



LUPC/SUPC Conference 2022

Energy: Current Markets, Security of Supply and Reducing the Impact of Rising Costs

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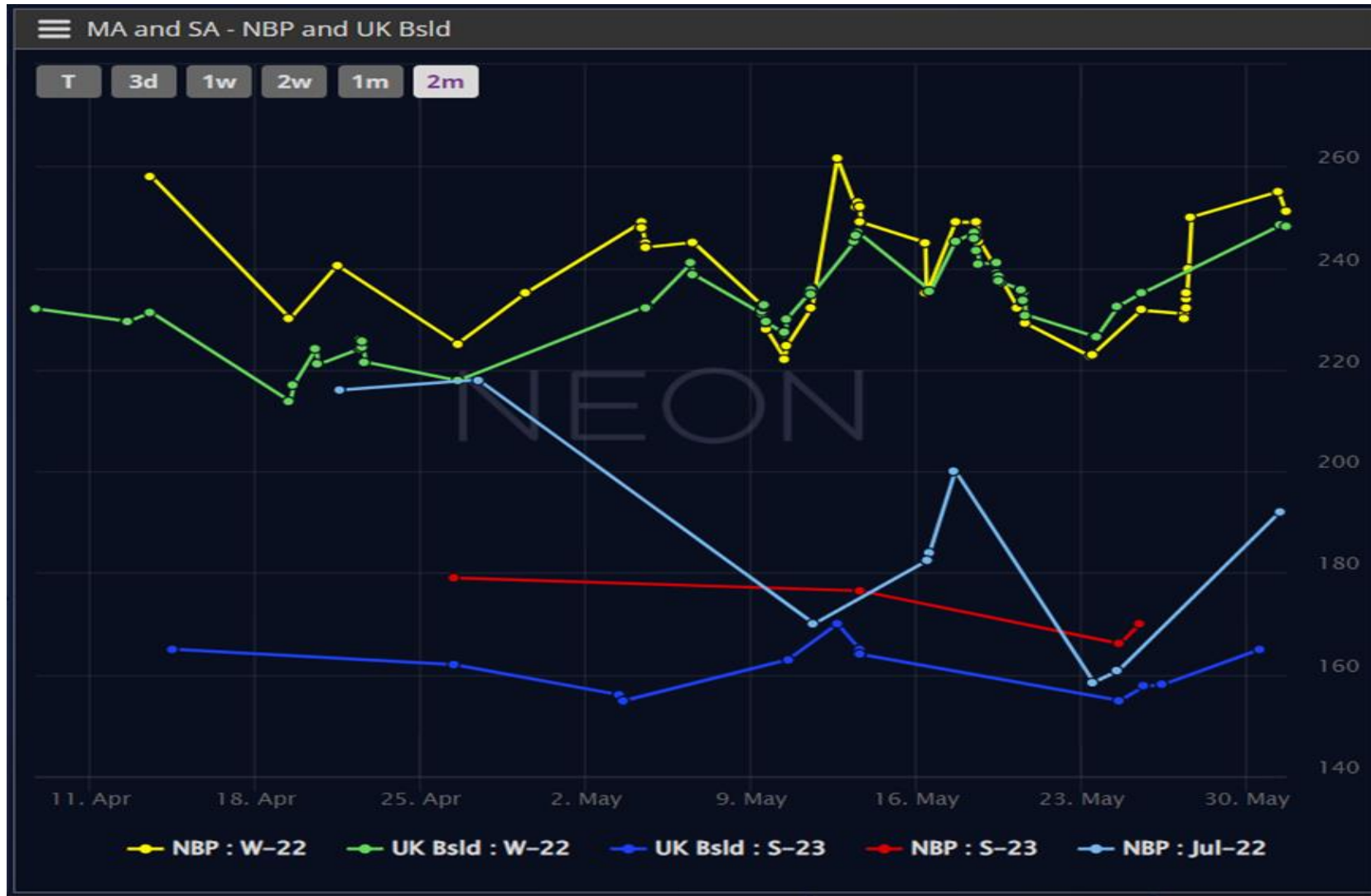


WHO WE ARE IN NUMBERS...

