



Resourcing the world

Commodity Procurement for Regional Transit Authority

The Challenge

A major public transportation authority in the Northeast US that operates urban and suburban bus, subway, elevated rail, light rail, commuter rail, and trolley bus services has been providing transit services since the 1800s. To better manage energy procurement and streamline costs, the public transportation authority sought energy procurement guidance across a very large and complex portfolio, including natural gas, electricity, and fuel oils.

Veolia's Solution

As part of a competitive process involving several national energy consulting firms, Veolia was selected by the public transportation authority in 2012 to provide comprehensive energy consulting services for a three-year term. Veolia is providing advisory services for the purchase and management of all of its utilities, including natural gas, water and sewer (including all stormwater issues), electricity, heating oil, and propane.

Veolia also evaluates renewable energy credit markets to be used to determine the viability of pursuing different alternative energy projects. Additionally, Veolia is responsible for the validation of energy invoicing and the development of a comprehensive energy hedging strategy for the organization.

Benefits and Value Created

To reduce costs related to energy procurement, Veolia worked with the public transportation authority to develop and execute a commodity strategy that incorporated elements of risk management, low cost attainment, and budgeting parameters.

In formulating the strategy, Veolia commodity analysts worked to identify exposure to price risk and implement cost control measures. Veolia analysts also reviewed utility rate tariffs to fully leverage their operational capabilities and reduce both demand and supply-side costs.

\$39 million annual electricity costs

\$3 million annual natural gas costs

\$40 million annual fuel oil costs

390,000 MWh electricity use

230,000 Dth natural gas use

17 million gallons fuel oil use

Location: Northeast US

