

Online auctions force energy suppliers to bid against each other in real time, driving down the winning price.

**Wellness Group  
Pharms LLC.**

# Case Study



**Re-Thinking  
Energy  
Procurement**

## Energy Procurement in Action: Wellness Group Pharms LLC.

A lot goes into buying power competitively – market timing (understanding the best time to buy based on our expert insights and each customer's individual needs), a proven process (how you go to market matters, and our end-to-end process brings discipline, consistency, and most importantly, results to our clients), and advanced technology (our online auction platform has delivered hundreds of millions of dollars in savings to our customers over the last 15 years). Transparent Energy has built its reputation among large energy buyers – those for whom energy is a major operating expense – by harnessing these assets to give our customers an unfair advantage in buying energy.

For many cultivators who have felt disadvantaged buying energy in the past, this turning of the tables is most welcome. One such company is Wellness Group Pharms LLC, an aeroponic (i.e., revolutionary cultivation approach that requires no soil) medical and adult-use cannabis cultivator operating out of Anna, Illinois, which does business under the Aeriz brand name.

Like many cultivation firms, Wellness Group Pharms had relied on sole sourcing to procure its energy. Prior to 2021, that meant taking the rate delivered by a local broker to supply its 29,000 sq. ft. cultivation facility. Fortunately, electricity prices at the time were in an extended slump, aided by warmer-than-average winters, an oversupply of natural gas, and then Covid.

But with a contract expiring on December 31, 2021 and a second, 90,000 sq. ft. facility coming online, Wellness Group

Pharms CFO Harry Amsden wanted to explore better ways of buying energy. After meeting with Transparent Energy to discuss his firm's needs and its auction-based procurement approach, he decided to give the company a try.

In February 2021, Transparent Energy conducted its first online auction for Wellness Group Pharms, attracting **8 suppliers** (a 700% increase) who placed 29 bids on various products and terms. The resulting 24-month contract, that included a clause for the supplier to pay any increase in capacity charges, delighted Amsden: he got to see each bid by each supplier – a totally transparent process – and saw how much the price moved down over the course of the auction, even in a market that was projecting significant increases over the prior contract's record lows.

Based on these results, Amsden had Transparent Energy run another auction, this time to meet his new building's energy needs, projected at 13.5 million kWh per year. Again, Transparent Energy brought multiple suppliers to bid on the business and, again, Wellness Group Pharms selected a product and term in alignment with its first facility.

As a result, Wellness Group Pharms secured two attractive energy contracts that met its needs, safeguarding it from the energy-price volatility that returned to the market in 2022 and 2023, conditions exacerbated by a surprise jump in capacity charges within Ameren, the service territory in which the cannabis cultivator operates. While other Ameren customers had to withstand an over 4,000% increase in capacity charges, Wellness Group Pharms' contract stipulated its supplier had to shoulder these costs.

# The Impact

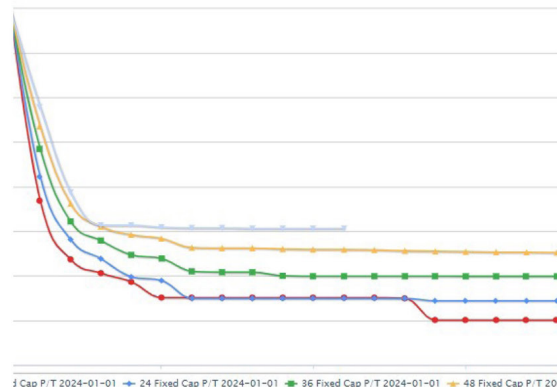
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Best Bids

	12 Month	24 Month	36 Month	48 Month	60 Month
Best Bid	6.505¢	6.720¢	6.994¢	7.259¢	7.530¢
Supplier					

Current Bids

Supplier	12 Month	24 Month	36 Month	48 Month	60 Month
	7.030¢	7.192¢	7.395¢	7.552¢	
	7.184¢	7.407¢	7.610¢	7.808¢	7.934¢
	6.932¢				
	6.505¢	6.720¢	6.994¢	7.259¢	
	7.842¢	8.111¢	8.421¢	8.674¢	8.891¢
	6.748¢	6.988¢	7.234¢	7.417¢	7.543¢
	6.756¢	6.747¢	6.995¢	7.260¢	7.530¢



“Cannabis cultivators face many hurdles when it comes to buying energy, so working with Transparent Energy – a firm that understands our unique needs and challenges – has been a welcome change for us, one that has had a very positive impact on our operations,” said Harry Amsden, CFO, Wellness Group Pharms LLC. “We love the competitive dynamic of the auctions and the transparency they provide. In addition, we have come to rely on Transparent Energy’s market expertise: they understand energy in a way that helps us make the right decisions about when to go to market, what to buy and for how long, and how to think about energy as we continue to build new facilities.”

CFO Harry Amsden - Wellness Group Pharms

## A Winning Formula for Energy Procurement

Based on the success of the first two auctions, Amsden was receptive to Transparent Energy’s suggestion that Wellness Group Pharms get in front of the January 2024 contract expiration date and take advantage of a temporary market dip to secure an attractive electricity rate through early 2026. This time, Transparent Energy aggregated the loads of the two facilities, which had grown to a combined 24 million kWh annually (a 6 million kWh increase, reflecting the rapid growth of the second facility). The resulting auction attracted **7 suppliers, who placed a combined 92 bids** to win the business.

Next up for Wellness Group Pharms and Transparent Energy: an energy procurement strategy for the two

new buildings just completed – a 90,000 sq. ft. indoor aeroponic cultivation facility with an attached 60,000 sq. ft. greenhouse.

## Conclusion

New advances in cultivation are making the business of “growing” more sustainable and impactful. As an energy-intensive industry, it is imperative that this new generation of cultivators understands their energy options and works with equally progressive innovators to meet their evolving energy needs. Transparent Energy is the energy-innovation partner you need to stimulate the exponential growth of your products and operations in a way that benefits your bottom line and safeguards your future.

## Address.

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