- 150+** Institutions (still growing)
- 92%** of Members from Education
- £68.4 million** reported savings
- £219M+** annual collaborative spend
- 12TWh** volume under Active Risk Management
- 10,000+** Meters (Gas & Power)
- 100%** transparency on all Commission/Fees
- 1st** UK Renewable Aggregated PPA in the Public Sector



Today's gas & power market





Market drivers

Carbon / Oil

Storage

Generation

Global demand

Supply

Investment

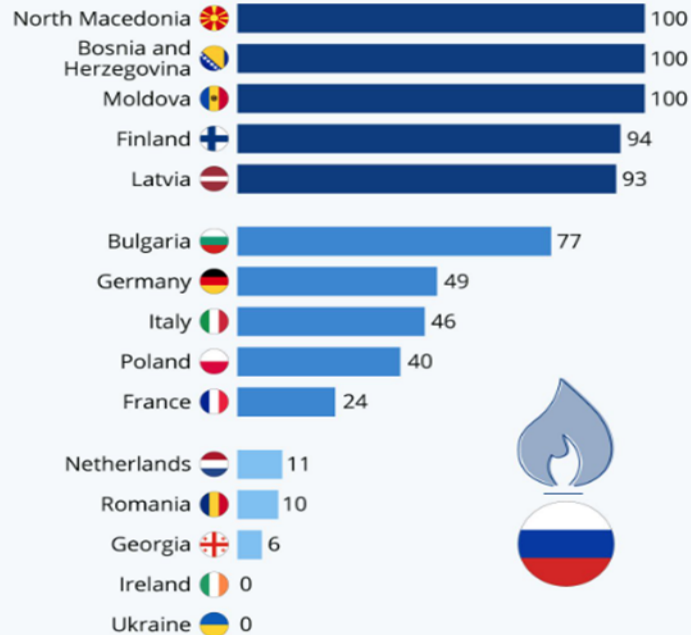
Weather

Geopolitical

European Gas Supply

Which European Countries Depend on Russian Gas?

% share of gas supply from Russia in selected European countries (2020 or latest available)



Ukraine buys its gas from the EU since 2015.
Source: European Union Agency for the Cooperation of Energy Regulators

