



# **FLEXIBLE ELECTRICITY CONTRACTS**

From EDF

# 5 STEPS TO ULTIMATE FLEXIBILITY

As flexible contracts have become a more popular tool to manage risk in electricity purchasing, the range of available contract features has exploded. So how do you strike the perfect balance between over-engineering your contract with costly features you really won't need or use in practice, and specifying an underpowered contract that will constrain your ability to manage risk?

The answer is to follow the path laid out in this factsheet. It simplifies the process into five key decisions – helping you choose only the options that are relevant to how your business uses energy and how it wants to manage the associated risks.

It's just one way we can help you build a contract that gives you all the sophistication you're after, without needless cost and complexity. Let's build your ideal flexible contract together.

# 5 STEPS TO ULTIMATE FLEXIBILITY



## Duration

How long into the future do you need to be able to fix electricity prices.



## Portfolio Management

How changeable is your property portfolio and your energy use?



## Energy Purchasing

How hands on do you want to be implementing your purchasing strategy?



## Non-Energy Costs

How much of your non-energy costs do you want to fix?



## Added Value

How much extra support would you like to get the most out of your contract?



<ul style="list-style-type: none"> <li>• 1-3 years</li> <li>• 3-5 Years</li> <li>• 5+ Years</li> <li>• Extension</li> </ul>	
<b>Managing site changes</b> <ul style="list-style-type: none"> <li>• Add or remove on contract anniversary</li> <li>• Add or remove at any time - reforecast required</li> <li>• Add or remove at any time up to an agreed volume trigger</li> </ul>	<b>Volume tolerance</b> <ul style="list-style-type: none"> <li>• 10% or 20% monthly</li> <li>• 10% or 20% annual</li> <li>• Bespoke</li> <li>• * PILR 100% comes with unlimited tolerance</li> </ul>
<b>Tradeable Volume</b> <small>(MINIMUM 0.1MW BASELOAD AND 1MWH PEAKLOAD BLOCKS)</small> <ul style="list-style-type: none"> <li>• On the wholesale market through EDF Customer Desk                             <ul style="list-style-type: none"> <li>- over the counter via a recorded telephone line</li> <li>- 3rd party 'ring around' facility</li> <li>- receive alert when market reaches pre-determined level (trigger alerts) - buy and sell when market reaches pre-determined level</li> </ul> </li> <li>• Set against published market indices</li> </ul>	<b>Non-Tradeable Volume</b> <small>(PRODUCTS AVAILABLE)</small> <ul style="list-style-type: none"> <li>• Residual (Classic Flex)                             <ul style="list-style-type: none"> <li>- Fixed at annual contract anniversary</li> </ul> </li> <li>• Shape Fee</li> <li>- Fixable within the liquid trading horizon • PILR                             <ul style="list-style-type: none"> <li>- Purchased on day-ahead market index</li> </ul> </li> </ul>
<b>SUPPORTED BY</b> <b>Market Insight</b> - Our free online market insight tool allows you to monitor wholesale prices	
<ul style="list-style-type: none"> <li>• Variable pass through</li> <li>• Fully fixed</li> </ul>	
<b>SUPPORTED BY</b> <b>Monitor</b> - Our free quarterly outlook on non-energy costs, designed to help you with your budget planning	
<ul style="list-style-type: none"> <li>• Bespoke Reporting</li> <li>• Maximum Import Capacity</li> </ul>	

# DESIGN OPTIONS

## 1) Duration - Contracts to suit a range of planning horizons and organisation's needs.

	What you get	What this means for your organisation
<b>1 - 3 Years</b> Short to medium-term	<ul style="list-style-type: none"> <li>Fully flexible product for all meter types, HH, NHH and combined</li> </ul>	<ul style="list-style-type: none"> <li>Experience the benefits of our flexible contract and develop your risk management function</li> </ul>
<b>3 - 5 Years</b> Medium to long-term	<ul style="list-style-type: none"> <li>Fully flexible product for all meter types, HH, NHH and combined</li> </ul>	<ul style="list-style-type: none"> <li>Gives you the flexibility to align energy purchasing with your organisation's medium to long-term planning horizon</li> </ul>
<b>5 Years+</b> Long-term	<ul style="list-style-type: none"> <li>Fully flexible product for all meter types, HH, NHH and combined</li> <li>A means to hedge long-term energy price risk</li> </ul>	<ul style="list-style-type: none"> <li>Provides you with longer-term price security</li> <li>Aligns with longer operational budget review cycles</li> <li>Fits with longer-term energy saving investment cycles</li> </ul>
<b>Extension</b> How much extra support would you like to get the most out of your contract?	<ul style="list-style-type: none"> <li>Fully flexible product for all meter types, HH, NHH and combined</li> <li>Available for all contract durations</li> </ul>	<ul style="list-style-type: none"> <li>Easy renewal of your contract</li> <li>Allows you to extend your contract to match your changing needs without re-tendering</li> </ul>



