

Why C&I Customers Don't Buy on Price Alone

C&I energy procurement is fundamentally a **risk-management decision**, not a price-shopping exercise. As most authors note, *“Energy buying is opaque,”* and buyers optimize for stability, reliability, and timing — not the lowest rate.

1. Total Cost of Ownership > Price

A low rate can still produce a high bill. Load shape, capacity tags, and pass-throughs often dominate total cost. *“Load profiles can change the entire negotiation.”*

2. CFOs Prioritize Budget Certainty

CFOs value predictability and fear volatility. A slightly higher fixed rate often beats exposure to index swings. This aligns with procurement analysis showing financial leaders optimize for stability, not the lowest number.

3. Procurement Focuses on Process Integrity & Supplier Risk

Procurement directors care about supplier reliability, creditworthiness, and contract terms. A low-price supplier with weak credit or unclear terms is a non-starter.

4. Operations Value Reliability Over Savings

Plant managers fear outages more than price. For manufacturing and 24/7 operations, uptime outweighs marginal rate differences.

5. Timing Drives More Value Than Rate

Forward-curve conditions and pricing windows often have more impact on cost than a small difference in supplier quotes.

6. Credit & Contract Terms Often Override Price

“Credit kills deals, frequently more than pricing.”

Credit requirements, legal redlines, and supplier appetite for specific load shapes frequently eliminate the lowest-price option.

READINGS

Procurement Processes

Navigate Power

<https://navigatepower.com/complete-guide-to-energy-procurement/>

McGradyClarke

<https://www.mcgradyclarke.com/news-insights/energy-procurement-a-practical-guide/>

Diversegy

A very basic case studies on apartment building energy analysis.

An interesting analysis of multi-location energy usage by a bank.

Commercial office building case study.

<https://diversegy.com/>

How CFO's think

Energy Initiatives

<https://www.energyinitiatives.com/energy-insights/how-cfos-should-think-about-energy-risk-management-in-annual-budget-cycles>

McGrady Clarke

<https://www.mcgradyclarke.com/news-insights/the-increasing-significance-of-energy-risk-management-for-cfos/>

Operational Issues a Main Concern

<https://www.esource.com/press-release/energy-reliability-remains-top-priority-utility-business-customer-satisfaction->

