

## 1. Purchase Day Ahead / Month ahead Strategy

Slough Council has chosen a 'Purchase Day Ahead / Month Ahead' Risk Management Strategy (RMS) to govern how gas and electricity purchases will be made for the period 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025, ensuring that exposures are managed within pre-defined risk tolerances.

The key feature of this strategy includes:

- Electricity purchases to be made on a "month ahead" basis
- Gas purchases to be made on a "day ahead" basis
- Stop Loss Triggers to protect from higher prices

### Day Ahead / Month Ahead Purchases

All gas purchasing will be left to the default day ahead index, so no forward hedging is implemented.

All electricity purchasing is made on a month ahead basis by eEnergy at their discretion throughout the preceding month to the consumption month. No forward hedging is implemented. To avoid any doubt and as example, throughout the month of March 2024, eEnergy will make electricity purchases for the April 24 consumption month.

### Stop Loss Triggers

Stop Loss Triggers protect the budget for the period 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025

Stop Loss Triggers as follows:

Electricity

- Summer 24 (01/04/24 to 30/09/24) - £90/MWh
- Winter 24 (01/10/24 to 31/03/25) - £110/MWh

Gas

- Summer 24 (01/04/24 to 30/09/24) – 102 p/th (£34.8/MWh)
- Winter 24 (01/10/24 to 31/03/25) – 117 p/th (£39.9/MWh)

If the wholesale energy price increases such that the cap is exceeded, then Cabinet approves eEnergy to buy the remaining energy volume for that summer or winter period where the cap is breached, to limit further cost exposure.

Once a season starts, the Stop Loss Trigger for the season will cascade to quarters and months if necessary.

## 2. Initial Volume and Volume Reviews

Slough Council confirms that the volumes stated in the supply contracts are an accurate representation of their expected consumption. Slough Council hereby authorises eEnergy to calculate the volumes to purchase on this basis and execute trades immediately upon signature of this RMS.

If Slough Council knows of any expected material changes to the consumption volumes, it is their responsibility to let eEnergy know so that eEnergy can proactively reforecast future periods with the supplier.

## 3. Approval

Slough Borough Council:

Signature \_\_\_\_\_

Date

\_\_\_\_\_

Print Name \_\_\_\_\_

Role

\_\_\_\_\_

**eEnergy Internal use only (Name / Date):**

Document created by: Alastair Hutson (30/01/24)

## 4. Disclaimer

*This RMS applies from the date of signature. But note that the strategy cannot be implemented until the supply contract has been locked in with the supplier. So, any delay to lock in may impact the purchasing.*

*Health warning: If the market rises very suddenly then we may not be able to purchase at the Stop Loss Triggers and the purchase cost may be greater. The strategy depends on the availability of live energy prices in the open market. During times of low liquidity or high market volatility, where a live price for a specified delivery period is not available, trades may be executed in alternative months/quarters/seasons so as to follow the spirit of the strategy.*

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