

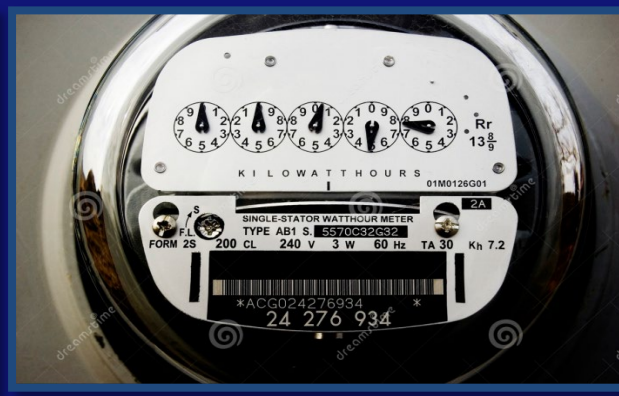
# Electricity Procurement Program

*COSTARS and Penn State Facilities Engineering  
Institute, PSFEI Partnership*

*Presented by: Scott Harford Energy Engineer  
PE*

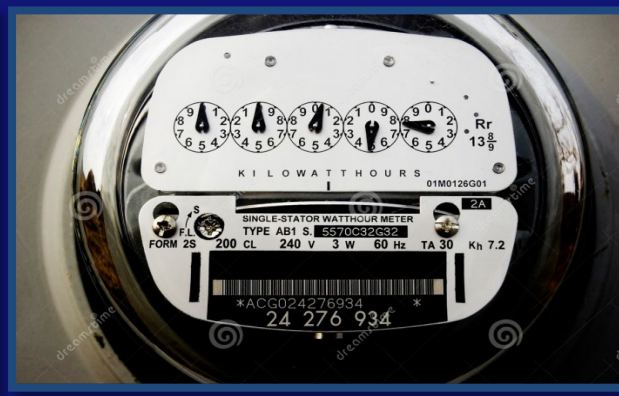


**PennState**  
College of Engineering



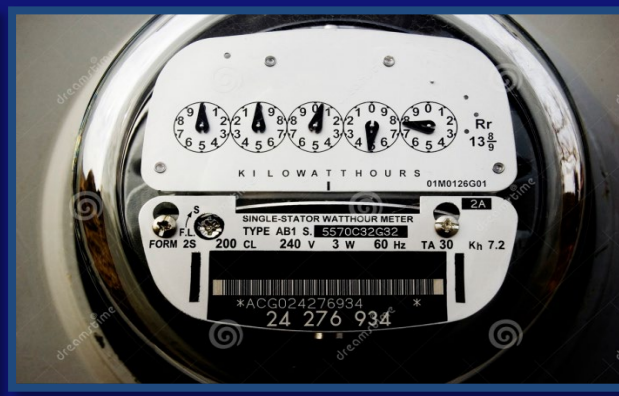
# COSTARS Electricity Procurement Program

- A Proven Professional Procurement Process conducted by the Dept. of General Services, DGS Bureau of Procurement, BOP using a Request for Quotation, RFQ process with prequalified suppliers under the Statewide Invitation to Qualify (ITQ) contract for energy supply.



# COSTARS Electricity Procurement Program

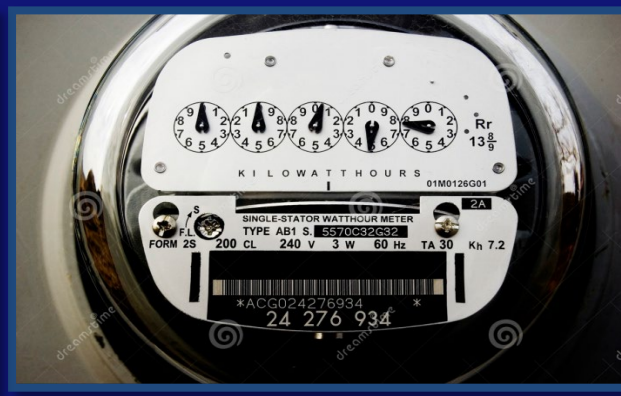
- Suppliers enter bids into PSFEI's secure, web-based Energy Risk Management Application (ERMA) on closing bids day.
- ERMA performs aggregated account analytics over multiple contract bids and terms to determine the optimum bid pricing and terms resulting in awarding of contracts on the same day bids are due.
- A true apples to apples comparison of pricing.



