How Businesses Can Reduce Electricity & Natural Gas Costs

Businesses can often reduce energy expenses significantly by taking a strategic approach to energy procurement, contract management, and consumption. The goal is to find the right combination of price, contract terms, risk protection, and usage efficiency.

Analyze Your Current Energy Bills

Before changing suppliers, review at least 12 months of electricity and natural gas bills.

- Monthly usage patterns
- Current energy rates
- Demand charges
- Taxes and utility fees
- Contract expiration dates
- Early termination fees
- Seasonal consumption
- Unusual increases in usage

A detailed analysis can reveal opportunities that may not be obvious from looking at one bill.

Compare Multiple Energy Suppliers

Compare offers from multiple retail electricity and natural gas suppliers based on:

- Fixed vs. variable pricing
- Contract length
- Energy rate
- Monthly fees
- Minimum usage requirements
- Renewable-energy options
- Early termination provisions
- Credit requirements

Choose the Right Contract Structure

Businesses may consider different pricing strategies depending on their risk tolerance and usage profile.

Fixed Rate

- Provides greater budget predictability
- Protects against market price increases during the contract
- Often suitable for businesses that value stable operating expenses

Indexed/Variable Pricing

- Can provide opportunities when market prices are favorable
- Carries greater exposure to market fluctuations
- Requires closer market monitoring

For larger businesses, a customized procurement strategy may combine different purchasing approaches.

Negotiate Before Your Contract Expires

Ideally, begin reviewing your options several months before contract expiration. This gives the business time to:

- Monitor market conditions
- Obtain competing offers
- Negotiate pricing

- Review contract terms
- Avoid automatic renewal
- Select the appropriate contract length

Reduce Unnecessary Energy Consumption

Procurement is only one part of reducing energy costs.

Businesses can also examine:

- HVAC operating schedules
- Lighting efficiency
- LED upgrades
- Programmable thermostats
- Building insulation
- Equipment maintenance
- Refrigeration systems
- Peak-demand management
- Energy-efficient equipment

Reducing consumption means paying for fewer kilowatt-hours and terms.

Manage Peak Electricity Demand

For businesses with significant electricity usage, demand charges can represent a substantial portion of the bill.

Consider:

- Staggering equipment startup
- Adjusting operating schedules
- Avoiding simultaneous high-load equipment
- Using automated energy-management systems
- Shifting certain activities away from peak periods

Manage Multiple Locations as One Portfolio

Businesses with multiple locations may benefit from a coordinated energy strategy.

- Total annual usage
- Different meter accounts
- Contract expiration dates
- Geographic locations
- Usage profiles
- Consolidated procurement opportunities

This can improve negotiating leverage and simplify contract management.

Monitor the Energy Market

Energy prices change constantly due to factors such as:

- Weather
- Natural gas prices
- Power plant availability
- Transmission costs
- Market demand
- Regulatory changes
- Seasonal conditions

Regular market monitoring can help businesses determine when and how to lock in energy prices.

Use an Independent Energy Broker

An experienced energy broker can serve as an independent procurement resource by:

12-Month Bill Analysis → Usage Analysis → Supplier Comparison → Price Negotiation → Contract Selection → Ongoing Market Monitoring

The broker can compare multiple suppliers and help the business evaluate the overall value of an offer, rather than focusing only on the advertised energy rate.

Review Your Energy Strategy Every Year

Businesses should regularly review:

- Current rates
- Contract expiration dates
- Usage changes
- Supplier performance
- Market conditions
- Energy-efficiency opportunities
- Future business expansion or relocation

Bottomline: Businesses can reduce electricity and natural gas costs by combining professional bill analysis, competitive supplier bidding, contract negotiation, energy-efficiency improvements, demand management, and ongoing market monitoring.

For a business, the objective is to develop an energy strategy that controls costs and reduces financial risk over the long term.