

## WHAT IS FLEXIBLE ENERGY PURCHASING?

Flexible Purchasing (Flex) is an alternative way of procuring your energy for the period ahead that spreads your purchases over a period of time, helping you to mitigate the risk of hikes in the wholesale energy market. Flex also allows you to take advantage of dips in the wholesale energy market to secure cheaper rates that may not be available in the future.

### AN EXAMPLE OF FLEX ENERGY PURCHASING



## HOW FLEXIBLE ENERGY PURCHASING WORKS

Instead of buying 12, 24 or 36 months worth of energy in one go, your energy is purchased in multiple chunks directly from the wholesale market over the period of time leading up to the contract starting.

For example, instead of buying 12 months of energy for January - December 2025 all in December 2024 (fixed), you can purchase 3 months worth of energy in March 2024, 2 months in April 2024, and the remaining 7 months in August 2024, if these looked like good times to buy energy. All your purchases together form your fully delivered contract.

Flexible purchasing can be applied to either one or both of the two elements that make up your energy bill — your **energy costs** and your **non-energy costs**.

### WHAT IS THE DIFFERENCE BETWEEN MY ENERGY AND MY NON-ENERGY COSTS?

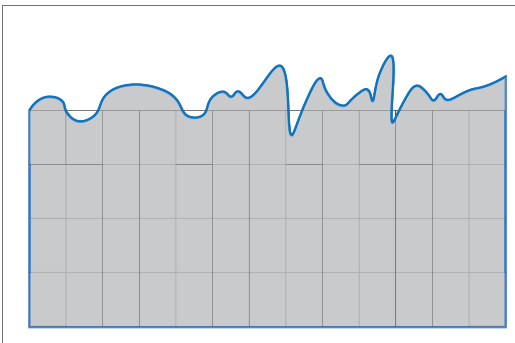
Your **energy costs** are what you pay for the electricity and gas you directly consume, which is based on your meter reading. How much this costs you is linked to the wholesale energy market, the cost of oil and your energy usage efficiency.

Your **non-energy costs**, which currently make up the majority of your bill (approximately 60%), are the charges that suppliers pass through to their customers that they themselves pay the government in order to comply with sustainability-related legislation. The cost of these charges relate primarily to where your sites are based, what your capacity usage is set at, and what time of day you use most of your energy. Whilst non-energy costs can not be negotiated they can fluctuate in price, meaning it may be possible to secure lower non-energy costs in some circumstances.

# A STEP-BY-STEP GUIDE TO HOW YOUR FINAL CONTRACT COST IS CALCULATED

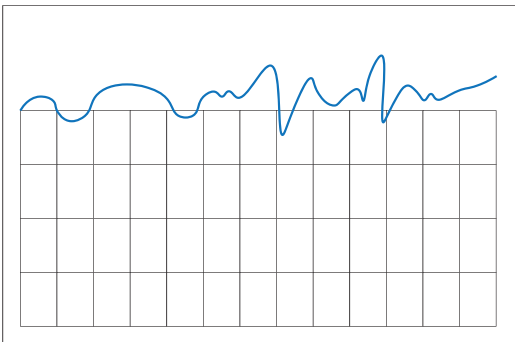
Your anticipated future energy requirements are split into “base load” and “peak load” volume blocks known as “clips” for electricity and “tranches” for gas. These blocks vary in size and can go as small as 0.1MW for electricity, depending on your overall annual consumption. You can purchase your energy ahead in daily, monthly, quarterly or seasonal periods.

A “residual load calculation” covers any additional volume requirements outside these clips and tranches. This can be purchased in a number of different ways, depending on which contract you choose.



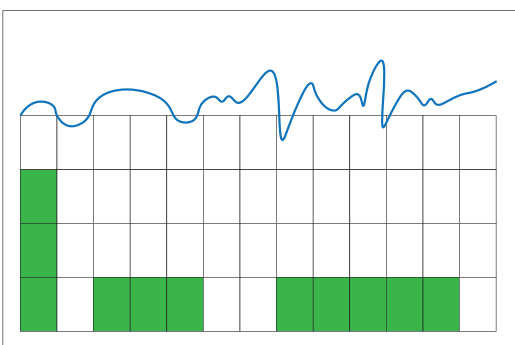
## 1. Your future consumption is estimated

Your anticipated energy usage is forecast in order to calculate how many units of energy you will need to purchase.