# Member Advantages

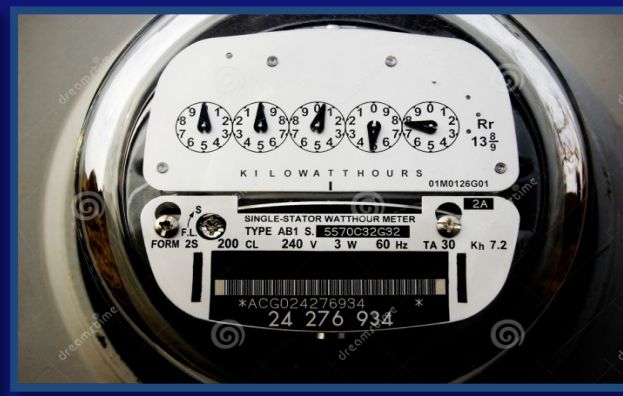
- Transparent, Streamlined Procurement and Award Processes
  - No need for clients to assemble utility bills, issue an RFQ, review price quotes, review contract terms and conditions, seek out management for signatures on contracts.
  - Standard Commonwealth of PA contract, the ITQ, with terms and conditions designed to protect YOU the COSTARS client!
  - A pool of pre-qualified financially screened suppliers that will compete for your business.





# Member Advantages

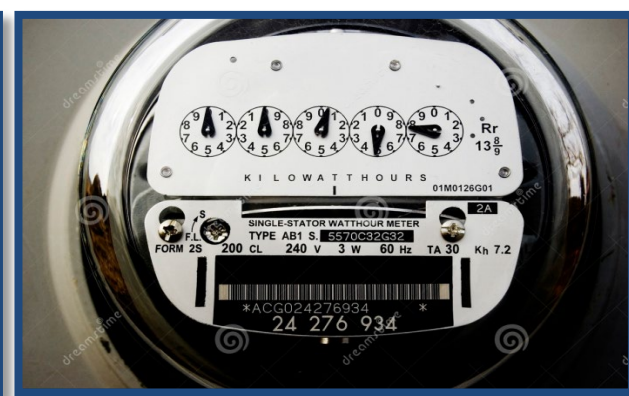
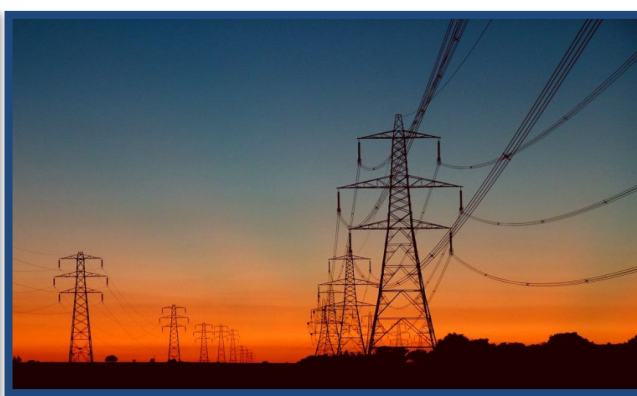
- Energy and Procurement Professionals serving you
  - Determine the best time to procure electricity
  - Guidance throughout the process and answer questions
- Receive a Summary of Electric Procurement Results
  - Avoided costs including current supply contract, regulated utility default pricing, and estimated annual/total avoid electric dollars customized for each client.



# Member Advantages

## COSTARS Price Transparency:

- PSFEI is compensated at \$0.001/kWh by the supplier
- No fee will be charged unless supplier contracts are awarded
- Many broker/marketers promote their services as “free”
- Broker/marketers are typically paid between \$0.001 to \$0.008/kWh
- Broker/marketers are in the business to make a profit

