

ENGIE Insight Helps Amtrak Manage Its \$150M Energy Spend

Delivering Results

Amtrak operates a national passenger railroad system, responsible for transporting more than 31 million passengers per year to destinations in 46 states. Powering more than 300 trains and 1,000 sites yields an energy expenditure of more than \$150 million annually—about one third of which is spent on “non-traction utilities,” or the power used to operate everything except its electric trains.

Data Fuels Success

Amtrak and ENGIE Insight have partnered for expense and data management across Amtrak’s portfolio since 2007. Central to the success of the partnership is the data captured through ENGIE Insight’s management of Amtrak’s utility bills and the online reporting platform that contains detailed reports and usage metrics. The partnership has since evolved to use this cost and consumption data to support a portion of Amtrak’s energy spend.

Managing Amtrak’s energy budget wisely falls on Senior Director of Utilities Management Bob Jones and Principal Officer of Utilities Management Larry Beddis. Both are well versed in the complexities and dynamics of the energy markets, but Jones says Amtrak lacked the technical expertise, staff and tools to perform the evaluations involved in energy procurement and contract management. “Although we are adept in the procurement process, with an enterprise of this size, optimizing our energy portfolio requires in-depth market knowledge and expertise that is not a part of our core business,” he adds. Amtrak’s status as a subsidized entity adds to its energy procurement complexity. Strict federal regulations mandate that Amtrak competitively procures energy from multiple suppliers in executable RFP fashion. A constantly changing deregulated market comprising of hundreds of energy suppliers intensifies the burden of a competitive RFP process and contract renewal. And with energy market volatility resulting in prices that can rapidly fluctuate, timing is key to contracting the best terms and prices. ENGIE Insight responds to these challenges by managing energy procurement for all of Amtrak’s non-traction utilities since 2011.

Reverse Auction Yields Results

Amtrak’s overarching energy procurement goal is to leverage market deregulation and acquire energy at the most competitive price possible, driving down operational costs. ENGIE Insight uses its market expertise to execute the tactics best suited to Amtrak’s strategic priorities—such as a reverse auction format for Amtrak’s largest non-traction electric account.



A custom energy procurement strategy allows Amtrak to take advantage of the most strategic means of procurement.

“In a business of this scale, one mistake—or one inaction—can cost you millions. It’s prudent to have professionals with expertise as your partner to ensure you’re optimizing the management of your utilities portfolio and to validate your energy procurement decisions.”

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Bob Jones,
Senior Director of Utilities Management,
Amtrak



CASE STUDY

While some energy suppliers aren't fond of reverse auctions due to the squeeze they put on profit margins, energy consumers typically enjoy the savings produced by the transparent process. Suppliers receive instant feedback on the competitive standing of their bids throughout the auction, allowing them to adjust their offers accordingly.

At the auction's conclusion, executable bids submitted by suppliers are translated to an 11.3 percent cost avoidance when comparing the final winning bid to the highest bid received at the start of the event. While some cost reduction can be attributed to market conditions, ENGIE Insight's expertise contributed to the success of the auction, with the platform timed and executed appropriately based on Amtrak's large consumption load within this market.

The cost avoidance figures for this auction are impressive but only reveal part of the story. Supplier pricing may be valid for as little as one day, and often only hours. Markets open late and close early, typically leaving a narrow window of time for decision makers to receive pricing, analyze options, and execute contracts. At Amtrak, contracts must also be vetted by executive level, legal and financial teams. ENGIE Insight takes the burden off internal staff by conducting the bid process and recommending optimal contract terms based on market conditions and Amtrak requirements. ENGIE Insight then analyzes and presents data-driven recommendations to Amtrak to execute same-day contracts.

Because reverse auctions are typically planned six weeks in advance of the event, in some of Amtrak's markets Ecova conducts a traditional RFP that leverages its day-to-day market timing expertise. Regardless of procurement strategy, ENGIE Insight's agile and proactive process is based on the market, not the calendar.

A Client-Specific Approach To Procurement

The engagement with Amtrak showcases the client-specific approach ENGIE Insight takes to energy procurement. Because Amtrak is subject to strict government regulations imposed, supplier and contract negotiations are an integral part of ENGIE Insight's efforts.

ENGIE Insight has also helped Amtrak mitigate risk in some of its largest-spend markets by taking advantage of low market conditions to secure favorable long-term rates. ENGIE Insight also works closely with suppliers to provide Amtrak with sophisticated products tailored to the company's unique risk management approach, such as layered hedge products offering a balance of budget certainty and market exposure. Advising on Amtrak's procurement portfolio means ENGIE Insight must continually monitor legislative issues and identify emerging deregulation opportunities, supporting budget certainty, spend reduction, and risk management.

ENGIE Insight's in-depth reporting and analytical tools have proved useful in gauging the success of implemented energy supply contracts. Custom reports have provided visibility into Amtrak's deregulated spend through a summary view of all managed supply deals, contract start and end dates, and estimated cost avoidance figures, and the data needed to evaluate the performance and ongoing status of the overall Energy Supply Management program.



See More

Implement a comprehensive strategy to improve energy purchasing based on company risk profiles and ongoing market opportunities.



Save More

Lower expenses and increase return on capital investments, with truth in results. Make better use of your capital, equipment, facilities and people by managing demand and lowering costs across more categories. Fund and extend efficiency programs to more sites and clients.



Sustain More

Build a sustainable program that can reduce environmental impact and improve long-term viability by managing your energy supply more effectively.

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