

1. Purchase on Day Ahead/Month Ahead Strategy

Slough Council has historically chosen a 'Purchase Day Ahead / Month Ahead' Risk Management Strategy (RMS) to govern gas and electricity purchases, ensuring that exposures are managed within pre-defined risk tolerances. In the absence of the supply contracts for gas and power from 1 April 2025 to 31 March 2026, this strategy is provisional, and it will be amended once Slough Council finalises contracts for gas and electricity supply.

The key features of this strategy include:

- Electricity purchases are to be made on a "month ahead" basis.
- Gas purchases are 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.

Equity Energies makes all electricity purchases on a month-ahead basis, at their discretion, from the preceding month to the consumption month. No forward hedging is implemented. To avoid any doubt, for example, throughout April 2025, Equity Energies will make electricity purchases for the March 25 consumption month.

Stop Loss Triggers

Stop-loss triggers to protect the budget from 1 April 2025 to 31 March 2026 will be set on the day Slough Council signs gas and electricity contracts.

Stop Loss Triggers as follows:

Electricity

- Summer 25 (01/04/25 to 30/09/26) – to be confirmed/MWh
- Winter 25 (01/10/25 to 31/03/26) – to be confirmed/MWh

Gas

- Summer 25 (01/04/25 to 30/09/26) – to be confirmed p/th (£ /MWh)
- Winter 25 (01/10/25 to 31/03/26) – to be confirmed p/th (£ /MWh)

If the wholesale energy price increases such that the cap is exceeded, then Cabinet approves Equity Energies 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 cascades to quarters and months if necessary.

2. Initial Volume and Volume Reviews

Slough Council confirms that the volumes stated in the supply contracts accurately represent their expected consumption. Slough Council hereby authorises Equity Energies 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 Equity Energies know so that Equity Energies can proactively reforecast future periods with the supplier.

3. Supply Contract Dates

Electricity

Contract Start Date	
Contract End Date	

Gas

Contract Start Date	
Contract End Date	

4. Delegation levels

Slough Council provides full delegation to Equity Energies to make transactions according to the parameters of this RMS.

5. Review

This RMS should be reviewed annually by Slough Council and Equity Energies

6. Approval

Slough Council

Signature

Date

Print Name

Role

Equity Energies Internal use only (Name / Date):

Document created by: Natalie Oliynyk (22/11/24)

7. Disclaimer

This RMS applies from the date of signature. However, note that the strategy cannot be implemented until the supply contract has been locked in with the supplier. Any delay in locking in may impact purchasing.

Health warning: If the market rises very suddenly then we may not be able to purchase at the +15% Stop Loss 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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