

Saving on energy prices the easy way

A major UK transport operator recognised the potential benefits of buying power via a flexible contract, but lacked the time, experience and resources to feel confident about taking on this responsibility.

As a result, npower Business Solutions (nBS) offered the transport company its Direct Budget Management (DBM) product, which boasts a three-tiered solution to maximising the benefits of a flexible contract.

Out of three possible levels of assistance, nBS's customer chose Platinum, which offers the maximum degree of support. In an increasingly volatile market, many businesses feel more secure with this added level of protection.

Before the contract began, nBS worked with its customer's Procurement Team to explain market conditions and define the company's individual risk profile and energy budget.

nBS then created a specific hedging and risk management strategy to deliver the required volume within the transport operator's budget.

And finally, nBS started to execute this strategy on its customer's behalf, with its Optimisation Desk Team securing energy volume for the contract duration.

The strategy agreed was to purchase around 80% of volume seasonally from two years ahead of delivery to minimise risk.

nBS's award-winning Optimisation Desk then used a combination of market-leading expertise, timing and analytical and reporting tools to achieve a purchase price below or at the level of the market average for the period.

For the period April 2016 to March 2017, this strategy delivered prices 19% below the initial budget, saving the customer £2.4 million. For the 36-month period from April 2017, nBS is currently tracking 8% below budget in a much stronger market, delivering savings so far of £1.8 million.



Silver

- Expert support to set up and operate flexible energy contract (Support level)
- Bespoke hedging strategy
- Regular review meetings
- Risk Navigator access



Gold

- Daily Value at Risk (VaR) analysis and warning emails based on agreed budget parameters
- Weekly strategy calls
- Reminder service to help you execute your strategy within set windows
- Trade decision support
- Daily report to show available purchases against hedging strategy
- Bespoke hedging strategy
- Regular review meetings
- Risk Navigator access



Platinum

- nBS secure energy prices in-line with your strategy and budget
- Daily VaR analysis and warning emails based on agreed budget parameters
- Weekly strategy calls
- Reminder service to help you execute your strategy within set windows
- Trade decision support
- Daily report to show available purchases against hedging strategy
- Bespoke hedging strategy
- Regular review meetings
- Risk Navigator access
- Capped commodity spend

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