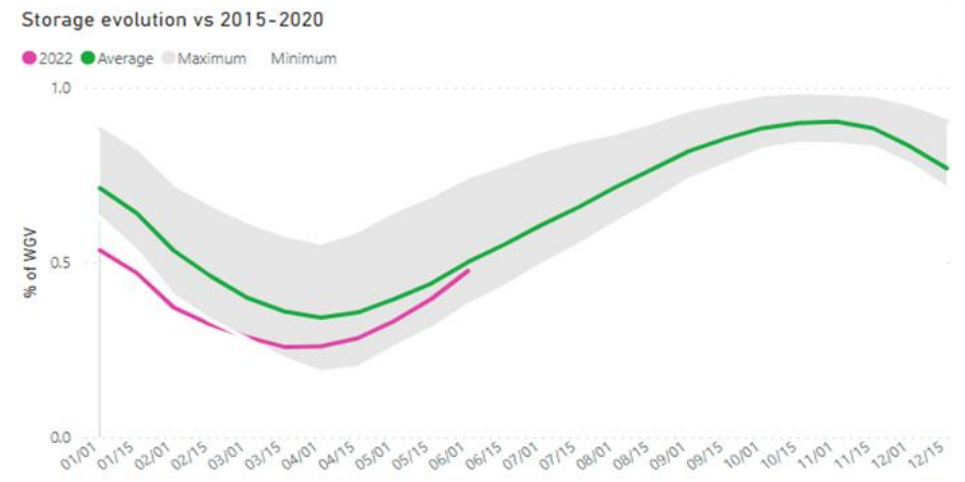
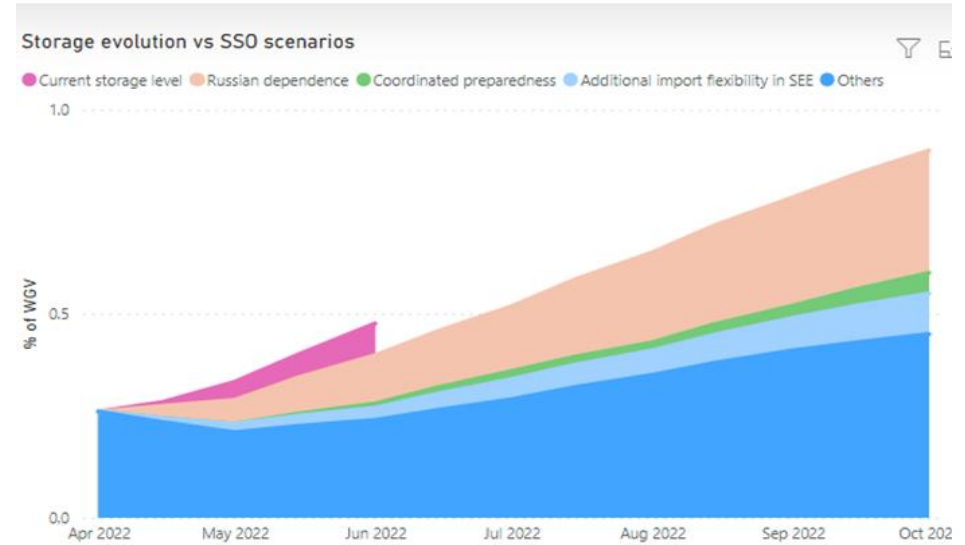
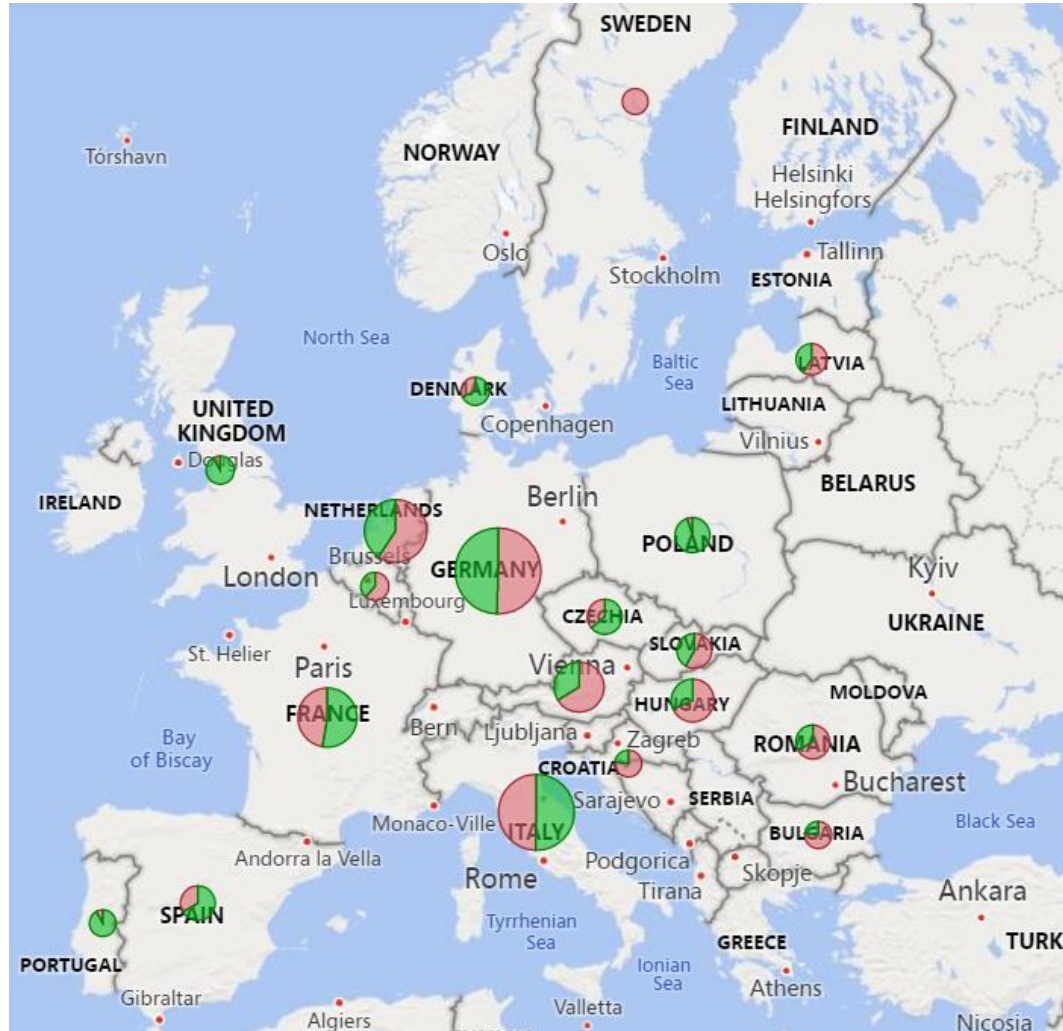


