



# Wholesale market access (WMA) FAQs

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## How long have you been managing flexible contracts?

WMA has been running since July 2018, although we have been managing stand-alone flexible contracts for our clients for over 15 years.

## What the benefits of WMA against fixed price contracts?

- ✔ Purchase energy up to 5 years in advance to 'build a price'
- ✔ Gain the ability to make multiple purchasing decisions
- ✔ Access to the wholesale market normally reserved for larger users
- ✔ More opportunity to reduce costs versus current marketing conditions
- ✔ Have non-commodity charges passed through at published rates without a built-in supplier risk margin
- ✔ Create a more strategic and longer-term energy procurement plan
- ✔ The ability to reforecast consumption and avoid take or pay clauses
- ✔ Have your energy managed by our Market Team on a daily basis as opposed to reviewing options once every few years

## How is this different from my current fixed priced contract?

We have an overall purchasing strategy whereby we make purchasing decisions on behalf of our clients, the mantra being that if it's right for one it's typically right for all. From the outset, we talk you through options and cover the difference between a fixed priced contract and a flexible arrangement where your unit rate may vary over the course of the agreement. For clients who want to operate their own strategy with individual trigger parameters, we can easily accommodate these too.

## Do you manage this as a basket/collective?

Yes, giving all within the product the ability to access the wholesale market and spread consumption risk. You have your own contract within the basket/collective and can operate within the company strategy or an individual strategy. Due to minimum purchase sizes, you must use more than 100,000 kWh electricity or 200,000 kWh gas per month to operate an individual strategy.

## Can we have our own purchasing strategy?

Yes, subject to being above the minimum purchase sizes to operate your own strategy. You can discuss this with your Market Analyst.

## **Should we follow CEC's purchasing strategy?**

The choice is yours; our strategy has worked well and we have wealth of experience but you are free to follow your own preferences.

## **Can we lock out our volume at any time should we decide to do so?**

Yes, subject to being above the minimum purchase size. You can discuss this with your Market Analyst.

## **Why are you recommending a long-term strategy and what is the benefit?**

One of the key benefits of WMA is that it provides the ability to move quickly when markets look favourable. The longer the framework, the greater the opportunity to minimise risk and exposure to volatility.

The recent sharp increase in wholesale energy costs highlights the risk to businesses who choose to simply fix every one to three years, leaving forward volume exposed to the market at a potentially unfavourable time. The idea with WMA is that it allows you to build your price by making multiple purchasing decisions over time.

## **How do you make your purchasing decisions?**

We monitor and discuss the markets daily and meet weekly as an absolute minimum. The team has over 30 years' experience to determine when to purchase. We have live market data screens and significant data from suppliers to assist our modelling and purchasing.

## **Will we see variations in cost for winter and summer?**

Yes. Each month will look different on the invoice as commodity and non-commodity costs change. Typically, wholesale costs are higher in the winter and lower in the summer which would reflect on supply invoices.

## **What's the benefit of having the non-commodity costs passed through for electricity?**

It is Invoiced as a 'true cost' rather than suppliers taking a guess what they may be on a fixed contract. The financial benefit of energy conservation projects would be seen sooner as any underlying reduction in non-commodity costs are passed-through in a live environment.

## **How often can you purchase and in what kWh volume?**

We can purchase a minimum of 0.1MW at a time, however with the current basket size this could be thousands of purchases through out each year. We can purchase anytime there is enough open volume.

## **How do you communicate your purchases to us?**

You receive a bi-weekly report with a market update and separate reports every time a new purchase is made. This information is available via email and via our client portal CECIL.

## **When will we know what our price is?**

Once a period is 100% purchased, we can tell you the commodity cost for that period.

## **Do you have a collar and cap?**

No. We work to achieve a “target price” set in house. We do not try to get the “best” price but to make sure you receive a good price from our purchasing strategy. The best price will only ever be achieved by getting lucky or gambling and we do not manage risk and exposure in that way. We make multiple purchases to build a price.

## **Are you aiming for the lowest price all the time?**

In short no. We do not risk a good price for the sake of hoping for a great price.

## **What’s a shape fee?**

A shape fee is paid on every kWh used so that the energy does not need to be reconciled and exposed to market conditions. It ensures you pay the same rate for all your energy whether you use more or less than your anticipated baseload volume.

## **How are take or pay clauses calculated?**

At basket level, 15% + or -. This is a fantastic way of mitigating risk further by having the benefit of the basket kWh volume for tolerance as opposed to just your own.