

# Customer Spotlight:

## The Beal Companies Saves \$1M Annually with Enel X

### The Big Picture

The Beal Companies is a full-service real estate firm that owns and manages a portfolio of landmark properties in the Boston area and beyond. Known for integrity, smart deals, and meticulous property management, The Beal Companies is a closely held, traditional firm that prides itself on using the latest technological advances to benefit its tenants.

The Beal Companies manages more than 3 million square-foot of prime mixed-use space, including One Kendall Square, Seaport Center, Ledgemont Research Center, and Waltham Corporate Center. The core properties in this portfolio use more than 45 million kilowatt-hours annually, making energy one of the company's top expenses. To complicate the company's energy management challenges, many of The Beal Companies' tenants are leading life sciences firms, telecommunications firms, and data centers with very specific energy needs. These tenants pose a dual challenge—they require uninterrupted electricity and steady temperatures, and they are demanding about the price of energy.

In 2007, The Beal Companies partnered with Enel X to identify a new energy purchasing strategy. Its goals were to eliminate spikes in energy costs, since rising costs also raise the risk of losing tenants. It was also interested in engaging in new, more advantageous, and longer-term energy contracts. Enel X began with a building-by-building review of The Beal Companies portfolio, which took into account the energy usage patterns and unique needs of each property. It assessed risk and

identified budget needs and then Enel X created a customized energy purchasing strategy that locked in energy pricing and reduced volatility.

With a combination of real-world energy market expertise, careful market monitoring, and competitive bidding, Enel X delivers more than \$1 million in annual savings to The Beal Companies—protecting tenants and keeping the company competitive.

### The Tenant Is King

For The Beal Companies, energy management and tenant satisfaction go hand in hand, since energy costs are passed on to tenants. "One of the first questions potential tenants ask is about the cost of electricity," says Dean Leventman, director of financial analysis for The Beal Companies. "If they can find a better deal elsewhere, you've lost a new tenant. And when you give a tenant an electricity budget, it has to be good. If you go way over budget, you lose tenants and get a very bad reputation."

Within The Beal Companies, the responsibility for managing energy falls to Leventman, who put his training as a CPA and financial analyst to work on analyzing and managing energy costs for the company's portfolio. He knows the risks of higher energy costs well. "I'm the one who bills tenants for utilities, so I know what happens when there are energy spikes," he says. "And it isn't pretty." For example, in 2005, energy prices doubled for many tenants. "We vowed that this would never happen again," says Leventman.



### INDUSTRY

Commercial Real Estate



### LOCATIONS

Eastern Massachusetts (Billerica, Bedford, Burlington)



### ANNUAL PAYMENTS

Approx. \$1 million



### PROCUREMENT PRIORITIES

Cutting costs and reducing risk, resulting in allocation of different rate structures and terms across a diverse portfolio

For years, The Beal Companies—like many commercial energy buyers—simply purchased energy from its utility at market rates. “We knew we were paying too much, but we didn’t really know what the alternatives were,” says Leventman, who soon became the company’s unofficial energy czar. “I had all these crazy spreadsheets that helped me try to figure out better ways of managing energy, since I was the guy who got most of the unhappy calls when prices went up. But our energy management was fairly limited.”

In 2007, driven by the need to reduce risk and manage energy more carefully, The Beal Companies partnered with Enel X to manage purchasing options and associated risks. Enel X began by taking a careful look at The Beal Companies’ portfolio of real estate holdings, examining the specific use patterns and needs of each building, as well as assessing risk across the portfolio. Much like financial planning, energy management requires diversification and risk management to ensure success.

During this exploration of the company’s energy needs, The Beal Companies benefitted from Enel X’s deep knowledge of the energy market, as well as the unique needs of real estate companies. Enel X’s professional services team explored and explained the options that were available to The Beal Companies, including rates and term lengths. And the team made proactive recommendations designed to reduce energy costs, manage risk, and protect tenants.

Education was key to the process. “Enel X sent along a lot of information about our options,” recalls Leventman. “Energy management comes down to analyzing cost and risk on an ongoing basis, and Enel X was our trusted advisor throughout the whole process.” Ultimately, Leventman and The Beal Companies see energy as a critical element of its business strategy—as important as mortgage rates, budgets, and other purely financial decisions. After all, energy costs have a direct impact on the bottom line.

## The Results

Enel X’s energy purchasing strategy for The Beal Companies combines fixed pricing and fixed price energy with pass-through—two approaches that limit exposure to volatile energy prices. After competitive bidding and contract negotiations were complete, Enel X delivered annual savings of more than \$1 million across The Beal Companies’ portfolio. It also reduced risk with long-term contracts.

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Director of Financial Analysis

These results were good news for The Beal Companies, and its tenants. “Our tenants are very pleased at the energy prices that Enel X was able to get for us,” says Leventman. “And in this economy, if you’re a landlord and your tenants are happy, that’s great.”

## The Benefits

The \$1 million in annual savings Enel X achieves for The Beal Companies is significant, since stable, lower energy costs are extremely attractive to the company’s high-profile tenants. Ultimately, these savings are passed on directly to its tenants, helping ensure their ongoing satisfaction.

## Other benefits include:

### A Customized Strategy

Enel X worked closely with The Beal Companies to develop a customized energy strategy that reflected the unique needs of its portfolio of properties. Enel X learned the nuances of each property and its energy needs, and responded with an encompassing strategy that met The Beal Companies’ overall needs—less risk and lower energy costs.

### More Control

“Everyone in our industry is nervous about energy prices,” says Leventman. “There’s a lot of uncertainty now, and the last thing we need is another spike in prices.” With Enel X, The Beal Companies gain more control over energy pricing, as well as the confidence that comes from longer-term energy contracts. “What Enel X really helps us do is go out and get contracts years in advance with tremendous rates,” says Leventman. “Having more control over our energy costs is a real advantage to us, and to our tenants.”

### Less Complexity

By partnering with Enel X for energy management, The Beal Companies can focus on managing its properties, exploring new real estate opportunities, and other aspects of its business. Enel X takes care of the end-to-end details, from education to execution, of the inherently complicated financial transactions associated with commodity energy purchases, enabling the company to stay focused on running its business.

### A Commitment to Green

“The Beal Companies is committed to a clean and green approach to using energy,” says Leventman. Managing energy use more actively is just one way that The Beal Companies serves its tenants. It is also actively managing its demand. For example, its property managers have installed variable frequency drives on key motors, such as HVAC systems, reducing expensive, inefficient spikes in energy use. These internal efforts have resulted in an 18 percent drop in energy costs at key Beal Companies properties.

### Objectivity

“I really like that Enel X doesn’t have any allegiance to an energy supplier,” says Leventman. “I like that they don’t pressure you. They just give you the facts.” This even-handed approach enables The Beal Companies to evaluate all opportunities and choose the best path forward.

### Seamless Partnership

“Our Enel X contacts are truly the nicest people to work with,” says Leventman. “They answer all our questions, take care of all the details—including the contracts, and they make the challenge of dealing with energy management easier to deal with.” As a close, trusted partner, Enel X serves as an ongoing advisor to The Beal Companies, helping it navigate ever-changing energy markets. And complete transparency keeps The Beal Companies informed at every stage.

### The Future

Enel X continues to provide The Beal Companies with ongoing advice aimed at maximizing savings while controlling risk. With Enel X, The Beal Companies gains ongoing market monitoring. Enel X continues to track competitive markets for future buying opportunities and revise The Beal Companies purchase strategies based on the latest conditions. It’s all part of Enel X’s rigorous, ongoing portfolio management.

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