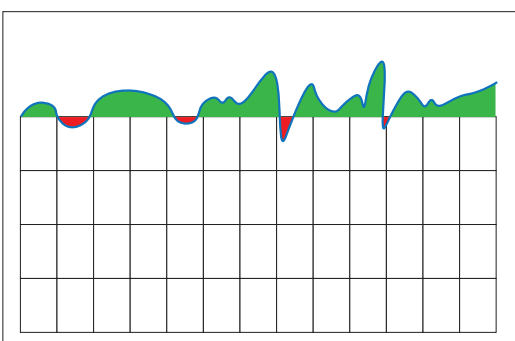
## 2. Dividing your projected consumption into units

Your projected consumption is portioned into electricity “clips” or gas “tranches”.



## 3. Purchase clips or tranches

Clips and/or tranches can be purchased in either daily, monthly, quarterly or seasonal periods.



## 4. Residual load calculation

Any consumption outside these clips and tranches are purchased separately, depending on the contract you choose.

# ADVANTAGE FLEX

Our team of in-house experts will work not only to get you the best prices, but truly understand your needs and ensure a fully tailored solution is created for your requirements.

Our energy buying experts will look at a variety of factors when assessing what solution would work best for you, including the volume of energy you require, how you are affected by non-energy costs, the number and the locations of your sites, and your appetite for risk. We can also help you look at alternative ways of procuring energy (such as on-site generation) that can act as a complimentary supplement to your flexible energy purchasing and may help you to further reduce your costs.

Our energy buying team are supported by our in-house market intelligence experts, who closely monitor the live wholesale commodity market and will alert you to when the best time to buy your clips and/or tranches will be, so you don't have to worry about watching the market yourself.

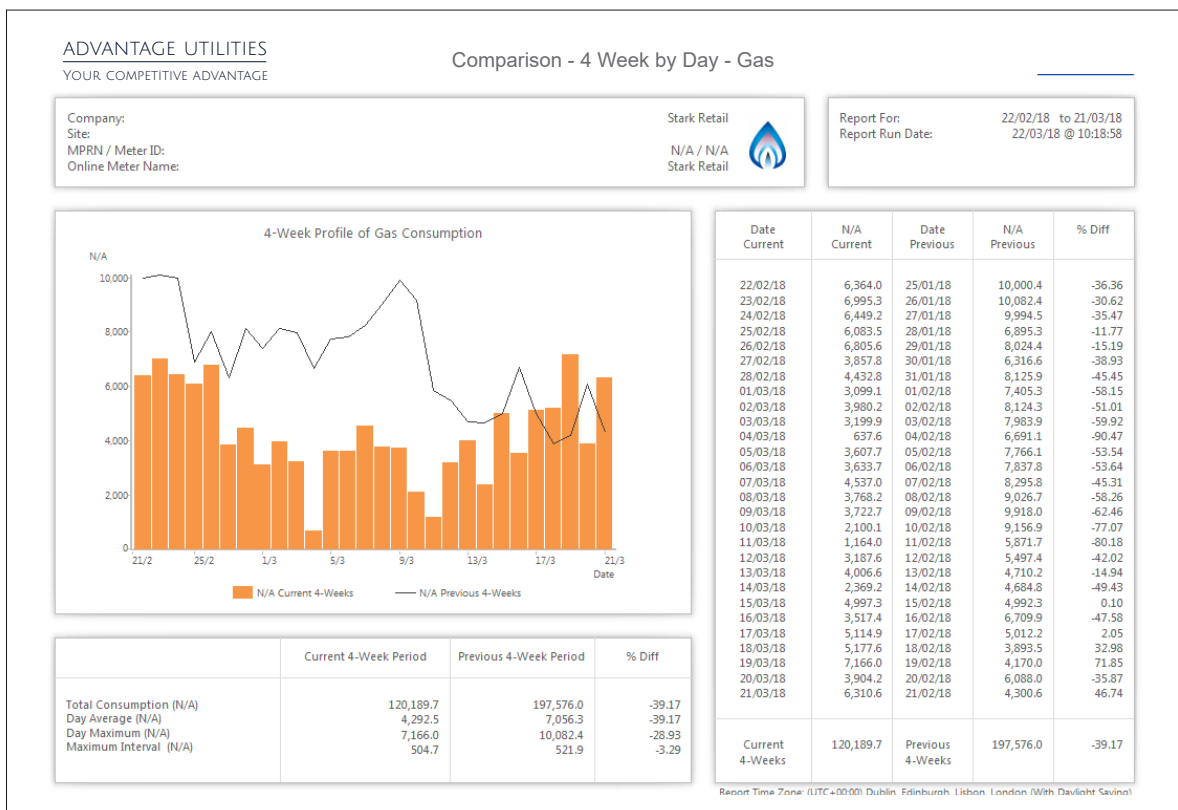
We will work closely with you to develop a pre-agreed risk management strategy, which includes safety measures such as stop-loss levels, triggers, and alerts to ensure that purchases are made within agreed parameters. This will provide you with the peace of mind that your energy budget is purchased with transparency and expert guidance.

