

guest opinion

Wal-Mart Masters Energy Markets

By Chris Hendrix

fact box

- ◀◀ Wal-Mart, SAM'S CLUB and warehouse locations in Texas: 270
- ◀◀ Company annual electricity use in state: 1.67 million megawatt hours
- ◀◀ Texas Retail Energy formed by Wal-Mart in 2004
- ◀◀ Estimated annual energy savings: tens of millions of dollars a year



Source: Wal-Mart

Chris Hendrix is general manager of Texas Retail Energy, a wholly owned subsidiary of Wal-Mart Stores, and buys electricity and natural gas in competitive markets.

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WAL-MART HAS EMBARKED on a full scale global sustainability initiative. Our environmental goals are simple and straightforward: to be supplied 100 percent by renewable energy; to create zero waste; and to sell products that sustain our resources and our environment.

Some might say this is overly ambitious. But this effort reflects the transformation our company is undergoing. We are changing more rapidly and more profoundly than ever before. Wal-Mart is in every single competitive market in the United States. As a result, we purchase electricity from a variety of suppliers under a wide array of products.

Beginning in November 2004, Texas Retail Energy, a wholly owned Wal-Mart entity, started purchasing wholesale electricity and delivering it to Wal-Mart's facilities within the ERCOT region. Our direct involvement at the wholesale level gives us better visibility of the energy marketplace, makes market pricing transparent, and allows us to manage our load much like an investment portfolio with a variety of suppliers, structures, and terms. We are a fully functioning energy marketer with six employees. And we send out monthly invoices broken down by facility.

In the last year, we have received an energy service company (ESCO) certificate in New York and a FERC power marketer license. The majority of the New York facilities will probably be added in the fourth quarter. We will continue to evaluate other markets with a significant amount of load and competitive opportunities.

Having a choice of energy suppliers encourages companies to operate more efficiently. Those suppliers can be either utilities or third party energy suppliers. Competition in the energy marketplace delivers many benefits to customers. Creative and innovative pricing structures can be tailored to individual business needs. Customer service is improved when companies want to earn business. And competition cuts costs.

All energy consumers — both businesses and individuals — should have a choice of energy providers just like they do for airline service, cell phone service, gasoline, long distance telephone, television content, delivery services, banking and insurance.

To further promote and protect competition, Wal-Mart was one of the initial members of the Compete Coalition and just recently joined the National Energy Marketers Association. In addition, we are actively involved in the ERCOT stakeholder process and currently serve on both the technical advisory committee and wholesale market subcommittee as a representative for consumer interest. ☺