

Electric Rate Optimization Project

Overview

In partnership with 18 Georgia state agencies and authorities, the Georgia Environmental Facilities Authority, Division of Energy Resources (GEFA) implemented rate changes or corrected over-billings on approximately 112 of the state's largest electricity accounts. The project resulted in total annual savings in excess of \$2 million and secured one-time credits of more than \$340,000. Examples of the rate changes include:

- Changed 17 accounts to the Multiple Load Management rate, saving those facilities more than \$735,000 collectively. Later, six more accounts were added with a yearly savings of \$123,000.
- Changed 15 accounts to the Time of Use – High Load Factor rate, saving those facilities \$844,000 collectively.
- Negotiated with Georgia Power to change 3 facilities offering accredited instruction from commercial rates to the School Load Management rate and secured three year back-billed refunds for these facilities. Total annual savings for these facilities will be approximately \$40,000, with one-time refunds in excess of \$140,000.

Project History

GEFA launched the rate analysis project in 2004, inspired by the success of the North Carolina “Utility Savings Initiative” and a similar project implemented by the City of Atlanta. Based on North Carolina’s methodology, GEFA focused initially on developing the capability to measure the electricity usage of all State facilities and implementing strategic electric rate changes that would save state agencies money. Elements of the project included:

- **Database development**
 - Since no centralized list of State electric accounts existed, GEFA first compiled a database of billing data for state accounts. With the help of state agencies and Georgia Power, GEFA identified approximately 4,000 State accounts and compiled a database of past billing data for 1,000 of the largest of those accounts.
- **Gaining recognition of the State as a single customer**
 - Georgia’s electricity providers have not historically considered the State of Georgia as a single customer for purposes of sales, customer support or rate setting. Achieving that recognition permitted a number of State accounts to access rates for which they could not qualify individually.
- **Data analysis and rate change implementation**
 - GEFA’s rate analysis contractor, Utilities Analyses, Inc. (UAI) reviewed all the account information for the State of Georgia’s 1,000 largest electric accounts and recommended strategic rate changes. Based on UAI’s rate optimization analysis, GEFA pursued rate changes for approximately 112 state accounts, with a particular focus on the accounts with the highest usage.

One Customer

Through the execution of this project, GEFA has positioned the State as a significant unified energy customer, particularly for Georgia’s largest electric utility: Georgia Power. The State of Georgia has approximately 4,000 accounts with Georgia Power and in Fiscal Year 2006 spent more than \$92 million with the Company. The total annual energy usage of all of the State of Georgia accounts with Georgia Power is approximately 2.3% of Georgia Power’s annual retail sales. The total energy consumption in Fiscal Year 2006 was 1.7 billion kWh and demand was 351,124 kW.

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