statista



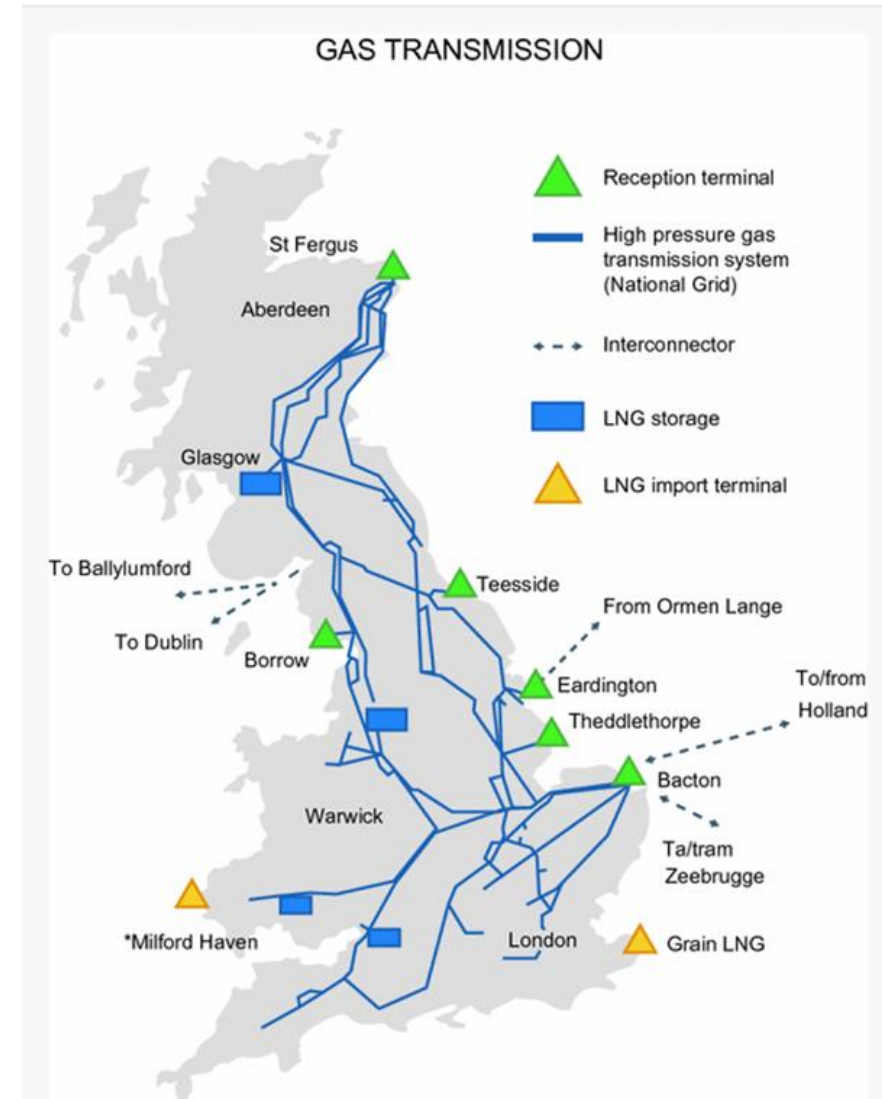
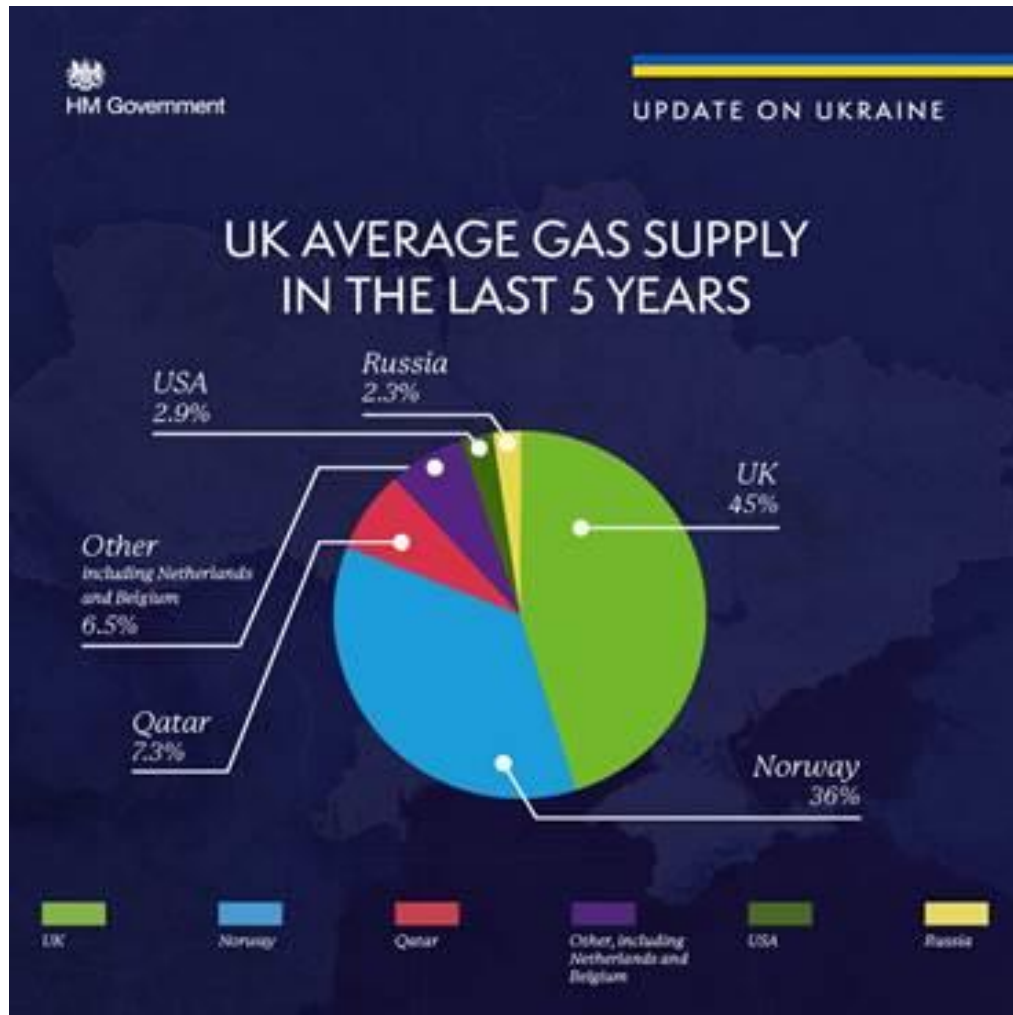


European storage





UK Security of supply





Reducing the impact of rising costs

Use Less!!!
(Self Sanction)

Heating and cooling strategy

Energy risk management strategy

Invest in efficiencies

Alternate sources of generation

Low Carbon Purchasing

Price certainty, contractual complexity and carbon reporting credibility



Certificate Only

- Purchased independently of power
- Contractual relationship only
- UK or European established assets
- Typically, 1-3 years duration
- Limited certificate price certainty, no power price certainty
- Supports GHG 'market-based emissions' reporting



Certificate & Power

- Certificate associated with fixed price power purchase
- Contractual relationship only
- UK established assets
- Typically, 1-5 years duration
- Supports GHG 'market-based emissions' reporting
- "Greater authenticity"?

