

Get The Best Price On Your Utility Bill

Expert Advice On Countering Market Fluctuations



South Jersey Energy

The price volatility of energy commodities – along with the forces of the global economy, climate change, rapid trading and expansion, regulations, and new commodities – has the power to put your company out of business.

That's something to consider for 2015, and beyond, and this fact is now a major influence on how businesses are strategizing for the future.

The good news is that there are sound, positive ways to mitigate the risk associated with erratic utility bill fluctuations. To flatten energy costs, your business must be committed to the following two strategies, which are critical to surviving any number of energy-related economic disturbances:

Price-Risk Management

Volatility of commodity prices presents the greatest risk to businesses. To effectively manage commodity price-risk, you first have to assess your utility bill supply costs over time.

The supply charge on your bill is the cost of both the generation and procurement of the commodity. Once the level of risk (a cyclical snapshot of price fluctuations) has been identified, you may then consider strategies to help you manage commodity price-risk.



Cost-Reduction Strategy

Cost-reduction strategies for managing price-risk exposure vary greatly, depending on your company's objectives. As a consumer, you're likely concerned with purchase price variances created by market volatility and deregulation. Many businesses develop a cost-reduction strategy through procurement.

A common procurement strategy is to enter into a fixed-price contract with your energy supplier for a length of time. While this eliminates the need to constantly manage financial risks, you have to be careful. Vendors may not always offer you the most attractive pricing. The reduced flexibility of a fixed-price contract could leave you with a higher cost of energy. Another common procurement strategy is to take advantage of a variable-rate plan, where your rates fluctuate based on wholesale prices.

Commercial Energy Management Strategic Alternatives To Control Energy Costs

Energy usage is one of your most controllable costs, even if you are an industrial company that uses energy to power machinery all day long.

Many factors contribute to how or why your business is using more energy than is necessary. In addition to the energy plan you choose, there are other effective ways to help flatten the cost of your utility bill for the long term.

Strategies to control energy costs come in many forms, from small building projects like an energy-efficient lighting retrofit, to larger projects like installing a solar energy system. However, the only way to truly know what projects are worth the investment is to develop a customized commercial energy management plan to address your specific usage issues.

To gain total insight into how you may reduce your energy consumption, you need an energy expert to conduct an assessment of both your building and your utility bill:

Utility Bill Assessment

Your energy expert looks at your utility bill first, reviewing historical usage through meter account numbers. They also assess hidden surprises on your bill, congestion or other ancillary charges. Lastly, they determine if you have an existing contract and if there are opportunities to improve certain terms of the agreement.

Building Assessment

The least effective way to control energy costs is by implementing random efficiency projects. An expert has proven methods for auditing your building to identify areas of energy waste. Once a building-wide assessment has taken place, your energy expert highlights exactly where improvements need to be made.



FIXED-RATE PROS

PRICE PROTECTION: Your rate is locked in, so you aren't subject to rates going up at a moment's notice.

BUDGET STABILITY: If you're on a fixed budget, you are assured the rate stays the same for the duration of the contract.

FLEXIBLE TERMS: You don't have to sign up for a three-year contract – shorter terms are available, sometimes as short as six months.

FIXED-RATE CONS

HIGHER RATES: If commodity rates fall, you're stuck paying higher rates for the length of the contract.

EXIT FEES: If you terminate your contract before the term expires, you may incur a penalty from your provider.



South Jersey Energy
SouthJerseyEnergy.com

MOUNT LAUREL OFFICE
1317 Route 73 North
Suite 206
Mount Laurel, NJ 08054
P: 856-505-4604

HAMMONTON OFFICE
One North White Horse Pike
P. O. Box 152
Hammonton, NJ 08037
P: 856-505-4604



Using the insights gained from these assessments, your energy advisor creates a comprehensive commercial energy management plan that addresses your business's unique needs. A customized energy management plan also allows you to determine the cost savings you'll derive from implementing energy efficiency projects.

Some energy efficiency measures may take years before you see a return on your investment, while others start paying for themselves almost immediately. You may need to replace, reprogram or upgrade your equipment to effectively reduce your energy consumption.

For example, if an energy assessment shows that retrofitting your building's exterior lighting saves you \$8,000 per year, but the project cost is \$38,000, you then know it will take 4.8 years to see the payback on your investment.

When you're able to weigh cost versus benefit, you further hone your commercial energy management plan by deciding which projects need completed or should be completed, in the near term, and which projects should be implemented in the future. Together, you and your energy expert decide what works best for your budget.

VARIABLE-RATE PROS

POTENTIAL COST SAVINGS: Over an extended period of time, variable costs may end up being the less expensive option.

PROVIDER FLEXIBILITY: Since contracts are month-to-month, you may switch providers any time you want with no penalty.

VARIABLE-RATE CONS

PRICE SPIKES: With a variable rate, you are subject to market price spikes, which may be too burdensome for some businesses.



South Jersey Energy
SouthJerseyEnergy.com

MOUNT LAUREL OFFICE
1317 Route 73 North
Suite 206
Mount Laurel, NJ 08054
P: 856-505-4604

HAMMONTON OFFICE
One North White Horse Pike
P. O. Box 152
Hammonton, NJ 08037
P: 856-505-4604

Commercial Energy Management Controls The Cost Of Market Fluctuations

Over the next five years, building retrofitting improvements are predicted to help reduce energy consumption by 29%, with an annual savings of \$290 billion in U.S. energy costs.

By reducing your energy consumption, you lower your costs as energy prices continue to rise. By developing a customized commercial

energy management plan, you are taking a proactive (rather than reactive) approach to fighting market fluctuations.

That's why it is important to partner with an energy expert. They are able to break down your utility bill and analyze your commercial building to provide transparent explanations and guidance throughout the program.

This highly targeted approach to controlling commodity price volatility is one solution that sustains well into the future.



Ready to start controlling your energy costs with a customized commercial energy management plan? Schedule your 15-minute, no-cost consultation with an Energy Advisor at South Jersey Energy today.

ABOUT SOUTH JERSEY ENERGY

South Jersey Energy is New Jersey's premier commercial and industrial energy provider. While managing a company doesn't give business owners much time to analyze energy prices and plans, we are always focused on reducing energy costs. After partnering with us, our customers are no longer surprised by expensive utility bills. For more information on South Jersey Energy, visit www.southjerseyenergy.com.



South Jersey Energy
SouthJerseyEnergy.com

MOUNT LAUREL OFFICE
1317 Route 73 North
Suite 206
Mount Laurel, NJ 08054
P: 856-505-4604

HAMMONTON OFFICE
One North White Horse Pike
P. O. Box 152
Hammonton, NJ 08037
P: 856-505-4604