

# Entel

Entel is an independent energy and telecommunication consultancy. Entel's sole aim is to reduce utility overheads and improve efficiencies for our customers.



[ Improving your profitability and efficiency ]

## Energy Purchasing

Rapid changes in the electricity market have created a challenging environment for purchasers - particularly for those without specific experience in this area. Wholesale energy is traded on a futures market much like oil or gold, and the buying decisions of market players - many of whom are financial institutions with no interest in the physical delivery of power - can cause dramatic fluctuations to the prices that suppliers can offer you. Recent consolidation in the retail sector means that there are now fewer serious retail suppliers than there were before deregulation, reducing choice for buyers.

Many suppliers have introduced new products in an effort to increase their market share. Flexible purchasing, green energy, and smart metering are some of the options available to energy buyers today. This information sheet introduces these products, so that you can understand your options, and see which purchasing strategy is right for your business.

### Traditional Purchasing - Tender and Negotiate.

The traditional method of inviting quotations for a fixed-term contract is still the most widely used purchasing strategy. Entel have designated contacts at every UK supplier, and we obtain competitive quotes from across the market from a single point of access. We then negotiate with suppliers to reduce their offers as much as possible. Traditional purchasing gives you the advantage of price certainty over a fixed contract period. However, the timing of the approach is critical, as a sudden increase in the wholesale market can have an adverse effect on your price. Also, offers usually have a very limited validity period, meaning that you need to make quick decisions to secure a favourable quote.

### Flexible Purchasing

An alternative purchasing method for large energy users is to enter into a flexible contract, and use wholesale market fluctuations to their advantage. In a flexible contract, you do not fix your price for the duration of the agreement. Instead, you watch the market to identify moments where the price is favourable, and 'lock in' a price for a specific period. Buyers usually look to lock in prices for individual months, or quarterly (three month) periods. Flexible purchasing can very often out-perform fixed-term deals, but requires careful management to make sure that you identify the optimal time to lock your prices. Entel can help you to negotiate a flexible purchasing supply agreement, and our detailed understanding of the market can give you the knowledge you need to lock in prices at the right time.

### Green Energy

Environmental concerns are finding their way to boardrooms across the UK. Legislative pressures such as Climate Change Levy, together with issues of Corporate Responsibility, mean that many companies are looking for ways to reduce their impact on the environment. Sourcing electricity from renewable generation is a good way of doing just that, but renewable generation capacity is limited, and demand can often exceed supply. Entel has significant experience in helping customers to secure a cost-effective green electricity tariff, and can a feasibility study to make sure that this option is right for you.

### Smart Metering

Multi-site businesses without Half-Hourly Metering often suffer from incorrectly estimated bills. A supply agreement that includes Smart Metering eliminates the need for estimated bills, and also provides valuable consumption data that you can use to reduce the amount of electricity you use.

