

FREQUENTLY ASKED QUESTIONS:

Is Your Energy Consortium Really Working for You? Key Questions to Ask When You're Buying Energy as a Group

Too many organizations that handle their energy supply management through a consortium assume that by aggregating their load, the buying group has the leverage to get them the best price for energy. More often than not, though, this assumption proves false. We've put together a number of key questions that consortium members should ask to ensure they are getting the best available market price for their energy.

Which suppliers are available to compete for your business?

Your consortium should receive a list of all eligible suppliers in your region, as well as a list of all suppliers that are being invited to compete for your business. You should get pricing from as many suppliers as possible because a supplier's position—and thus the prices they can offer—change daily.

How transparent is the pricing process?

Do you know which suppliers are competing for your business? Can you see the different bids made by each supplier? If you aren't getting this information, there's a good chance your energy supply management process isn't getting you the best market price.

Is your buying group assigning an "average weighted load price"?

When a large energy user's load is socialized with smaller institutions, it can end up costing more money than if they had procured energy on their own. Do you know where your energy load ranks in the aggregation? Is your load profile complementary to the group, or is it an outlier?

Are you receiving both a group price and a custom price?

The price a purchasing group receives is not based solely on the amount of energy that is aggregated together. Instead,

it considers the annual usage, time of use, credit, number of meters, and the geography of each individual member. If you are not receiving a quote for the group price and a separate quote that is tailored for your unique profile, you cannot know whether the consortium is actually getting you the best price.

How long does the quoted price stand (does it stand for more than a day)?

Energy prices change hourly. When suppliers extend an offer to a large aggregation, they can't expect to have everyone sign the same day. And so, in order to protect themselves from market shifts between quote and contract, suppliers bake in expensive risk premiums.

Typically, the longer you have to sign an offer, the more you are paying in unnecessary risk premiums.

How does your consortium determine when to go to market?

Energy markets are like stock markets. Your organization deserves a trusted advisor to capitalize on favorable market opportunities and hedge against rising costs. You're taking a big gamble if the only time the consortium goes to market is when your contract is expiring.

Do you walk away feeling 100% confident that you received the best available market price?

If you feel any ambivalence, then something is probably wrong.

Looking for a better energy supply management solution?

Enel X's retail auction obtains prices from hundreds of suppliers in a matter of minutes, compelling them to compete for your business and ensuring you get the best possible price.