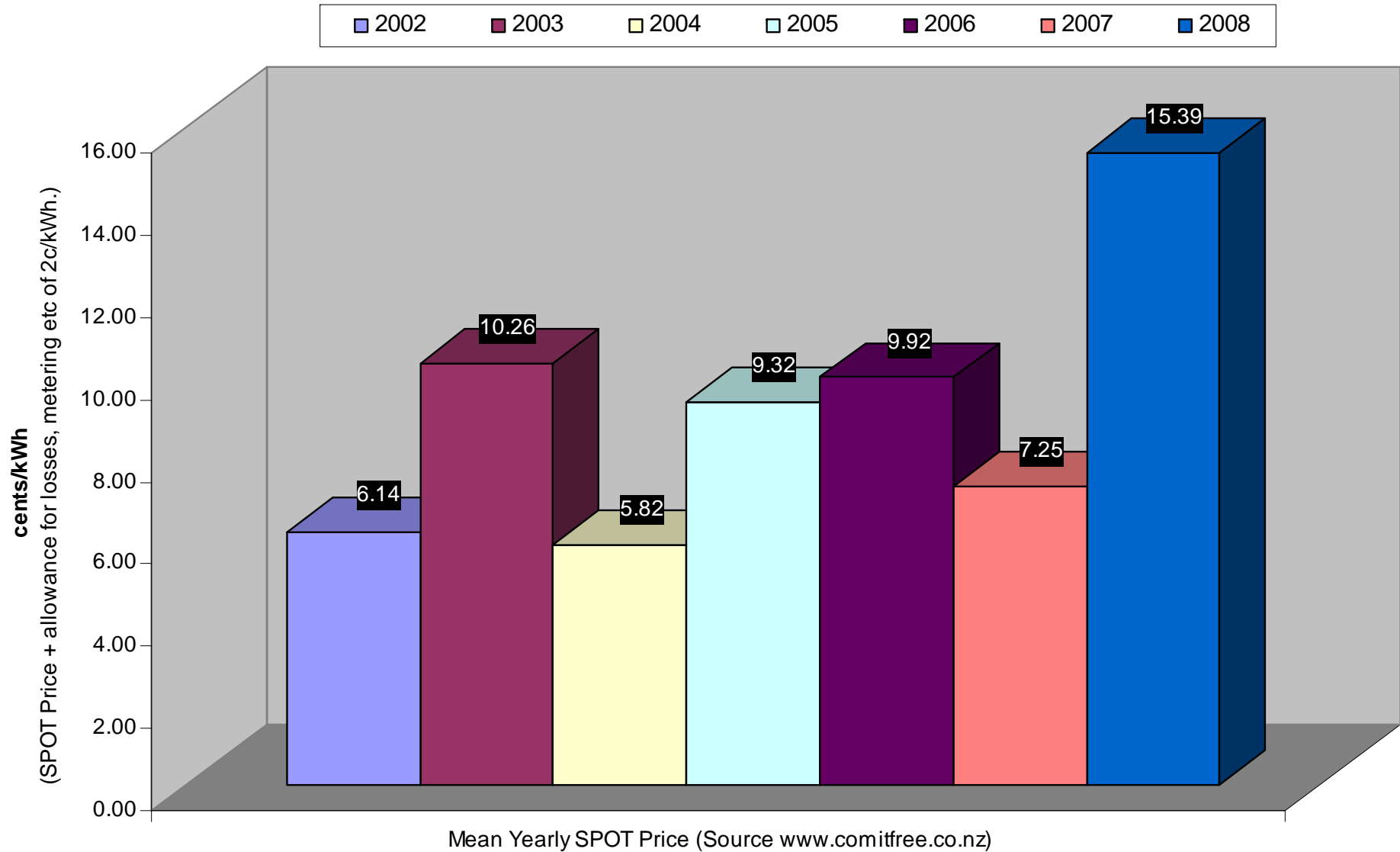
<u>Issues</u>	<u>Implications</u>
From place to place	Need to shop around
From time to time	Need to shop around
Between time of use (TOU) and non-TOU markets	Need to shop around
Between contracted and uncontracted offers	Need to shop around
Between type of TOU contract offered	Need to verify that the most appropriate proposal is accepted
In terms of contractual 'catches' e.g. price-matching clauses	Need to retain longer-term freedom of action

# WHY USE A BROKER FOR YOUR NEXT ELECTRICITY OR GAS NEGOTIATION?

## 2) Requirements for a successful negotiation

<u>Issues</u>	<u>Implications</u>
Make sure that all quotes compared on a like for like basis	Use a specialist - expertise + buying power
Maximise your purchasing power	Participate in a bulk tender process wherever possible
Issue the Energy RFP at the best time	Issue TOU RFP's in Summer - not Winter
Negotiate contract expiry date at best time	TOU Agreements to expire in Summer - not Winter

**TUMG Recorded Upper North Island SPOT Prices**  
(Raw energy rate including allowance for "energy retailer add-ons")



# **BENEFITS OF BULK RFP**

## **Most recent bulk RFP completed:**

- 19 Electricity Users
- Total Consumption: 14,348,537kWh
- Total Savings: \$408,131
- Average Saving per user: \$21,481
- Average Percentage Saving: 8%