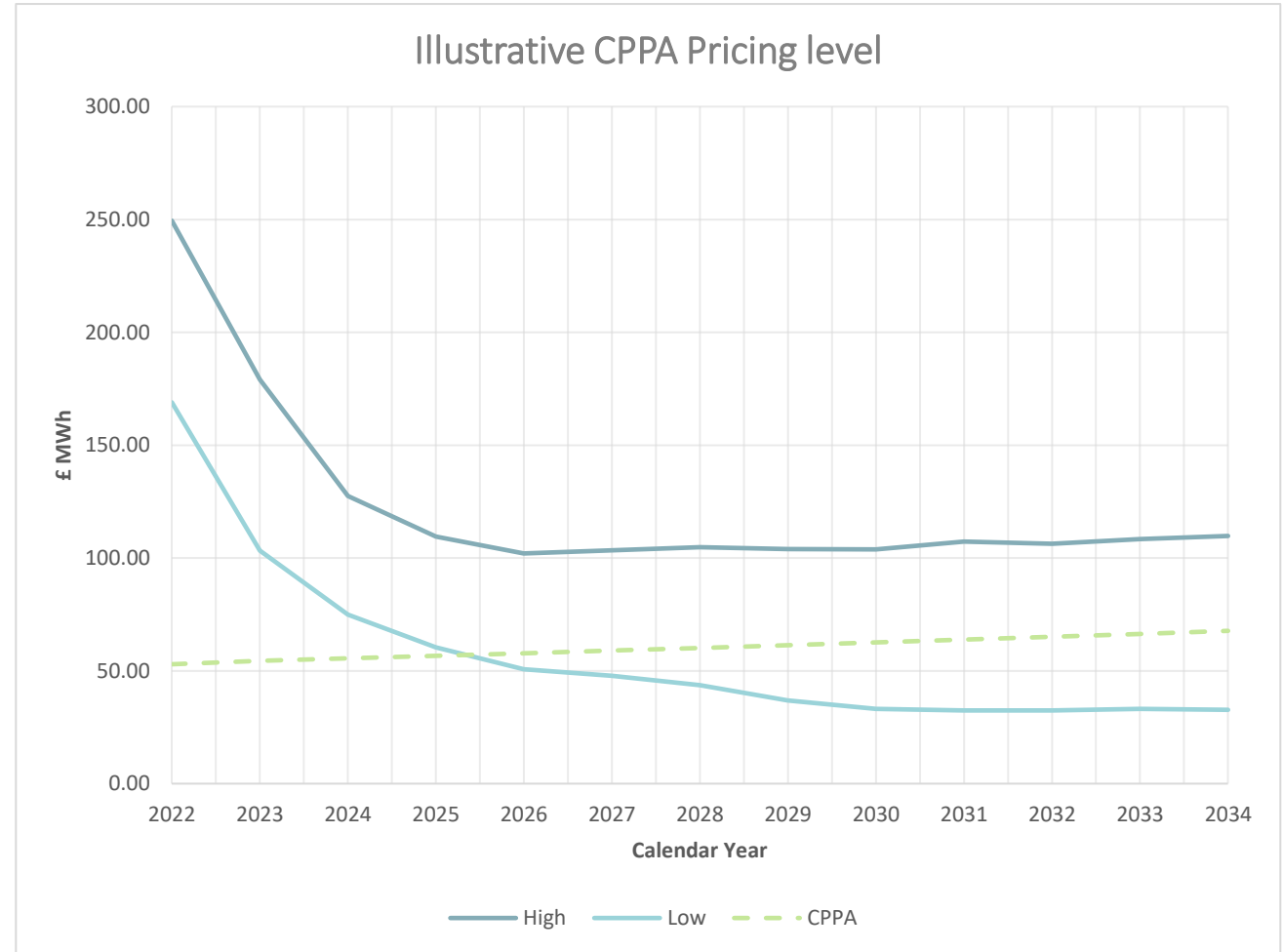


Corporate PPA (CPPA)

- Additional (new build) UK assets
- Physical (Private Wire) or Contractual relationship
- Typically, 10-15 years duration
- Power and certificate price certainty (CPI)
- Greater provenance claims
- Complex!