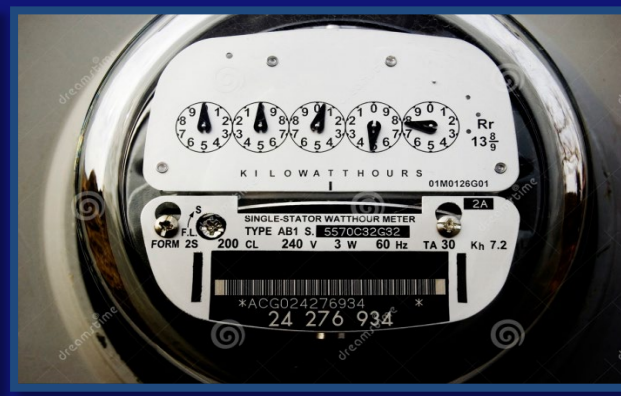


# Program Results to Date

- 2021 – Procurement services provided to over 127 COSTARS members representing over 1,580 electric accounts
- **Averaging more than \$600 per month in utility cost savings.\***
- **Avoided total costs as of 2021 are over \$5.0 M**

\* The average monthly savings are based on the difference between the tariff based "Price to Compare," the price per KWh supplied by the regulated electric utility, and the price per KWh achieved through the COSTARS Electric Procurement program. All estimated savings are based on the number of participating clients

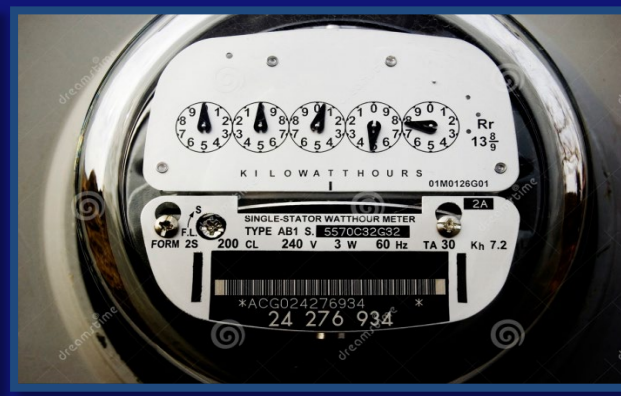




# Member Advantages

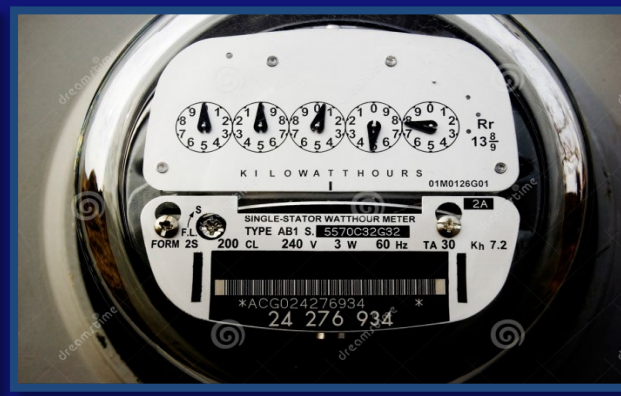
- Electric Utility Bill Review:
  - A free complimentary review of regulated electric utility bills and supply contracts
  - Results to date have identified **refundable** incorrectly applied charges totaling over **\$633,000!**
    - PSFEI will provide guidance to request/file for refunds





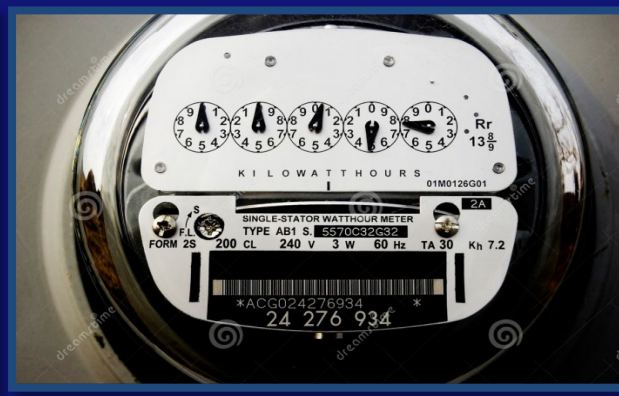
# Member Advantages

- PSFEI can provide best practices for participating members in the COSTARS electric procurement program exploring:
  - On-site, behind-the-meter, renewable electric generation systems including solar, wind, and co-generation.
  - Utility net metering regulations, managed electric supply, and renewable energy credits
  - Sustainable and energy-efficient design concepts and associated utility rebate programs.
  - Pricing trends for regional Natural gas and Electric markets



