

# Energy Procurement

## Tradition Energy and OMNIA Partners reduce energy costs for global chemical manufacturer.



*Tradition Energy negotiated an energy supply agreement that provides budget certainty and reduces annual spend by 16%.*

### Services Provided

- Market Research
- Energy Risk Management
- Procurement: Electricity & Natural Gas

**OMNIA**  
PARTNERS

### Opportunity

- Our client is a leading manufacturer of peroxide-based specialty chemicals with facilities across the globe.
- Historically, the manufacturer's domestic energy procurement strategy was to aggregate its load with its sister company. When the sister company was sold, it left the manufacturing company without a procurement solution.

### Analysis

- Tradition Energy informed the manufacturer that as a member of OMNIA Partners, Private Sector, they could purchase energy procurement services through Tradition. We evaluated the manufacturer's existing electricity and natural gas agreements and identified several ways to improve on cost and contract language.
- For the prior 10 years, the manufacturer's monthly contracted gas volumes had automatically renewed, which resulted in inaccurate volumes that fell short of actual usage. This resulted in a deficit that required them to purchase additional gas at much higher market rates.
- The sister company only worked with one supplier, so there was no competitive sourcing and no negotiation on contract terms and conditions. Their previous strategy was to sign short-term (1 year) contracts, because they believed market rates would decline. After reviewing Tradition's proprietary market research, they witnessed a decline in future prices and learned they could lower their costs and risk by purchasing long-term.

### Results

- Tradition Energy **sourced 5 suppliers for natural gas and 8 for electricity** and negotiated three new contracts for the manufacturer. Each fixed-rate contract was negotiated to include **more favorable language and pricing** and will protect them from long-term cost increases.
- The renewal offers from the incumbent natural gas supplier **reduced their budget by 50%**. The updated gas volumes **will reduce their ongoing natural gas costs**, as well.