



ENERGY BUYING GUIDE · AUTUMN 2026

How to Choose the Right Energy Buying Strategy

A plain-English guide to tranche buying, consortium thresholds, and why buying in stages smooths out market volatility — essential reading before your next energy renewal.

01 Why this matters right now

In today's market, the way you buy matters as much as the price you get on the day. Wholesale energy is volatile, and one badly timed fix can lock in a high price for years.

Highest

UK gas price since December 2022, reached in September 2026

~50%

above pre-conflict levels, driven by the Middle East situation

10%+

price swings seen in a single trading day

The Middle East conflict has kept UK gas prices high all through 2026. By late August, winter gas was trading near 170p/therm and power near £140/MWh, and a cold winter with low storage could push prices up by double digits again.

Electricity follows gas. Gas-fired plants still set the UK power price much of the time, so a spike in gas feeds straight into your electricity costs, even when a lot of renewable power is on the grid.

Sources: Energy UK, The situation in the Gulf and impact on energy prices; NRLA, Business energy market update, September 2026.

02 Your three main options

Most businesses can choose from three ways of buying energy. The right one depends on how much energy you use, how much risk you can take, and how much budget certainty you need.

Strategy	How it works	Best for	Main risk
Fixed contract	One price, set on one day, for the whole term	Small users who need a single, simple number	Timing: if you fix on a bad day, you pay that price for the full term
Flexible (tranche) buying	Energy is bought in several portions over time, on a set strategy	Larger users who want to manage risk actively	The final price isn't known until every tranche is bought
Consortium buying	Many businesses pool their demand and buy together, managed by a specialist trading desk	Mid-sized I&C users who want flexible buying without running it themselves	You follow the group strategy rather than a fully bespoke one

You don't have to choose one for good. Many businesses move from fixed to consortium buying once they understand the risk they carry by fixing on a single day.

03 Tranche buying in plain English

Tranche buying means buying the energy you'll use in portions, or "tranches", over time, rather than all at once. Think of it like buying foreign currency for a holiday in several lots, not all on one day.

- 1 Forecast your usage.** Your annual demand is split into delivery periods, such as seasons or quarters.
- 2 Buy in stages.** Portions are bought over the months before and during delivery, for example 10–20% at a time.
- 3 Follow a strategy.** Each purchase is driven by market analysis, price triggers and risk limits, not guesswork.
- 4 Lock in as you go.** Every tranche you buy is fixed. The share still open gets smaller as delivery gets closer.
- 5 Settle the balance.** Anything left unhedged is bought near or at delivery, so your final price is the weighted average of everything bought.

The result is an average price that reflects the whole buying window, not a single moment in it.

04 Consortium thresholds explained

"Thresholds" can mean two things: the minimum usage you need to join a consortium, and the price levels that trigger a purchase once you're in.



1. Entry thresholds: can you join?

Flexible consortium frameworks are built for Industrial & Commercial (I&C) users. To join our Flexible Energy Consortium books you need:

175,000 kWh

Electricity: minimum annual consumption

300,000 kWh

Gas: minimum annual consumption

Below these levels you're in SME territory. There, a well-timed fixed contract, bought using a milestone strategy, is usually the better route.

2. Trading thresholds: when does the desk buy?

Once you're in the consortium, purchases follow agreed rules rather than gut feel:

Buy triggers

Target prices set in advance.
When the market falls to a target, a tranche is bought.

Stop-loss limits

Protective ceilings. If prices rise through a limit, more volume is locked in to cap your exposure.

Time-based minimums

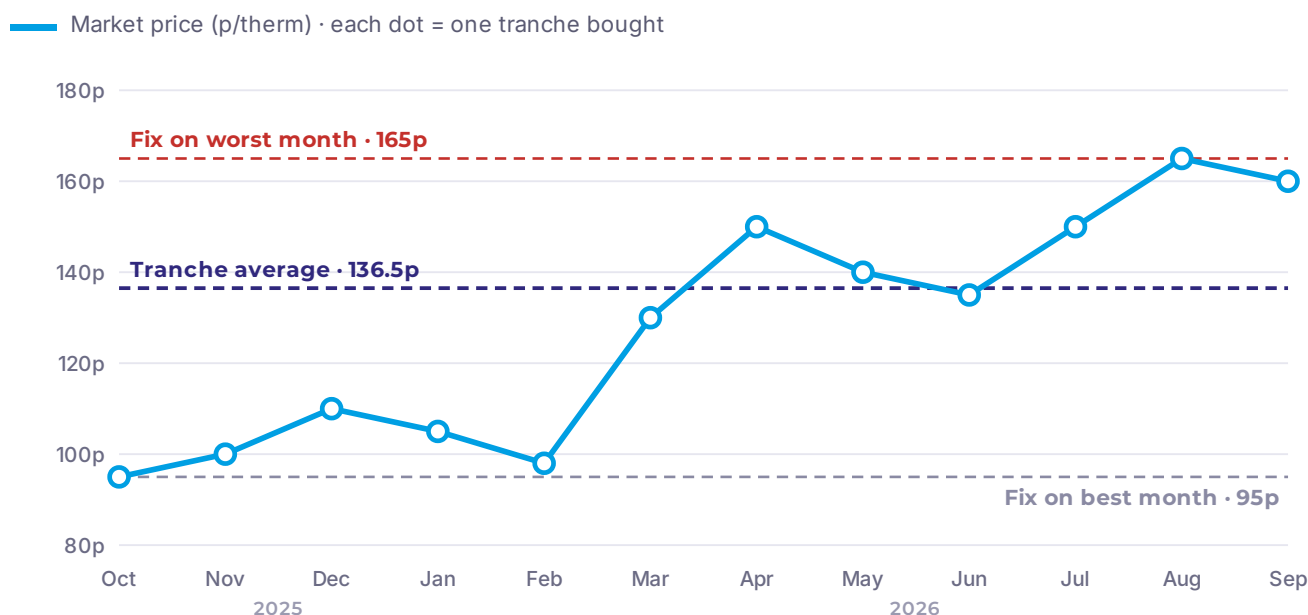
A set percentage must be hedged by a set date, so you're never left fully open close to delivery.