Long-term price certainty within a hedging strategy

- A well-defined hedging strategy will consider options for reducing price exposure and volatility.
- Recent short-term price volatility has increased focus on longer-term instruments.
- Liquidity in the UK wholesale markets has reduced significantly in the last 2 months.
- CPPAs are typically ≥ 10 -years in duration.
- Inflation-linked structures are commonplace within the CPPA market.



Prices provided are indicative only and are not an official forecast

CPPA Key Considerations

Price

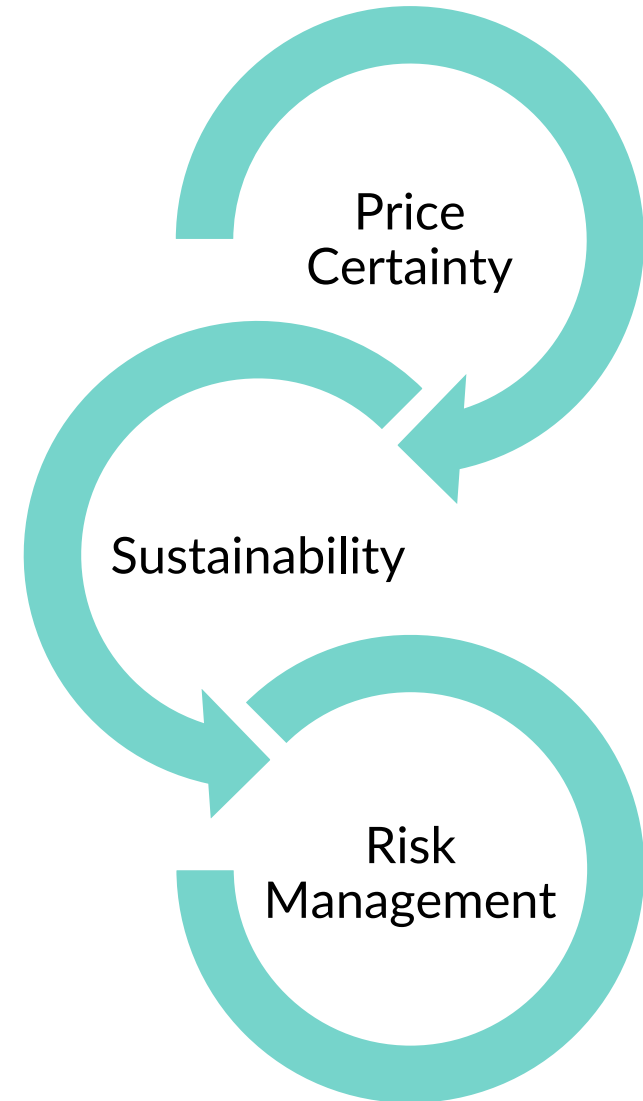
- At what pricing level, how much volume and for how long am I looking to commit to a fixed price purchase of energy?
- Do I pay as produced or pay for balancing services

Is additionality an important element of my Net Zero journey?

- Is technology type and location important to me?

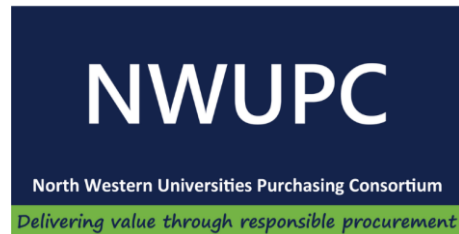
Do I have sufficient resource and capability?

- Do I have the time and resource?
- What are my financing arrangements?
- Is my demand high enough?





Collaborating with our Strategic Partners





Q & A