



City of Harrisburg

Harrisburg, Pennsylvania

September 2017

Procurement of new electric supply contracts results in more competitive rates, \$129,000 in annual electricity cost savings, and price certainty for the future; allows city to increase efficiency; provides new source of income.

The state capital of Pennsylvania, the City of Harrisburg, is a town with a rich history that spans more than 200 years. In the midst of a great economic recovery, the City's population of approximately 50,000 residents continues to grow, as new businesses are attracted to the area.

Challenge

The City of Harrisburg's 167 electric accounts were split into two supply contracts, one for traffic and street lights, and one for its municipal buildings. With its lighting electric supply contract up for renewal, and the other nearing the end of its contract period, the City sought to negotiate new contracts to obtain more competitive pricing and take full advantage of energy demand savings due to a recent LED lighting retrofit.

Solution

Through a long-term equipment and controls service relationship, the City of Harrisburg had developed a strong rapport with Trane technicians. The high level of trust led to discussions outside of service to include energy procurement, and how the City could draw upon the extensive knowledge, energy market intelligence, and negotiation expertise of Trane Energy Supply Services to competitively source and execute new electricity supply contracts.

Trane completed a thorough review of the City's existing electricity supply contracts, analyzing pricing components, existing product types and the supplier mix. Discovering that the City's negotiated price was above the competitive price in the local utility market, Trane suggested its Energy Choice



Although the electric supply contract that covered the City of Harrisburg's municipal buildings was not yet up for renewal, Trane Energy Supply Services saw the opportunity to lock in future pricing.

services to identify the lowest price supplier, as well as limit exposure to market conditions and the risks associated with aggregate purchasing through a consortium.

Sourcing competitive offers

Drawing from 25 years of experience and a network of fully-vetted energy suppliers, Trane Energy Supply Services compiled a list of twelve pre-qualified electricity providers. Beginning first with the contract covering traffic and street lights, Trane issued a Request for Proposal (RFP) to obtain competitive pricing, products and contract terms. Although the municipal building electric supply contract was not yet up for renewal, the Trane Energy Supply Services team saw the opportunity to secure future pricing, and issued a second RFP to lock in rates on the second electric supply contract. The significant supplier participation in the bidding processes exceeded the City's standards for competitive sourcing as a public entity.

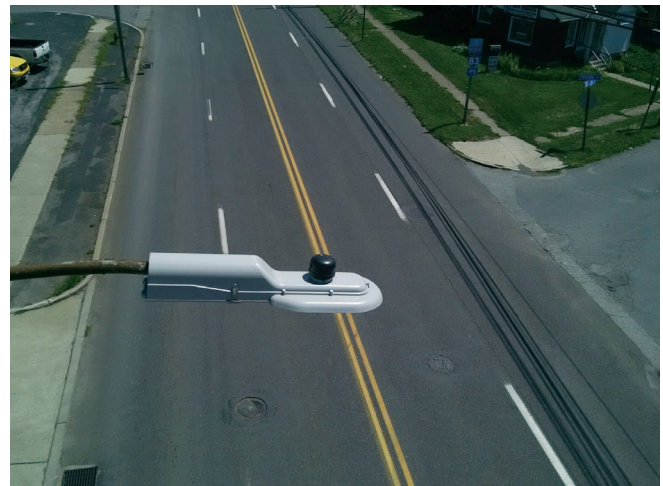
Negotiating contract price and terms

As part of the sourcing process, Trane worked with the City to ensure that the supplier contracts met their needs, while ensuring constant competition and management of supplier margins. Through direct one-on-one negotiation with the energy suppliers, Trane captured the lowest price and contract terms that best fit the City's needs. A comparative report, highlighting the differences among the supplier offers was provided to the City. The top-bid suppliers were asked to refresh their bids before the final evaluation and energy supplier selection.

Results

Turnkey energy supply procurement services from Trane Energy Supply Services, enabled the City of Harrisburg to obtain a significantly lower cost electricity supply and price certainty for the future. The RFPs and subsequent negotiations resulted in a savings of 23.6 percent, or more than \$129,000 a year in electricity costs. The two new contracts allow the City to implement energy saving projects to reduce demand without risk of penalty. Unused electricity sold to the market is a new source of income for the city.

"We have so many accounts and each is unique," said Wayne Martin, city engineer, City of Harrisburg. "We were in the middle of replacing street lights with LEDs, and it was very



The City of Harrisburg uses meters installed on city street lights to collect energy use data, which is then documented for use in rate negotiations.

complicated. We wanted a contract we could live with and in the end we were able to realize a tremendous savings."

"Going through a professional licensed broker like Trane, helps to lessen our risk," Martin added. "They monitor the markets and understand the right time to put a contract out for bid. Plus, Trane knows the equipment at our sites, the building automation systems, energy strategies that can help us shave peak loads, and what improvement projects make sense. It is not just about the kWh; it's also about kilowatts."

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