



Covenant Health Systems first participant in SPHERE Reverse Auction

Premier alliance member Covenant Health Systems serves as sponsor, governance organization and manager of multiple health and elder care related organizations throughout New England. Facilities sponsored by, managed by, or affiliated with Covenant include:

- 733 acute and chronic care hospital beds
- 2,029 nursing home beds
- 164 residential/personal care beds
- 435 assisted living units/supported housing
- 322 independent or congregate housing units

At the highest level, Covenant has made a commitment to Environmental Stewardship. Motivated by this commitment, Covenant was the first Premier alliance member to participate in the Premier-Practice Greenhealth Energy and Environmental Commodity Reverse Auction Program. The Reverse Auction is part of Premier's **SPHERE** energy initiative (**S**ecuring **P**roven **H**ealthcare **E**nergy **R**eduction [for the] **E**nvironment.)

On the day of the auction, June 3, 2008, Practice Greenhealth/Healthcare Clean Energy Exchange (HCEE) conducted a Reverse Auction for electric purchasing for four Covenant purchasing entities: covering a total of seven healthcare facilities.

The purchasing entities and related facilities included:

Covenant, Maine

St. Andre Health Care Facility, Biddeford, ME

Sisters of Charity Health Systems, Lewiston, ME

Covenant, Massachusetts

St. Joseph Manor Health Care, Brockton, MA

St. Mary Health Care Center, Worcester, MA

Youville Place Assisted Living Residence, Lexington, MA

St. Joseph Hospital, Bangor, ME (Covenant Affiliate)

Sancta Maria Nursing Facility, Cambridge, MA (Covenant Affiliate)

Practice Greenhealth/HCEE worked closely with Covenant management to assist in preparing data that resulted in twenty four separate RFPs that were put up for bid. RFPs were for contract periods ranging from 18 to 48 months and included both 100 percent conventional electricity as well as 5 percent "green" energy (e.g., electricity produced from renewable resources.)

The Reverse Auction resulted in Covenant's executing four electric commodity purchasing contracts covering 42 to 48 months, for the annual purchase of 22,294,959 kWh at a total cost for the entire contract period of \$11.4 million, saving an estimated \$1.6 million over a traditional paper based procurement process.

By executing these purchase contracts, Covenant has stabilized the cost of electric power for the participating healthcare facilities for the life of the contracts.

While it was Covenant's hope to purchase at least 5 percent "green" energy through the Reverse Auction, the final bids reflected an incremental cost of \$2.6 million for that option. Foregoing that option, Covenant has instead elected to explore the increased use of energy efficient technologies throughout the System.

More information:

- **Covenant Health System, call Nancy Mulvihill, VP Covenant Corporate Communications, 781-862-1634**
- **SPHERE and reverse auctions at www.premierinc.com/sphere**