## ADVANTAGE ANALYTICS: A POWERFUL INSIGHT INTO YOUR ENERGY USAGE

Understanding your energy consumption is the key to developing your perfect Flex strategy. As an Advantage Utilities customer you will receive complimentary access to our online energy monitoring portal **Advantage Analytics**, which allows you to see your consumption and energy spend within the last 24 hours and gain real insight into where you can make efficiency savings.

**Call 0207 371 5360 or speak to your account manager for a live demonstration.**

AN EXAMPLE OF THE ADVANTAGE ANALYTICS PORTAL DISPLAYING DAILY GAS USAGE FOR THE LAST FOUR WEEKS, WITH THE MOST RECENT DATE BEING WITHIN THE LAST 24 HOURS



## FLEX PRODUCTS WE OFFER

We offer two products which give you control over how you procure your rates for both your energy and your non-energy costs.

### FULLY FLEXIBLE

Our Fully Flexible product gives you total freedom to decide on when you make your purchases accounting for the price of the commodity and what the going 'pass through' costs are that suppliers are charging their customers.

Non-energy costs generally increase over time but can also fluctuate. If your usage is high and varies significantly, this may be the best option for you, as even a small reduction in the day's pass through charges may mean a significant saving for you on that day.

Your non-energy charges change depending on the time of day. If you use the bulk of your energy the same time that most other businesses do (usually 4pm - 7pm), you pay higher rates for your non-energy costs. If you can be flexible, Advantage Utilities can help you make further savings by shifting the time of day you use the most energy. We can also help you engage with Government-led efficiency schemes aimed at making companies greener, known as the Demand Side Response (DSR) schemes. These schemes include:

- **Triad Management** Helps avoid high network charges during winter peak months.
- **Capacity Market** Earn revenue by helping the Grid stay balanced.
- **Firm Frequency Response** Earn revenue by helping manage sudden surges or dips in supply or demand on the Grid.

### PART FLEXIBLE

Our Part Flexible products allow you to fix the pass through rate with your supplier that you will pay for your non-energy costs whilst being free to buy your energy flexibly. This allows you to secure a level of budgetary certainty whilst being open to get the best possible commodity prices.

### ADVANTAGE GROUP BASKET

Want to benefit from flexible purchasing but don't consume enough energy to join a supplier framework? Then join the Advantage Group Basket.

Our strong relationships with suppliers give us the bulk purchasing power to build rolling flexible frameworks our customers with lower consumption levels can tap into. Each has a duration of typically 3-5 years.

Our in-house trading team will monitor the market continuously to ensure customers who are part of the basket have clips procured on their behalf at the best time. When we make a purchase, we'll send you a report detailing the performance and the status of your open and closed positions.

Call us on **0207 371 5360** or speak to your Account Manager to find out how Advantage Utilities can help you flexibly manage the procurement, consumption and costs of your energy.