



Flexible Contract FAQs

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How long have you been managing flexible contracts?

Control Energy Costs has been managing stand-alone flexible contracts for our clients for over 15 years. Our Risk Management team has over 30 years' experience.

What are the benefits of flexible versus fixed price contracts?

- ✓ Manage price risk 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
- ✓ When managed correctly, greater opportunity to improve upon market average price over time
- ✓ 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 re-forecast consumption and avoid take or pay clauses
- ✓ Have your energy managed by our Risk Management 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. 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.

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.

Can we have our own purchasing strategy?

For larger clients who want to operate their own strategy with individual risk parameters, we can easily accommodate these too. You can discuss this with your Risk Manager.

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.

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

One of the key benefits of flexible purchasing 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.

Recent volatility 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. Fixing in this way is essentially a one-in-365 chance of hitting the 'best' price during a given year.

The idea with flexible purchasing is that it allows us to build your price by making multiple purchasing decisions over time.

How do you make your purchasing decisions?

Our team ensures that, if the markets are open, we have eyes on them. The team has over 30 years' experience to determine when to purchase.

As well as unparalleled knowledge of market fundamentals, we have live market data screens to inform 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 and then adding a risk premium.

The financial benefit of energy conservation projects would be seen sooner, as any underlying reduction in non-commodity costs is passed-through in a live environment.

How often can you purchase and in what kWh volume?

We can typically purchase a minimum of 0.1MW of power or 100 therms/day of gas at a time. With the current basket size, this could be thousands of purchases throughout each year. We can transact anytime there is sufficient volume.

How do you communicate your purchases to us?

You receive market updates and bespoke basket position reports monthly. Every time a new purchase is made, you will receive email confirmation from our dedicated Trade Confirmations mailbox.

All information is available via our client portal, CECIL.

Do you have a collar and cap?

No. We do not work to achieve a 'target price' set in house. We do not try to get the 'best' price, but to make sure your exposure is limited through a risk management strategy.

The best price will only ever be achieved by getting lucky or gambling, and any such approach has an equal chance of you being unlucky.

We do not manage risk and exposure in that way. Control Energy Costs makes multiple transactions to build a price.

When will we know what our price is?

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

Are you aiming for the lowest price all the time?

In short, no. We manage risk.