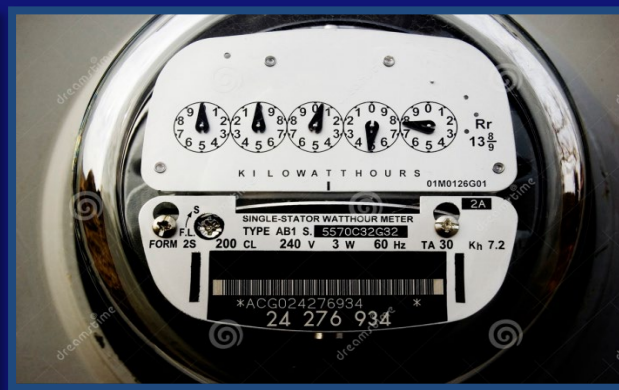
# East Stroudsburg SD – Electric, Propane & NG Supplies

- Electric Supply - Constellation New Energy, CNE – no issues - Under contract till June 2023
- Natural gas supply – UGI Energy Services – no issues
- Propane Supply – Sharp checking on charges for possible sales tax charge



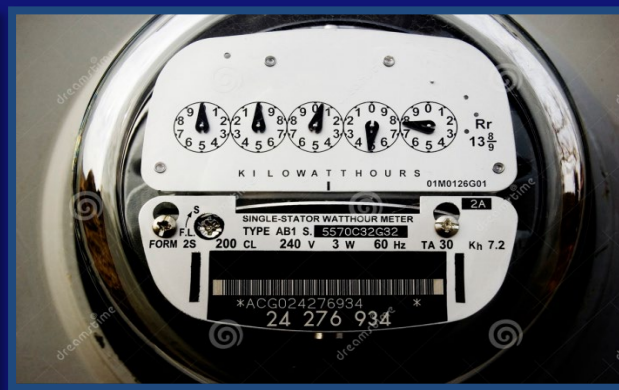
- **Electricity – The three pricing components that contribute to electric supply costs**
  - **Energy**
  - **Capacity**
  - **Transmission**



