

CCA Helps Multi-Site Restaurant Chain Save \$700,000 on Utilities

Energy Procurement



Client

Restaurant operator with 40 sit-down stores and stadium concession stands.

Challenge

Keeping the sandwiches hot and the beers cold takes energy. With increasing electricity and natural gas costs, our client, sought to validate the rates their existing energy broker had procured.

After assessing their accounts and contracts, Cost Control Associates' (CCA) Energy Procurement Team found significant opportunities for better pricing. The project lead, Joe Scicutella, worked directly with the CFO, identifying several major gaps in their energy portfolio and three primary ways their energy broker was letting them down.

- Contracts for many locations expired and converted to month-to-month, leaving them at the mercy of volatile energy marketplace pricing.
- Unexpired contracts contained punitive language and contractual pitfalls that allowed incumbent carriers to assess large fees if they didn't meet certain usage thresholds.
- Contracts were to end in January 2023, a historically bad time to negotiate pricing.

In addition, based on our industry benchmarks and understanding of marketplace trends, the client had not achieved best-in-class pricing, leaving room for CCA to negotiate improved rates.

Testimonial

"Joe at CCA was top notch. It was immediately clear that he knew the energy markets and could devise a strategy that would help us to manage risk and save us money. We were very pleased with his results."

Chief Financial Officer

Our client provided this reference but wishes to remain anonymous.

Solution

After identifying several gaps in their buying plan, CCA took over management of their entire portfolio.

CCA performed a deeper analysis of their invoices and agreements, connected with stakeholders from accounting and finance, and engaged four suppliers via RFP for both electricity and natural gas pricing.

Once CCA received pricing from each supplier, we modeled the financial impact of each supplier's proposal based on historical volumes and presented our analysis and recommendations to their team.

Results

The client accepted CCA's recommendation for fixed, all-in pricing with a single supplier for natural gas, and multiple suppliers for electricity, with 36-month agreements to lock in best-in-class pricing long-term. CCA Analyst, Joe Scicutella, pitched a strategic plan to delay contract start dates to May 2023 based on the value of futures pricing.

In just one month, CCA leveraged our database of pricing benchmarks and relationships built over decades of energy procurement experience to negotiate best-in-class pricing. CCA will conduct quarterly business meetings with stakeholders to review and discuss future contract and renewal opportunities to ensure that the client's energy costs stay optimized.

Six agreements worth \$700,000 in savings over a three-year period:

- Electricity savings range from 8% to 26% across five utility companies, totaling \$97,342 in projected annual savings or \$292,000 in savings over three years.
- Natural gas savings range from 15% to 41% across four utility companies, totaling \$134,379 in projected annual savings or \$403,000 in savings over three years.