

**Office of the Mayor**  
978-3745-2300  
[mayor@cityofhaverhill.com](mailto:mayor@cityofhaverhill.com)

**For Immediate Release**

## City Saves On Electricity Costs

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Mayor James J. Fiorentini announced today that the City of Haverhill has saved over \$74,000 by putting electricity costs out to bid with a reverse auction, a technique that Haverhill pioneered two years ago.

“We recognize the need to be proactive in dealing with our energy costs. With National Grid Basic Service rates increasing by 37% to over 16 cents per kilowatt hour, we knew we had to take action. In August we put the city’s electric contract out to bid. We used the reverse auction technique to get the best supply contract for our taxpayers” stated Mayor Fiorentini.

In a reverse auction, suppliers go online can see each other’s bids. The bid against one another to become the low cost supplier. Haverhill was the first city in the State to pioneer reverse auctions several years ago and has saved hundreds of thousands of dollars by using reverse auctions.

In this case, the city combined 185 electric accounts into one bid. The city used a company called World Energy Exchange®, to test 12 different terms and products. They received 114 bids from seven qualified electricity suppliers over the course of two hours. The auctions resulted in two new 24-month fixed-price contracts, signed that day, which start in December 2014.

The city received a bid of 10.5 cents per kilowatt hour for electricity for city accounts and 10.0 per electricity for water and waste water accounts. The current market price for electricity is scheduled to go to 16.5 cents per kilowatt hour, so Haverhill’s rates are 64% below the market rates. If the city paid the market rate for electricity, the city would pay approximately \$2.5 million a year in electricity charges.

The has instituted a number of means in past years to lower electricity charges. The city budgeted 11 cents per kilowatt hour for electricity. The city will save \$74,000 off the amount that was budgeted.

“More importantly, “ said Mayor Fiorentini, “by being proactive, not reactive, we saved the large increase which is coming over the winter months and saved our taxpayers hundreds of thousands of dollars off the standard electric rate.”

Added Orlando Pacheco, Purchasing Agent and Energy Manager, City of Haverhill:

“We saw that electric rates were going to go up this winter, and were proactive, not reactive, to save taxpayer dollars.”

Concluded Phil Adams, CEO of World Energy Solutions: “I am pleased the City of Haverhill experienced first-hand how our auction design – from the way we build and sequence RFPs to the Anglo-Dutch feature that prompts suppliers to put their last and final bids in blind – brings added buying power to our customers. Our reputation in government energy procurement is second to none and has been earned over the course of 10+ years delivering fair, transparent and hyper-competitive auction events that yield tremendous price discovery and savings for our customers.”

For additional information, contact:

Dan Mees  
World Energy Solutions  
(508) 459-8156  
[dmees@worldenergy.com](mailto:dmees@worldenergy.com)  
[www.twitter.com/wattsworking](http://www.twitter.com/wattsworking)

Orlando Pacheco  
City of Haverhill  
(978) 420-3606  
[opacheco@cityofhaverhill.com](mailto:opacheco@cityofhaverhill.com)

## Addendum

If our electricity rate was what we budgeted, 11 cents per kilowatt hour, we would be paying \$74,000 more. We saved \$74,000 off the FY 15 budget estimate.

If we paid the so-called standard rate charged by National Grid, the rate that we would pay had we not instituted many changes, we would be paying \$\_\_\_\_\_more.

In total, the changes we instituted several years ago combined with this year's reverse auction, have saved us \$\_\_\_\_\_