Flexible Procurement Process

Energy procurement

Many more businesses are buying their electricity and gas on a flexible, rather than fixed basis. This involves a greater understanding of a business's appetite for risk and purchasing strategy and a complex process behind it to ensure competitive, protective and secure purchasing. Here's a step by step guide......

Rigorous Tendering Exercise

At the outset, Brownlow would tender your gas and electricity portfolios to as many suppliers, who provide flexible purchasing contracts, as possible.

The offers from suppliers would then be judged and scored in both quantitative and qualitative terms; placing greater weight behind contractual terms that are of a greater importance to the needs of your electricity/gas portfolios.

Quantitative (Cost-terms)

Our tender analysis would provide you with an indicative analysis of your forward energy-only costs, forecasted non-commodity costs and any contractual cost elements fixed by the supplier across the proposed contracted period. We would then use the tender analysis exercise as an opportunity to squeeze supplier's margin to provide you with the most cost-effective offers possible.

Qualitative (Contractual/Purchasing terms)

We also judge the suppliers' offers in terms of which contractual elements are more flexible or attuned to your requirements. We judge elements such as (and not limited to): number of available purchases; payment terms; volume risk and, of course, billing structure.

As regards billing, we would ensure that the most-competitive supplier is able to provide an appropriate, standardized billing structure to meet your bill validation needs.

Flexible Purchasing

Once your contract is set up and fully confirmed with the awarded supplier, we begin managing your purchasing in conjuncture with our Value at Risk (VAR) model.

Reactive Purchasing

The flexible purchasing of energy allows you to find an effective middle ground between having a long-term fixed contract and paying volatile day-ahead prices.

A fixed contract, while providing some financial stability, doesn't allow your business to take full advantage of any downward market movements that are likely to occur over the contracted period. Conversely, paying day-ahead rates, while allowing you to take advantage of the market when it bottoms, provides no security should the market spike or if prices increase significantly. A flexible contract, and our risk management policy, allows for you to reap the benefits of both.

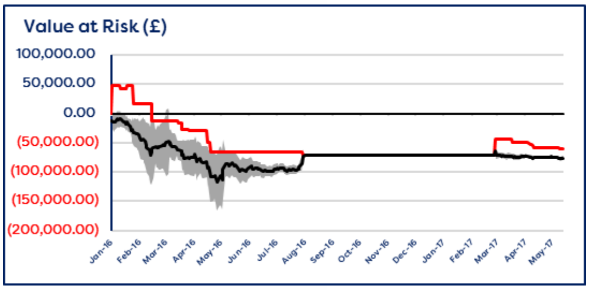
While a fixed contract will purchase 100% of your volume at a set price for your contracted period, a flexible contract allows for us to purchase and sell portions or tranches of your monthly volume, as far ahead as 4-5 years in advance, responding to market volatility and the upward or downward movements that are inherent in any commodity market.

Continually seeking to better your positions;
Purchasing your volume before the price of energy looks to increase further (protecting your forward costs so that you'll be paying less than you would otherwise) and selling or unfixing volume before the price decreases further (seeking to repurchase the energy at a more favourable rate when the market has bottomed).

Value at Risk

Our Value at Risk (VAR) model works alongside the flexible purchasing model, being tailored to your business needs and risk strategy.

It is a methodology used in investments and the purchasing of a vast array of other tradable commodities. Applying this model to your energy contract allows for us to protect your energy spend position against any potential price increases, whilst also providing the potential to better the price you'll be paying for your gas and electricity.



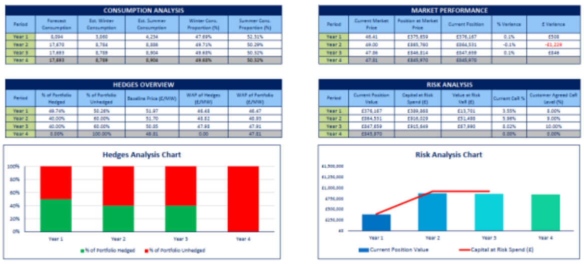
As you can see in the image above, we track the Capital at Risk line (RED) alongside the Position Value (BLACK). This Capital at Risk line represents the amount of risk that you are prepared to authorize to give your business the opportunity to benefit from falling prices. The Capital at Risk line also acts as an upper 'price cap', ensuring that purchases are made when prices begin to increase, thus protecting your positions from further rises.

We will consult with yourselves as and when to move the risk line downwards/upwards to an agreed level above the position value, taking risk out of the market or opening more risk to allow for increased opportunity to take advantage of falling prices.

Reporting

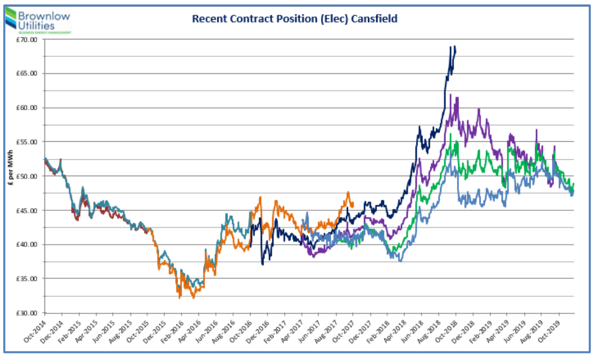
We issue regular position reports, updating yourselves on the progression of your portfolio's energy spend and our purchasing actions subject to market movement.

Our reports provide an insight into our agreed purchasing and risk management strategy and allow for you to regularly review this strategy.



The reports also provide you with regular budget forecasting of your energy only spend, eliminating some of the financial uncertainty otherwise seen in an unmanaged flexible contract, with every purchasing decision reflected in the forecasted energy-only costs outlined in the report.

We receive live gas and electricity market feeds (as well as live updates from a vast array of commodity and currency markets), which are fed into your report, providing you with market prices as far ahead as 5 years in advance.



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Brownlow Utilities
BUSINESS ENERGY MANAGEMENT

Why choose Brownlow?

Our aim is to make you competitive, compliant and efficient as far as your energy and utilities are concerned. Our approach is to do this with clarity, honesty and experience.

Our Services

Energy procurement | Energy management | Carbon services | Water services | Site services

Our Process

Utility purchasing

At our first meeting, we will take time to fully understand your business; your company's objectives business, processes and how your company prefers to manage risk. We also consider your current energy and utility portfolios - how much you use and the prices you pay. We then take the time to look at purchasing options that match your company's long term purchasing strategy.

Bill validation

Once we are operating to your energy purchasing strategy, we then validate and check the bills for you on a monthly basis to ensure they adhere to the contracted terms. If there are any issues with your bills, we will resolve these with the supplier directly on your behalf. We also provide you access to an online energy management portal.

Carbon compliance

Most businesses are subject to or can take advantage of one of the myriad of government Carbon schemes such as Climate Change Agreement (CCA), CRC, ESOS, RO and FIT. We offer a full service that obtains then manages these schemes for you using carbon specialists that have never lost an agreement!

Energy efficiency

We can identify savings of at least 10% in most businesses. Our Chartered Energy Efficiency Engineers can complete a detailed survey of your business highlighting where you can employ the latest techniques and technologies with regards to energy based on Return on Investment (ROI). We have a strong portfolio of partners who deliver cost reduction and energy efficiency products and services.

Utility management

An energy plan based on a comprehensive survey of your site together with agreed timescales and board-level commitment will drive your utility purchasing strategy and efficiency initiatives forwards. We will ensure that the correct systems and procedures are in place for continuous energy improvement.

Get in touch today and let us help you manage your business energy better.

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