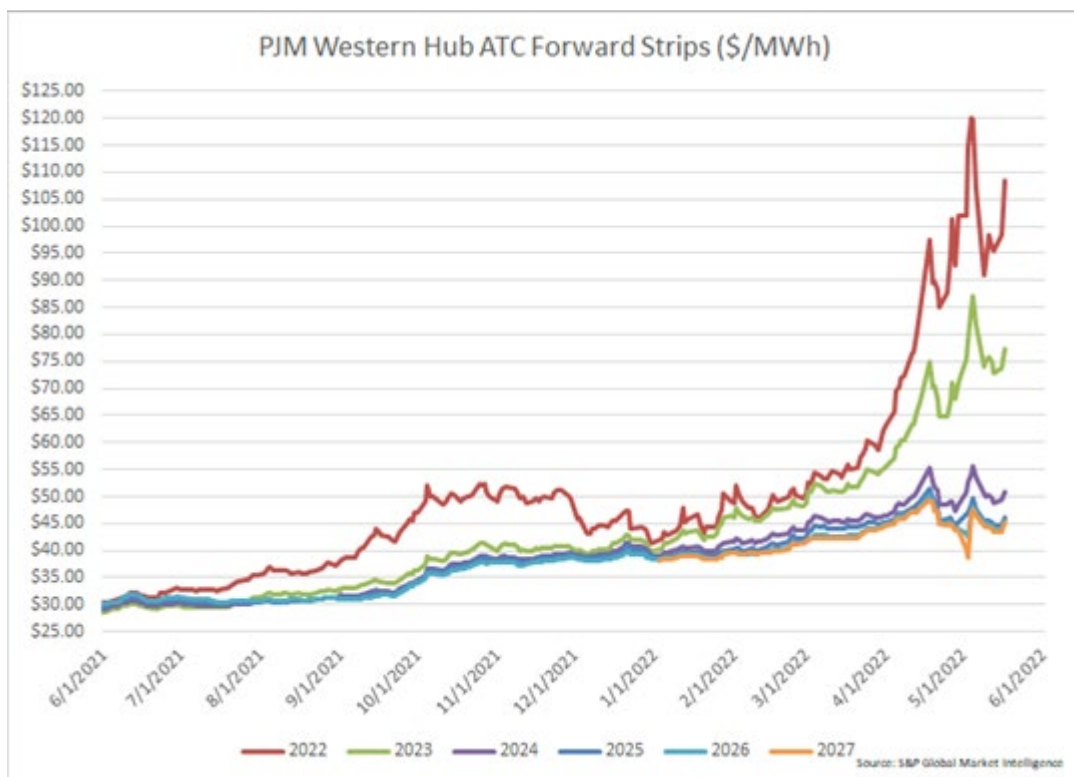


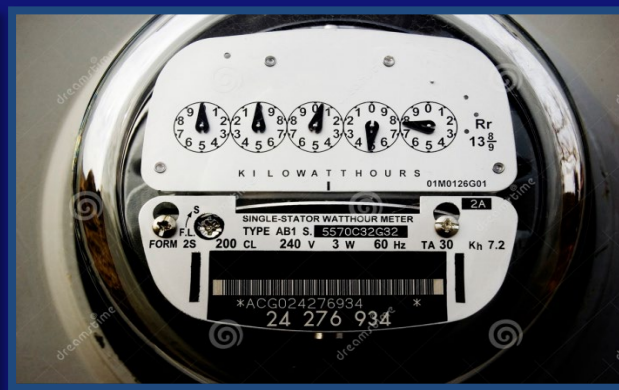
- **Electricity – Energy Pricing**
- **Energy Charge** – This charge is the cost to produce the energy or Kwh – predominantly the fuel costs.



