FCT FUTURE CORPORATE TECHNOLOGIES

Your guide to
Fixed & Flexible
Energy Purchasing

What’s the difference between Fixed & Flexible Energy Procurement?

There’s a clue in the name...

With **‘Fixed’** & **‘Flexible’** referring to how you purchase units of energy.

Fixed Procurement:

Allows you to purchase all your energy for the contract term at one set price which will carry the length of term.

Flexible Procurement:

Lets you buy energy in smaller chunks throughout the length of the contract, giving you the ability to choose how much & when you buy your energy.

The PROS & CONS of Fixed Contracts

PROS

Fixed Price Assurance:

1. Enjoy a stable, fixed price throughout the contract terms for budget certainty.

Effective Budget Management:

2. Accurately forecast budgets and efficiently manage costs with the assurance of a fixed pricing structure.

CONS

Locked-In Uncompetitive Prices:

1. Fixed contracts entail uncompetitive energy prices with additional premiums on unit and standing charges.

Potential Contract Increases:

2. Fixed contracts may allow for 'pass-through' of elements like Green Levies and Transport Costs, leading to potential price hikes during the contract.

Risk of Price Escalation:

3. Longer-term contracts carry a higher risk premium, as suppliers seek to safeguard profit margins against unforeseen changes in non-commodity costs.

Contracted Period Impact:

4. Generally, the longer the contract, the greater the risk and premiums associated with unanticipated cost fluctuations.

The PROS & CONS of Flexible Contracts

PROS

1. Take advantage of the wholesale market ups and downs, with the aim of buying energy during price dips.
2. Spread the risk of purchasing energy to multiple purchasing points.
3. The ability to align the energy procurement strategy to the movements in the wholesale market instead of fighting against them.
4. Since you'll be purchasing energy closer to the date of use, you'll reduce the risk premiums charged by the energy supplier.
5. Reduce the price you pay with a flexible product which can 'pass through' non-energy charges.
6. Non-energy charges are clearly itemised on bills, allowing for clearer visibility of what is being charged.
7. Easier comparison of non-energy costs for contract renegotiation purposes.
8. Allow for more functionality than fixed contracts.

CONS

1. A riskier contract option due to the volatility of the energy market however, in todays market, Prices energy reports indicate downward curve for the next 3 Years.

Which Organisations Qualify for Flexible Energy Procurement?

Organisations that use over 5 million kilowatt hours (kWh) of energy are able to benefit from flexible energy contracts.

This volume threshold has decreased dramatically in the last few years. Smaller companies that use less than 5 million kilowatt hours (kWh) of energy can also benefit from a flexible contract option if they look at our Collective Basket Frameworks (CBF).
Even If you only consume 1gWh of energy you are still able to be part of our collective basket frameworks.

You need experts–it takes a lot of skill and understanding of the industry in order to successfully trade energy, if you haven’t got this knowledge in house then an energy management consultancy can help you. It’s important to have the right people with the relevant skills working on your account.

Our expert energy trading and risk management team can help your company to reduce the cost of your energy by taking advantage of market trends using advanced software, in-depth analysis and years of experience.

We work carefully with you to meet your exact requirements, finding a supplier that perfectly matches your needs and choosingenergy procurement strategies that meet your appetite for risk.

What factors influence energy market prices?

Demand –Demand for light, cooling and heating corresponds with a variety of economic, technological and efficiency measures.

Supply –Energy from coal, nuclear, gas, oil, and renewable sources reacts quickly in response to the available supply.

Storage –The difference between supply and demand.

Weather –Actual weather events, as well as weather forecasts, affect market prices.

Generation changes –Changes to energy-generating facilities.

Imports and exports –The transfer of energy across borders and the political interactions involved.

Global markets –Major changes in global supplies can affect the UK’s domestic energy costs.

Government regulations –New or changes regulations can impact supply and demand costs significantly.

What is the cost to my business?

- We would propose to recover an indirect charge from the supplier of 1-2% of the contract value (depending on size).
- However, our service can save circa 10% on your energy spend (without taking into consideration any savings through bill validation).

Do I tell you when to buy my energy?

- No. We realise that you don’t have time to monitor the market and hence we fully manage the purchasing decisions during the contract and we take responsibility for delivering you a price that beats the market each year.
- We keep you informed every step of the way through monthly trading and invoice validation reports

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If you're ready for a personal, simple approach to business energy then contact our team on 0191 535 9050 or e-mail info@fct.services