

CASE STUDY: Regulated Power Supply Management

Cargill Creates Value: Successful Negotiation Lowers Regulated Utility Costs by Nearly 9%

Enhancing Profitability Through Reduced Operating Costs

A food ingredient plant in the Midwest was looking to improve profitability by reducing their operating costs. The plant manager selected Cargill Energy and Risk Management Solutions for recommendations to lower their utility spending.

Finding Opportunities in a Regulated Market

Operating within the confines of a regulated market, the plant's utility supplier was a predetermined monopoly. However, the utility offered its

industrial customers a complicated array of pricing structures to choose from. CERMS conducted in-depth load analysis using hourly interval data, concluding that the current variable, real-time rate was no longer advantageous based on a market analysis and the plant's usage level. The utility's published tariff book offered few alternatives for the plant's favorable load profile.

Collaborate.

Cargill helped a food ingredient manufacturer reevaluate the economics of its electricity utility service.

Create.

Analytical and negotiating expertise in the energy market helped the customer achieve their savings goals.

Succeed.

The renegotiated energy contract saved the plant \$468,000, or 8.7% annually.

Leveraging Expertise Toward a Successful Negotiation

The CERMS team conducted extensive negotiations with the utility, centered on several key issues. Our customer's objectives were to obtain a rate below the published tariffs and avoid a proposed seven-



figure service deposit. The utility wanted the plant to shut down onsite power generation, which the utility viewed as competitive.

CERMS leveraged our unique insights into the energy market and skills in contract negotiation to give our customer the edge. *When negotiations were concluded, the utility had agreed to a significantly discounted energy contract – saving the plant \$468,000 annually – and a letter of credit in lieu of the cash deposit.* In return, the plant agreed to shut down the generator.

Adding Value Through Industry Knowledge & Expertise

Unlike some consultants, Cargill Energy and Risk Management Solutions excels at obtaining and using exceptionally detailed analytics. That expertise translates into a deeper understanding of customer needs, more accurate benchmarking, better negotiating leverage and more informed regulatory insight. Whether you operate in a regulated or deregulated market, we can give you every possible advantage.

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