

# Ten Rules for Buying Energy

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1. Remember that Energy is a Commodity, and with any Commodity the most important outcome is getting the lowest price.

*There is little product differentiation.*

2. If you are working with a consultant, be sure that they have no vested interest in the outcome.

*Many consultants have “agency relationships” with a particular supplier.*

3. To get the lowest price, get the largest number of suppliers to participate (that meet your credit requirements).

*Getting 6 bidders vs. 3 always drives down the price.*

4. To get suppliers to really sharpen their pencils, give them the best information you can get.

*Provide Utility Quality Data.*

5. To reduce risk premiums, utilize a price discovery mechanism that minimizes supplier uncertainty.

*The faster the feedback to the supplier, the shorter they are exposed in the market, and the lower risk premium they'll add to their price. Electronic RFPs are always better than paper.*

## 6. Price your load with a variety of parameters and segments.

*Test different pricing products – fixed, variable, baseload.  
Test 1,2 and 3 year prices. Test different Green Power mixes.  
Segment load into like groups by geography  
or load factor. The more information you have the  
better decision you can make.*

7. Energy markets are complex and dynamic. Understand the market rules and have a clear idea of what constitutes a “good price”.

*Know exactly what you are comparing RFP prices to - namely the price for your load on the utility rate.*

8. Don't try to time the market. Always take guaranteed savings off the table - especially for companies with facilities in many territories.

*Applying an investment portfolio strategy to your facilities will average costs down.*

9. Have a system to track all of your RFPs, contracts, sites, accounts and usage.

*You can't manage what you can't track.*

# 10. Utilize a process that is Sarbanes-Oxley compliant.

*Even if you work for a private company and compliance is not required, having a compliant process creates transparency, maximizes results, and minimizes liability.*



## About World Energy

- **#1 in online retail energy procurement market share, over 6 times the amount of energy than its nearest competitor – 11,000,000,000 kWh and 34,000,000,000 bcf**
- **Has served 250 clients saving them over \$60,000,000 as compared to utility rates**
- **Has worked in over 100 deregulated utility markets with over 175 different suppliers**
- **Over 450 registered users on the World Energy Exchange**
- **Powers private label sites for Johnson Controls, Cargill Energy Services, SAIC, Accenture, MC Energy and others**
- **Provided Auction Services for a major utility's standard offer purchase**
- **Has supported customers winning 7 prestigious Government Awards**
- **Featured in Wall Street Journal, NY Times, Inc Magazine, Purchasing Magazine, Restructuring Today**
- **Spoken at KEMA Executive Forum, EEI National Accounts, Energy 2002-2004**

# Thank you

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