

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

IRON STATE DEVELOPMENT

Case Study

**“Transparent Energy
is our trusted Energy
Advisor.”**
Chris Zirrith
CFO



IRON STATE
DEVELOPMENT

REDUCING BUDGETS AND MANAGING ENERGY

Transparent Energy engaged Ironstate Development's portfolio of properties in late 2016. Working closely with CFO Chris Zirrith, we executed 20 supply agreements together for electricity and natural gas for multiple locations and over 40 unique meters.

Prior to engaging Transparent, Ironstate had been using a traditional broker to procure their energy. They were receiving bids upon request only. Our approach of using our proprietary auction software to satisfy their buying needs across multiple properties was exactly what they needed.

We faced a few unique challenges when engaging Ironstate – including limited lead times to enroll multiple Legal Entities across different portfolios and lining up various existing contract end dates. The next section will go into detail to describe how we faced each of these challenges.

PROPRIETARY AUCTION PROCESS

When we first engaged Ironstate, their existing contracts were expiring in a few weeks. This was not enough lead time for our full process – which includes a deep dive analysis, an initial bid round to create benchmark pricing, a pre-auction call to review procurement strategy, and finally a live auction that the customer views with a Transparent Energy employee. Instead of rushing through our process, we extended Ironstate's existing contracts one month further. During this month, we went to work.

Our first task was to understand their procurement needs on a portfolio wide basis. With multiple properties under several different Legal Entity Names (LENS), we had to better understand the corporate structure of the client. After a few consultations, we discovered how they wanted to procure power and which managers had signing authority for each specific

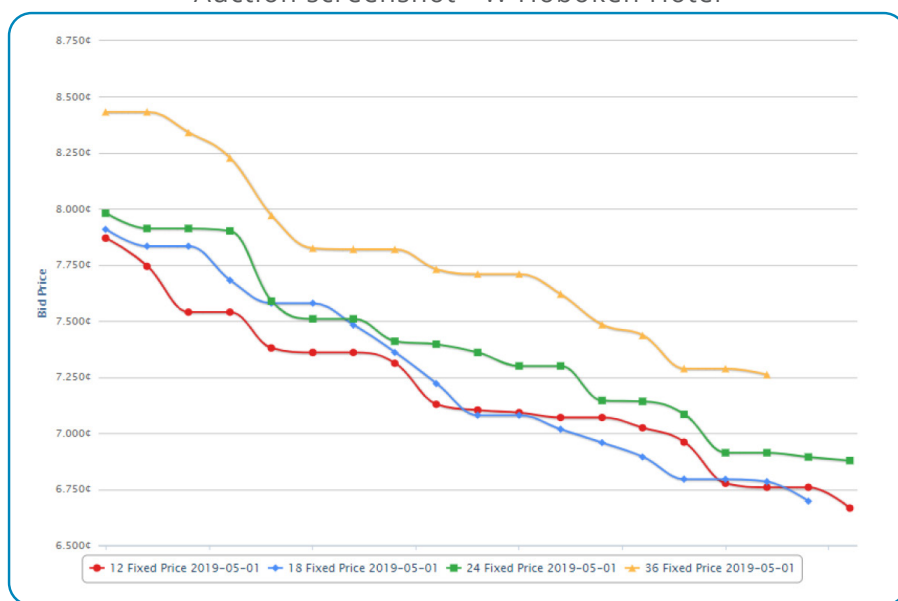
Auction Facts

- Conducted multiple auctions for several different terms, including sweet spots to find unique pricing opportunities
- Received over 50 unique bids within a one-hour period for each auction event, encompassing all available suppliers in the market and giving Applied a unique competitive advantage
- Successfully reduced budgets by an average of 11.27 % compared to their existing or previous contracts



property. The bulk of the residential locations in the Hoboken area were aggregated as one auction, each hotel had to be auctioned separately and the Staten Island facility needed a separate auction as well. Our next step was to understand the risk tolerance for Ironstate. Upper management preferred budget certainty over index priced contracts. Thus, we moved forward with Fixed pricing for the electricity accounts. On the natural gas side, Ironstate was a bit more lenient with risk and preferred the NYMEX+ product – a variable gas contract.

Auction screenshot - W Hoboken Hotel



Once the strategy was set, the LENs were confirmed and the product was chosen for each opportunity, we then took these out for auction. The first group of auctions occurred in Jan 2017 for an aggregation of residential buildings in Hudson County & the W Hotel in Hoboken. Between the 2 contracts, the auction results yielded over \$200,000 in budget reductions! Since then, we have consistently renewed Ironstate's contract well ahead of contract expiration when markets conditions meet their risk management goals & objectives.

For more information on how to conduct your next energy procurement experience, contact:

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