



Western Pennsylvania Energy Management Consortium (WPEMC)

■ SITUATION

Historically, the Western Pennsylvania Energy Management Consortium (WPEMC) utilized fixed price products for their electricity procurement. But with their current fixed price contract nearing expiration in late January 2006, electricity prices were at an all-time high and extremely volatile due to Hurricanes Katrina and Rita. Facing a nearly 100 percent increase in their current fixed price contract, the WPEMC was forced to evaluate a revised energy procurement strategy.

Formed in 1997, at the inception of deregulation in Pennsylvania, the WPEMC currently includes 59 schools in the Duquesne Light service territory, with a total electricity load of approximately 220,000 MWhs. The Allegheny Intermediate Unit (AIU), along with the Beaver Valley Intermediate Unit (BVIU) and seven other Intermediate Units (IUs) work to manage the WPEMC's load. IUs are Educational Service Agencies whose mission is to improve the quality, and reduce the cost, of education through joint purchasing and other educational programs.

■ A NEW ENERGY STRATEGY

After evaluating the current situations, the WPEMC turned to Direct Energy Business for advice on an alternative energy procurement strategy. Direct Energy Business introduced the PowerPortfolio® offering. This industry-leading product is a blended risk management solution, which combines both near-term and selective forward electricity purchases. The PowerPortfolio product allows the WPEMC to still lock in a portion of their load long-term, while also offering the flexibility to execute short-term purchases when market conditions are favorable.

By utilizing the PowerPortfolio product, the WPEMC gains access to the wholesale market as well as a personal Portfolio Strategist, who acts as the consortium's eyes and ears in the marketplace and advises of advantageous purchasing opportunities.

■ RESULTS

Direct Energy Business helped the WPEMC avoid a nearly 100% price increase.

The PowerPortfolio product from Direct Energy Business has given the WPEMC the flexibility to manage their electricity procurement more cost-effectively. The WPEMC mitigated the risk of locking into a long-term contract when prices were high. As a result, within the first eight months of this new strategy, the WPEMC saw a savings of 18 percent over the fixed price offer.

Learn more about the corporate structure and leadership at Direct Energy Business and find recent company and wholesale energy news at www.directenergybusiness.com.



“Direct Energy Business offered an innovative product that allowed us to take advantage of buying opportunities in the marketplace at a time when prices were extremely high. Because we have an option to purchase a mix of short- and long-term purchases, the WPEMC has seen significant savings – money we can re-invest in the classrooms.”

Don Wukich
Director of Finance
Allegheny Intermediate Unit



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