

Risk Management

Regional healthcare provider lowers costs by implementing multiple energy strategies



Mid-Hudson Valley's largest healthcare provider turned to Tradition for help with energy risk management.

Services Provided

- Market Research & Intelligence
- Strategic Risk Management
- Supply Management & Procurement: Electricity and Natural Gas

Opportunity

- Tradition Energy was selected through a competitive RFP process to help manage energy for the region's largest healthcare provider.
- The client required assistance in forming an energy risk management strategy and procurement plan.
- At the time Tradition was selected the client's energy budget was several million dollars a year.

Approach

- Tradition Energy assisted this client in reaching its goal of reducing risk and eliminating price volatility.
- To accomplish this, our risk management team conducted a thorough analysis of historical energy usage and expenditures for all facilities, and formed a strategy that achieved budget certainty on the electricity portion (80% of the budget) with significant savings.
- For the natural gas portion of the project (20% of the budget), Tradition implemented a floating strategy, which minimized the premium to fix costs over time and further reduced overall expenditures.

Results

- When all energy procurement activity was completed, **the client realized an immediate 15% reduction across the board in energy spending.**
- As a result of the successful implementation of Tradition's energy risk management strategies, the client is better able to continue reducing expenditures in other energy areas as well.