

ENERGY PROCUREMENT & POST-CONTRACT SERVICES



Bringing together your energy procurement strategy with engineering and building operations to maximise energy savings and reduce both usage and costs.

Our procurement service integrates building management, tariff optimisation and risk management/trading. It provides the ability to take advantage of the current and changing market conditions in order to take control of the 10-15% savings that are available now - regardless of the wholesale energy market.

The benefits to you

By integrating all of these opportunities and taking a holistic approach to energy procurement, you gain far greater scope to reduce costs. We are confident that we can deliver savings for you of 10-15% regardless of market conditions. More than that, you have the power to control how and when you make savings because they are not solely wholesale market related or dependant.

All our strategies are tailored to specific client requirements for their particular risk appetite and needs. The benefit to you is that we will focus on your unique risk profile and success criteria instead of finding ways to group customers together according to their most basic requirements. We also ensure that the procurement strategy is designed around your business taking into account the key drivers of demand management, generation and building operations and maintenance which have the greatest impact on costs.

Who can access this service?

This service is designed for customers who would like to:

- Take control of their non-energy costs
- Maximise the creation of revenue through generation/ demand management assets both renewable and non-renewable
- Have an integrated approach to energy risk management
- Have total price and cost transparency
- Work with a company whose business is built around “customer centricity” and innovation

What you get

We have developed an innovative approach to energy procurement that focuses not only on the commodity costs but also on the following key elements to reduce costs, generate income and ensure that buildings/sites are more effectively managed, especially in peak periods:

- Non commodity costs (specifically Transmission and Distribution Charges)
- Your site's ability to generate energy/reduce demand in peak periods
- Optimisation of the tariff and contract structure

Further, the Government and the National Grid are introducing a number of schemes to support the Grid's ability to “keep the lights on” in peak periods. These schemes provide you with the opportunity to generate income to subsidise inevitable increases in your energy bills.

NOVEUS
ENERGY
OPTIMISING SUPPLY AND DEMAND THROUGH INNOVATION

Procurement in context

Non-energy costs (40% of an energy bill) will continue to rise over the next five years and you need to find ways to mitigate these wherever possible. Equally, due to the tightness in supply and demand in the UK, the differential between peak and non-peak charges has become significant – for instance, the distribution charges in the Southern network is already 700+ times higher at peak times. Again, you need to look for ways to reduce usage in peak times and find other ways to minimise the financial impact of peak charging. To do this, it's essential to bring together your energy strategy with engineering and building operations.

Our approach

Step 1 – Pre procurement – validation of standing data and site visit

It's essential to validate the standing data before undertaking any procurement exercise. This is best done by visiting your site to understand its infrastructure and operating constraints. Our site visit and a drill-down into your existing energy data will ensure that we:

- Minimise the risk of backdated charges in the future through verified information – no surprises
- Provide you with an insight into the energy management opportunities as part of the energy procurement process

Step 2 – Pre procurement – modelling the energy contract components and tariff optimisation

We will develop a model for your sites providing you with the optimum tariff and energy contract structure for your business. Through this, we can identify where there are further opportunities to either generate revenue or reduce costs.

The key benefits are:

- Reduction in costs – there is a high ROI on managing demand/running generators
- Suppliers are more likely to quote as there is less risk for them
- Reduction in risk premium applied by suppliers for pass-through contracts
- A simple financial case with scenarios showing how best to optimise generation assets and maximise the return on investment in reducing demand.

Step 3 – Commodity procurement

Our approach to purchasing commodity is built around the risk propensity of our customers and their ability to reduce demand/generate. This is broadly defined as:

- **Fixed procurement** – this is for our customers who do not want to take any floating price risk and want the certainty of a fixed budget for 12/24/36 months
- **Capped Budget (Flexible Procurement)** – if you want to set an upper budget and also take advantage of falls in the market
- **Generating and demand management strategy (Flexible Procurement)** – this is for customers who are going to actively generate or reduce demand in peak periods
- **Fuel switching strategy (Flexible Procurement)** – if you have the ability to switch between gas/oil for their electricity needs and also oil for their gas requirements

Step 4 – Post contract management – sharpening the saw

Post contract management is just as important as the original placement of the contract because it provides valuable insight into the performance of the contract in comparison to the original budget forecast.

We ensure every customer has an experienced account manager with industry specific expertise to ensure service excellence.

We will provide the following information on an on-going basis:

- Monthly/weekly monitoring of the financial position of the contract
- Energy monitoring as part of demand side management initiatives
- Energy invoice validation and reconciliation

In addition we also provide an invaluable budgeting service which supports your 6 monthly/annual budgeting process and incorporates market forecasts and government legislation to provide a comprehensive budget.

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