

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

## TruFood Manufacturing

# Case Study

TruFood Tames Energy Market Bulls, Reduces Upside Risk with Transparent Energy

TruFood  
Manufacturing

## Getting Started: Energy Audit Reveals Glitch, Uncovers Savings Opportunity

When the private-equity firm that owned TruFood Manufacturing (TruFood) recommended the services of Transparent Energy to Brad Balkovec, TruFood's CFO, it did so from experience. Working with Transparent Energy, the PE firm had brought the benefits of a proactive, technology-based and data-backed approach to energy procurement to several of its holdings, delivering over **\$500,000** in energy cost savings across the portfolio, as well as the invaluable security of advanced risk management.

But TruFood was already in long-term energy contracts at both its Pittsburgh, PA and Commack, NY manufacturing facilities. Yet, at the urging of Transparent Energy, Balkovec took the company up on its offer to review his current energy contracts, past bills, and usage history, so that it could advise him accordingly, including the possibility of sitting tight and simply monitoring the market for future opportunities.

During that review process, something did come up – and it wasn't good.

The prior broker had inadvertently left TruFood's largest Pittsburgh meter off of the electricity contract. The result? That meter, which accounted for the majority of the facility's electricity use, had, unbeknownst to the client, defaulted to the utility rate – an expensive one at that – and was simply floating with the market.

Transparent Energy sprang into action. Working on TruFood's behalf, the team at Transparent Energy quickly put together an RFP, marketed it to the greater supplier community, and executed one of its signature online energy auctions.

That auction was an eye opener for Balkovec and his team. The auction event attracted **12 suppliers**, who aggressively bid down TruFood's electricity price by 10%, saving the company \$19,000 over the duration of the contract.

## The Impact

Transparent Energy's auction event attracted 12 suppliers, who aggressively bid down TruFood's electricity price by **10%**, saving the company **\$19,000** over the duration of the contract.



Best Bids	
	17 Month
Best Bid	\$0.05443
Supplier	

Current Bids	
Supplier	17 Month
	\$0.05637
	\$0.05690
	\$0.05731
	\$0.05505
	\$0.05443
	\$0.05576
	\$0.05820
	\$0.05805
	\$0.05696
	\$0.05630
	\$0.05839
	\$0.05804

"I was very impressed with the professionalism of Transparent Energy," said Brad Balkovec, CFO, TruFood Manufacturing. "Their team identified an error committed by our prior energy broker that was costing us a lot of money, but they didn't gloat. Instead they got to work, brought in a very large swath of the supplier community to compete for our business, and ran an online reverse auction that fixed our problem and saved us money."

- Brad Balkovec, CEO, TruFood Manufacturing

## Fasten Your Seatbelts, Turbulence Ahead

This early success made a believer of Balkovec, but he wasn't sure he really needed any more help with his energy contracts. Why would he? – TruFood was sitting pretty with its existing energy contracts at affordable rates for the foreseeable future.

Transparent Energy agreed. Up to a point.

The problem wasn't that TruFood didn't have good energy contracts. It's just that those contracts didn't

go out long enough (2022 in Commack, 2023 in Pittsburgh), especially considering the storm clouds Transparent Energy's market experts were seeing on the horizon. Over the course of 2021, the Transparent Energy team advised Balkovec of the many bullish factors transforming the natural gas market – and, as a consequence, electricity markets – from one of record lows in 2020 to one marked by extreme volatility and surging prices in the years ahead.





## Should I Stay or Should I Go?

TruFood had a decision to make, one facing all large energy users whose energy costs constitute a major operating expense. Should it simply wait for its in-force energy contracts to draw to a close and go to market then to secure new ones, or should it take a more proactive approach? Again, working closely with Transparent Energy, the answer was clear. Go out now to avoid upside risk.

“In the past, we typically didn’t go to market to secure a new energy contract until close to the current contract’s expiration date,” said Balkovec. “But Transparent Energy got us thinking differently. They strongly recommended we get back into the market to avoid the very real potential of catastrophic spikes in energy costs. I’m glad we listened, because we did see energy prices surge far beyond the rates we successfully secured using their process.”

On March 11, 2022, Transparent Energy ran auctions for the TruFood Pittsburgh plant’s natural gas and electricity load. The two events attracted a total of 16 suppliers and effectively priced the market across various energy products and term lengths.

The competitive dynamic of the auctions kept prices in check and enabled TruFood to secure 48 month contracts for both natural gas and electricity, with start dates of April and October 2023, respectively. On the same date, TruFood also secured a 72-month contract for the natural gas needs of its Commack, NY facility, starting April 1, 2022.

Since signing these contracts, TruFood has seen natural gas prices balloon anywhere between 50-100%. In addition, many industry experts think this is just the beginning of an upward price cycle marked by ongoing, extreme volatility.

“As a CFO, I not only need to be price conscious, I need to manage risk. Transparent Energy understands these needs and brings an objective, data-driven process to bear upon them. Their combination of market expertise – which helps the customer understand when to go to market – and online auctions – which increase supplier participation and secure the best price available in the market – is a powerful one, and one that works extremely well.”

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