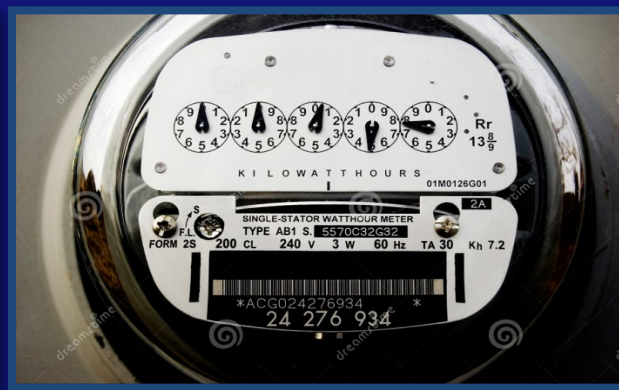


# Energy Pricing now through 2027

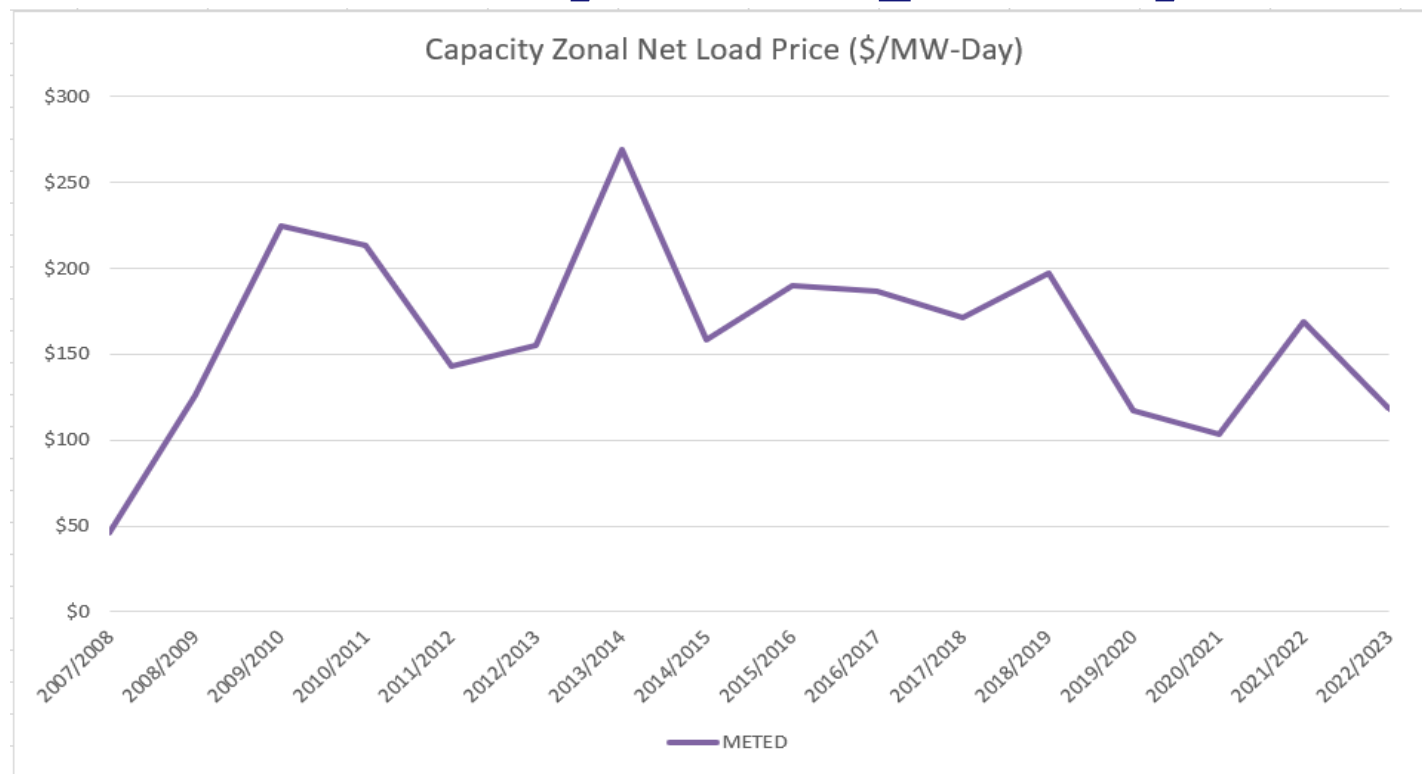




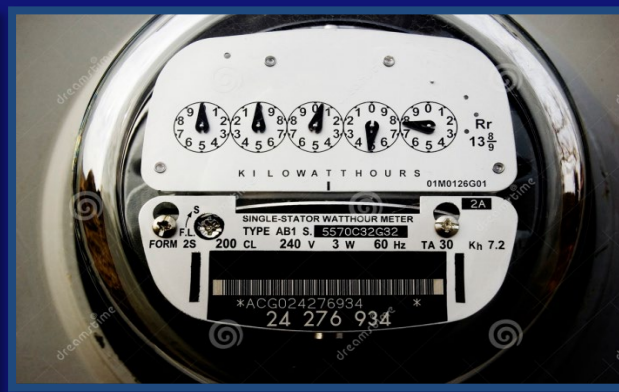
- **Electricity - Capacity Pricing**
- **Capacity Charge** – This charge is built into the overall bundled supply price. This pricing component pays for the generators that are necessary to serve the site load. As seen in the next slide prices are lower in 2022/23 versus 2021/22.