Because the consortium buys for many businesses at once, it trades in larger volumes, with professional market analysis behind each decision. Power can usually be layered in gradually. Gas can be more lumpy, because fewer volumes are on offer at a time, so the desk sometimes has to hedge a larger share in one go.

05 Why buying in stages smooths out volatility

Buying in stages takes timing risk off the table. You won't catch the very bottom of the market, but you won't be caught by the top either.

Take a simple example. A business buys its gas over 12 months while prices swing between 95p and 165p per therm. It buys one equal tranche each month.



Illustrative example only, not market data.

165p

Fix on the worst month, paid for the whole contract

136.5p

Tranche buying: the blended average of all 12 purchases

95p

Fix on the best month, only if you call the bottom perfectly

£2,900

a year difference

For a site using 300,000 kWh of gas a year (about 10,236 therms), the 28.5p gap between the worst fix and the tranche average is worth about £2,900 a year. On larger sites, or on electricity and gas together, the difference grows quickly.

In practice a consortium desk does better than equal monthly slices, buying more when prices fall to target levels and less when the market spikes. The principle is the same: spreading purchases means one bad day can't set your price for years.

06 Which strategy suits your business?

Start with two questions: how much you use, and how much price movement your budget can take.

Your situation	Suggested approach	Why
Under 175,000 kWh electricity or 300,000 kWh gas a year	Fixed contract, bought with a milestone strategy	Too small for flexible frameworks; timing the fix well is where the value is
Above the thresholds; you want expert management without a trading team	Consortium flexible buying	Staged buying, pooled volume and a professional desk, with no in-house effort
Large, complex or multi-site portfolio with a specific risk appetite	Bespoke flexible basket	A strategy, triggers and limits built around your own budget and risk tolerance
Board needs one fixed number now, whatever the market	Fixed, or flexible with a high early hedge	Budget certainty comes first; accept the timing risk, or reduce it by hedging a large share early

In today's market, with double-digit daily swings possible, putting 100% of a multi-year contract on a single day's price is the riskiest choice most businesses can make.

07 Checklist before your next renewal

Start 12–18 months before your contract ends. Flexible buying needs time to work, and the further out you start, the more chances you get to buy well.

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|---|---|
| ☐ Find your contract end date and any notice period | ☐ Decide who signs off, and how fast, so a good price isn't missed waiting for approval |
| ☐ Pull 12 months of consumption data (half-hourly data for electricity if you have it) | ☐ Ask every broker or consultant to state their fee in writing, in £/MWh or p/kWh |
| ☐ Check your annual usage against the 175,000 kWh (electricity) and 300,000 kWh (gas) thresholds | ☐ Check the non-commodity costs too (network, policy and supplier charges), not just the unit rate |
| ☐ Agree your budget and how much price movement the business can absorb | ☐ Plan for changes to your site: new equipment, solar, battery storage or growth |

08 Next steps with FCT Energy Partners

FCT Energy Partners runs its own electricity and gas consortium books through the Flexible Energy Consortium and does its own buying, rather than handing it to someone else. Our framework partner, Evolve Energy, is a licensed I&C supplier. Our fees are transparent, with no hidden margins.

- Review your current contract and usage, and tell you which strategy fits
- Build a milestone strategy for fixed contracts below the consortium thresholds
- Place eligible sites into the FCT Flex Electric and FCT Gas consortium books
- Design a bespoke flexible basket for larger or multi-site portfolios

Talk to us 12–18 months before your renewal

We'll show you what a staged strategy could have saved you over the past year.

Mark Crozier

CEO | Trader & Energy Consultant

TEL +44 191 820 4549

MOBILE +44 7436 863456

EMAIL info@thefctgroup.co.uk



Sources: Energy UK, "The situation in the Gulf and impact on energy prices" (energy-uk.org.uk); NRLA, "Business energy market update: September 2026" (nrla.org.uk). This guide is for general information only and is not financial advice. The worked example in section 05 is illustrative and does not use market data. FCT Energy Partners is the trading name of Future Corporate Technologies Limited.