

## CASE STUDY

# Energy Supply Advisory Team's Hedging Strategy Realizes Savings of \$5 Million+ for Client



DRIVEN  
BY  
DELTA

## SCOPE

**A marine transport company specializing in conveyance of bulk materials approached us in 2009 for assistance with strategic procurement of the diesel fuel required to operate their fleet.** Since the company uses a significant amount of diesel per year—six million gallons—it was important for them to have some control over their fuel costs in order to minimize market price volatility.

Our Energy Supply Advisory team worked with the client to fully understand their objectives and level of risk tolerance, as well as their desired involvement with the procurement process. Taking this input, as well as our fundamental and technical market analysis, we developed a hedging strategy that established price and time triggers for purchase.

The strategy provided structure for the client that helped them decide when to buy based on those indicators, and alleviated the anxiety associated with trying to watch the market for the lowest price. While purchasing on price triggers was always preferable, the time triggers were defined in order to ensure a disciplined strategy for securing supply at the best possible price at the time.

Key to the success of the hedging strategy was the client's willingness and ability to adhere to the plan. We knew from initial conversations with the client that the Treasury Manager was eager to be involved with our recommendations. He understood the benefit of the clearly defined purchase points, and communicated with the team at Edison Energy on a regular basis prior to any purchase.

## PROJECT RESULTS & KEY METRICS:

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Have been integrated energy partner since 2009

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Saved more than \$1.2 million compared to market-based pricing in the in the first year

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Helped realize savings of more than \$5 million

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## CLIENT

Marine transport company specializing in conveyance of bulk materials

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## MARKET

Industrial

> Marine Transportation

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## OFFERING

Commodity Advisory  
& Procurement



## CUSTOMER VALUE

The risk management and hedging strategy developed by our Energy Supply Advisory team proved to be financially beneficial for the client from the beginning, saving them more than \$1.2 million compared to market-based pricing in the first year. Based on this success, the relationship has continued. Our team completes a new analysis each year, works with the client to understand their changing needs, and establishes new price and time triggers annually. **Since 2009, the client has realized cumulative savings of more than \$5.8 million by adhering to the hedging strategy compared to purchasing at market price.**

The Treasury Manager for the client stated, "Edison Energy's expertise was a huge factor in our ability to realize savings of more than \$5 million. We appreciate that they understood the importance of minimizing the cost of procurement and listened to our internal objectives when developing our custom hedging strategy. I personally value the regular and informative communications with the team at [Edison Energy] as well. They truly have become our integrated energy partner over the past four years."

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Edison Energy is an independent energy advisory and solutions integration company with the capabilities to develop and implement a broad portfolio of energy services for commercial, industrial and institutional organizations. We help customers reduce their energy costs, improve the environmental performance of their operations, ensure energy resiliency and manage exposure to energy price risk.

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