

FREQUENTLY ASKED QUESTIONS:

Is Your Energy Broker Really Working for You? Key Questions to Ask Your Broker or Consultant

Many organizations choose to work with brokers to buy energy under the assumption that the broker's access to suppliers and market knowledge will get them the best price and terms on their supply contract. But how do you know that this is actually true? How transparent is your energy broker, and what do you really know about their decision process? We've put together a list of key questions that organizations should ask to determine if their brokers are really working for them.

How well do you know my business?

The price you pay for energy is not determined solely by your organization's annual usage. Different factors like time of use, peak demand, credit, geography, number of meters, and market exposure all interplay to determine your price.

If your broker doesn't fully know your business as an entity, understand its energy consumption patterns, and can't connect your energy supply management strategy to broader business objectives, then they can't get you the best product.

How well do you know my energy market?

It's important that your broker carefully tracks market movement not only to recognize tactical buying opportunities, but to offer expert analysis and negotiate with suppliers. To get the best price with the best contract structures, your organization needs a team that stays in the market.

How many suppliers do you work with?

Your broker likely tells you that they seek pricing from multiple suppliers in order to find the best deal. It's important to know, however, how many suppliers they engage. Many brokers are contracted to work with a select group of suppliers, leaving many others out of the discussion. Your broker can't command the best market price if they only work with a handful of suppliers.

How frequently does the incumbent supplier "win" my business?

Many brokers will recommend that you renew with your existing supplier contract after contract. But because suppliers' positions change daily, it's very unlikely that the same supplier can offer the best price and terms each time you go to market. It's a good sign that your broker isn't getting a competitive price if they recommend the incumbent supplier year after year.

What kind of technology do you use?

If your broker relies on emails and traditional paper-based RFPs to receive and communicate supplier quotes, then they are moving well behind the market. It's important that your energy supply partner has the latest technology to cut time to market and ensure you get the right product at the best price.

How can I prove that I got the best available price?

As an energy buyer, you're responsible for keeping energy expenses under budget. To prove that your organization got the best available price for energy, you'll need a transparent energy supply management process that documents the various bids from different suppliers. You can't prove that you secured the best available price without full visibility into the market and the bidding process.

How are you compensated, and what additional benefits do you receive?

To know that you are getting the best price, terms, and service, it's important to know how your broker is compensated—and how much.

Many energy brokers sign non-disclosure agreements with suppliers that prevent them from disclosing commission values. Others require advance payments from suppliers, which add risk premiums to your rate. Some receive gifts, bonuses, and other incentives from suppliers in exchange for your business.

It's important that your broker fully disclose their fees and that their brokerage agreements disclose any additional benefits.

How do you help us manage contracts across our portfolio?

Maintaining energy contracts can become a real challenge if your organization has multiple sites or facilities. Your broker should provide a centralized contract management system that allows you and your team members to view all of your current energy contracts in one place.

What additional energy services do you provide?

Energy supply management is only one aspect of a comprehensive energy strategy. Other services to consider include utility bill validation and payments, demand response contracts, renewable and distributed energy consulting, and system peak predictors for demand management. You should engage your broker to better understand all of your energy supply management options, and how they tie back to your organization's energy goals.

Looking for a better energy supply management solution?

Enel X's people, process, and technology combine unparalleled expertise in wholesale and retail energy markets, the industry's largest supplier network, and the world's preeminent reverse auction platform to help you get the best market price for the product that best suits your needs.

Enel X's retail auction platform obtains prices from dozens of suppliers in a matter of minutes, compelling them to compete for your business and ensuring you get the best possible price.

Do you walk away feeling 100% confident that you received the best available market price?

If you feel any ambivalence, then something is probably wrong.