# Electricity - Capacity Pricing



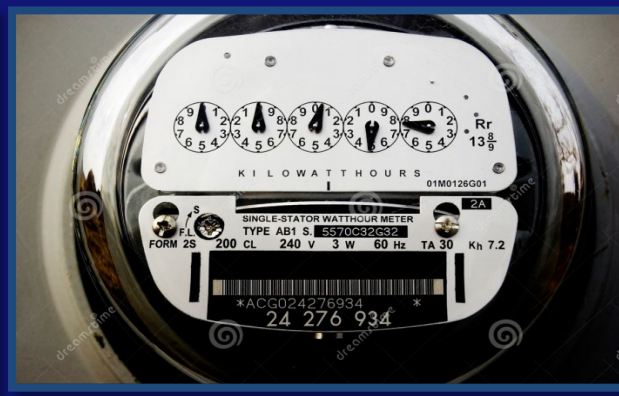




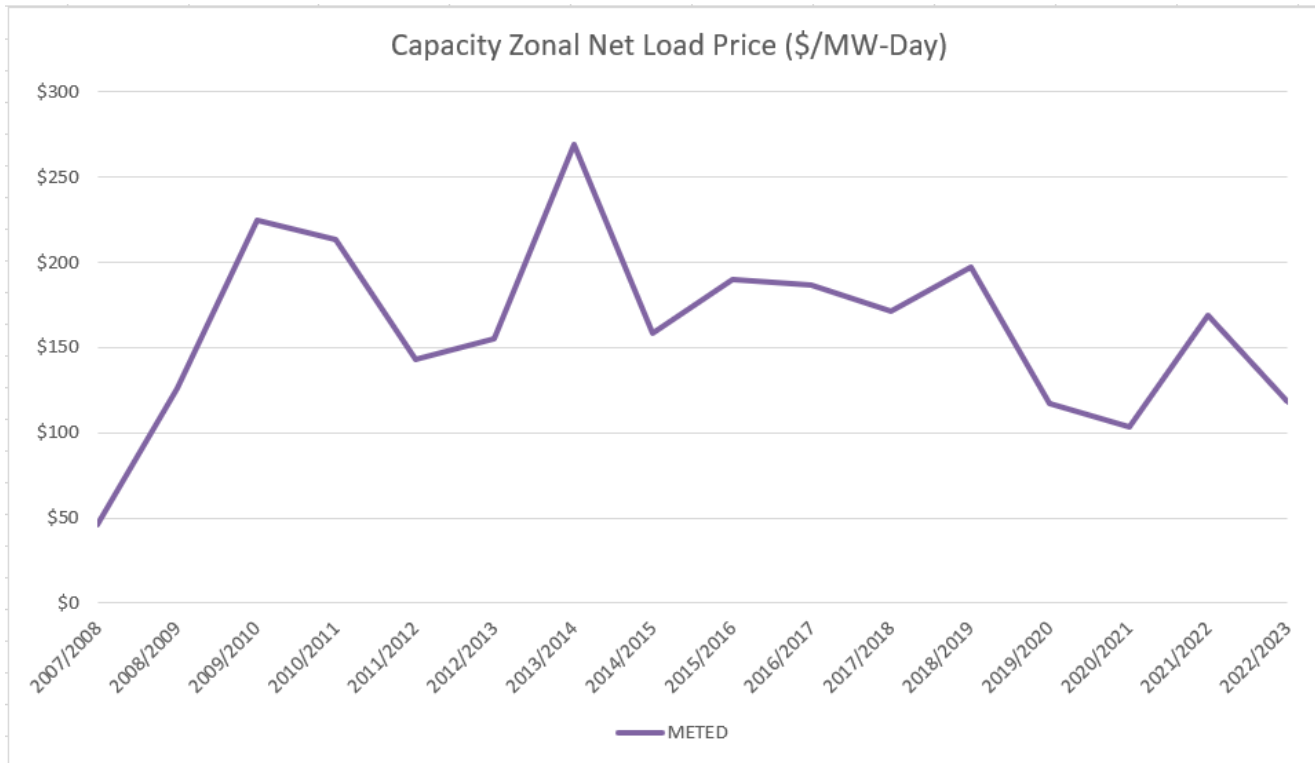
# • Electricity – Transmission Pricing

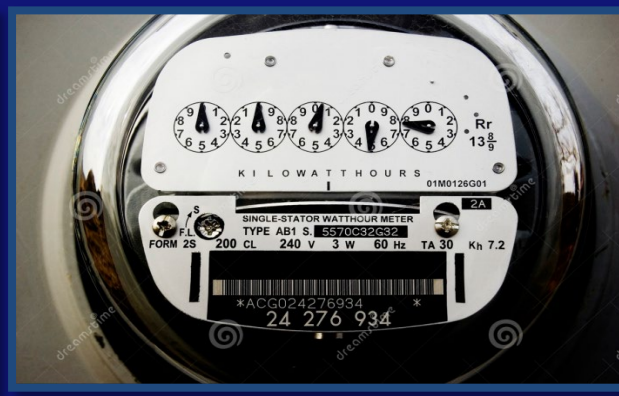
- **Transmission Charge** – This charge is built into the overall bundled supply price. This pricing component pays for the Transportation of the electric energy from the generator to the utility Met-ed zone. As seen in the next slide prices are lower in 2022 versus 2021.





# Electricity – Trans Pricing





# East Stroudsburg SD

- PSFEI would recommend participation in the COSTARS Electric Procurement Program.
- Procurement strategy would be to secure longer term supply contracts that allow for blending of lower pricing that is available in 2022 for years 2024, 2025, 2026, and 2027.

To learn more about the program visit:

[www.psfei.psu.edu/Services/Energy/COSTARS.aspx](http://www.psfei.psu.edu/Services/Energy/COSTARS.aspx)

and/or contact Scott Harford:

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Email: [srh18@psu.edu](mailto:srh18@psu.edu)

# Thank You & Questions?