

Energy Contract never as simple as just getting a price.

Total Utilities is New Zealand's largest issuer of business-to-business energy procurement tenders, providing energy purchasing services to many household names. With around 500 tenders issued to the market every year, getting favourable terms is crucial.

But negotiating energy contracts is so much more than getting a great price. It involves an understanding of the many moving parts.

The variables that influence retail energy prices are:

GEOGRAPHICAL

New Zealand's population is dispersed over a large land area, creating its own set of challenges.

FINANCIAL

Prices are based on the changing supply and demand through the wholesale spot market.

MARKET-DRIVEN

The market is deregulated, and our national energy supply consists of generators/retailers, the national grid operator and 29 local distribution companies. Energy retailers can hedge future energy on the ASX Energy Futures market.

SOURCE OF ENERGY

New Zealand has a diverse generation fleet, including hydro, geothermal, wind, and coal.

REGULATORY

The Emissions Trading Scheme, Net Zero 2050 and shifting government policy influence generator behaviours.

TIMING

Changes to hydro storage and government policy mean windows of opportunity can be very limited in the energy market.

That's why engaging independent energy consultants who understand the variables, the available options and when to time procurement events is so worthwhile.



EXPLORATION IS WIRED INTO OUR BRAINS.
IF WE CAN SEE THE HORIZON, WE WANT TO KNOW WHAT'S BEYOND.

Let's look at different scenarios where our clients saved significant sums because they had Total Utilities on their side.

1. TIMING MATTERS

Leaving a negotiation too late gives retailers an unfair advantage, as customers have limited options to choose from. A large university's contract was due to expire, and they were concerned about going to market too soon. They usually would wait until two or three months before expiry to begin researching options.

However, we encouraged them to procure their contract with eight months to go. In doing so, they avoided a 36% cost increase and saved over \$2 million.

2. WE ARE LEVERAGING COMPETITIVE TENSION

A national food producer was given a renewal offer from their energy supplier and told that this was the most competitive option in the market.

At Total Utilities, though, we understand that retailers don't always put their best foot forward unless you give them a push. After we went through a competitive tender process, we negotiated a new renewal offer of over \$500,000 less than the previous offer.

3. DOWNGRADING YOUR METER CAN MAKE A DRAMATIC DIFFERENCE

An Auckland-based packaging customer was facing a 40% cost increase over three years. Their retailer was only giving them pricing based on their current meter configuration. This is typical in New Zealand because, unlike other countries, there isn't a fully contestable meter supplier market.

Despite being a large commercial customer, they could downgrade their meter because of their connection size. Total Utilities helped with the meter downgrade and negotiated new pricing on their behalf. As a result, they reduced their cost increase by 75% over three years and saved \$200,000. The customer couldn't believe that changing their meter would have such an impact on their new contract prices.

4. WE ARE ACTING QUICKLY TO HELP CUSTOMERS IN NEED

A Christchurch-based supplier and manufacturer of commercial refrigeration equipment had been out of contract for more than two months. Struggling on their own to get offers for energy supply, they were at risk of costly spot pricing. Spot pricing changes every half hour making it a volatile and expensive route.

The customer asked us for help after getting a renewal offer from their current supplier. The trouble was the offer represented a whopping 225% increase over the next 12 months.

Within just five days, we presented the customer with our recommendations. We laid out several energy supply options with different retailers. The best option was 150% lower over the first 12 months than the one previous. What's more, the new contract was backdated over two months. This meant they avoided default spot prices. Overall, the best option was 27% more cost-competitive over the term of the agreement.

The right energy procurement is crucial

Total Utilities are so much more than negotiators. We have a deep and long-term understanding of the energy market and the many factors that influence supply, price, and demand.

You don't have to settle for the first offer on the table. By engaging us, we leverage the right timing and competitive tension to get you the most favourable terms, saving you significant sums of money over the duration of your contract.

Need the same outcomes? Email us at insights@totalutilities.co.nz



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