# PORTFOLIO MANAGEMENT OPTIONS

## 2) Portfolio Management - Options to add and remove sites within pre-set energy volume risk management levels.

Site Changes		What you get	What this means for your organisation
Add or remove on contract anniversary	>	<ul style="list-style-type: none"> <li>Add or remove any new or planned sites annually on contract anniversary</li> <li>All meter types eligible</li> </ul>	<ul style="list-style-type: none"> <li>Gives you monthly volume tolerance choices of 10% or 20% to suit your organisation's needs - reducing costs and complexity. Requires a good understanding and visibility of your monthly energy requirements</li> </ul>
Add or remove any time	>	<ul style="list-style-type: none"> <li>Add and remove sites at any time</li> <li>Reforecasting required</li> <li>Suitable for portfolios with a smaller number of HH metered sites</li> </ul>	<ul style="list-style-type: none"> <li>This allows you to amend your forecast, ensuring your portfolio is up-to-date and fully reflective of your organisation</li> <li>The ability to reforecast may allow you to benefit from a narrower volume tolerance range</li> </ul>
Add or remove any time up to an agreed volume trigger	>	<ul style="list-style-type: none"> <li>Add or remove sites any time up to an agreed volume trigger</li> <li>Reforecast only required for volume changes outside the agreed volume trigger</li> <li>Suitable for portfolios with: - Large number of low consuming sites` - HH and NHH metered sites</li> </ul>	<ul style="list-style-type: none"> <li>You can add or remove sites at anytime up to an agreed volume trigger without the need to reforecast</li> <li>Once the volume trigger is breached a reforecast is carried out to ensure that any risks associated with the site changes can be managed accordingly</li> </ul>

# PORTFOLIO MANAGEMENT OPTIONS



## 2) Portfolio Management - Protect your organisation from significant changes in future consumption with a volume tolerance.

Volume Tolerance		What you get	What this means for your organisation
Monthly	>	<ul style="list-style-type: none"> <li>• 10% monthly as standard</li> <li>• 20% option available</li> </ul>	<ul style="list-style-type: none"> <li>• Gives you monthly volume tolerance choices of 10% or 20% to suit your organisation's needs - reducing costs and complexity. Requires a good understanding and visibility of your monthly energy requirements</li> </ul>
Annually	>	<ul style="list-style-type: none"> <li>• Options of 10% or 20%</li> </ul>	<ul style="list-style-type: none"> <li>• More flexibility to stay within the agreed tolerance level if you are unable to predict future consumption in detail</li> </ul>
Bespoke	>	<ul style="list-style-type: none"> <li>• Ability to tailor your volume tolerance to a level that closely matches your organisation's requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Gives you the ability to choose a level you can easily achieve - reducing costs and complexity</li> </ul>

# ENERGY PURCHASING OPTIONS

**3) Energy Purchasing** - Access to the wholesale power markets via the EDF Customer Desk, offering flexible strategies to manage all your energy purchasing risk.

TRADEABLE VOLUME (MINIMUM 0.1MW BASELOAD BLOCKS & 1MW PEAKLOAD BLOCKS)

	What you get	What this means for your organisation
<b>On the wholesale markets through the EDF customer desk</b>	<ul style="list-style-type: none"> <li>• 10% monthly as standard</li> <li>• 20% option available</li> </ul>	<ul style="list-style-type: none"> <li>• Gives you monthly volume tolerance choices of 10% or 20% to suit your organisation's needs – reducing costs and complexity. Requires a good understanding and visibility of your monthly energy requirements</li> </ul>
<b>Over the counter</b>	<ul style="list-style-type: none"> <li>• Options of 10% or 20%</li> </ul>	<ul style="list-style-type: none"> <li>• More flexibility to stay within the agreed tolerance level if you are unable to predict future consumption in detail</li> </ul>
<b>Market price alerts</b> <small>(Limit orders/Trigger alerts)</small>	<ul style="list-style-type: none"> <li>• Ability to tailor your volume tolerance to a level that closely matches your organisation's requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Gives you the ability to choose a level you can easily achieve – reducing costs and complexity</li> </ul>
<b>Third party purchasing</b> <small>(Ring around)</small>	<ul style="list-style-type: none"> <li>• Ability for you to find a price via other market participants</li> <li>• Trading desk will buy and sell from your identified counterparty at the agreed price</li> </ul>	<ul style="list-style-type: none"> <li>• The assurance of your own researched market price</li> <li>• Buy and sell without any additional administration fees</li> </ul>
<b>Market Indices</b>	<ul style="list-style-type: none"> <li>• Purchase on spot and forward price indices to address any transparency or liquidity issues</li> </ul>	<ul style="list-style-type: none"> <li>• Fully transparent market reflective price</li> <li>• Allows you to buy near-term energy requirements on spot market indices providing transparency and addressing any liquidity issues</li> </ul>

# ENERGY PURCHASING OPTIONS

## 3) Energy Purchasing - Access to the wholesale power markets via the EDF Customer Desk, offering flexible strategies to manage all your energy purchasing risk.

**NON-TRADEABLE VOLUME** (There are various product options available to manage your non-tradeable volume - Residual (Classic Flex), Shape Fee and PILR.)

	What you get	What this means for your organisation
<b>Residual (Classic Flex)</b> Fixed annually at contract anniversary	<ul style="list-style-type: none"> <li>EDF will aggregate the non-tradeable residual parts of your annual requirement and offer you an optimised fixed price</li> </ul>	<ul style="list-style-type: none"> <li>Enables you to buy all the non-tradeable residual energy you need, fixed at a single price, securing budget certainty for a whole year</li> </ul>
<b>Shape Fee</b> Fixable within the liquid trading horizon	<ul style="list-style-type: none"> <li>EDF will take declared contracted volume (i.e. the total volume requirement for the contract) which covers the non-tradeable volume and offer an optimised fixed price</li> </ul>	<ul style="list-style-type: none"> <li>Enables you to buy all the non-tradeable residual energy you need, fixed at a single price, securing budget certainty over the whole period of supply</li> </ul>
<b>PILR</b> Purchased on day-ahead market index	<ul style="list-style-type: none"> <li>EDF will not lock the non-tradeable volume, but instead will purchase your non-tradeable residual energy by tracking a spot market price on the day ahead index</li> </ul>	<ul style="list-style-type: none"> <li>You benefit from obtaining a market reflective price for the residual volume on a daily basis, avoiding the risk of locking the residual volume when market prices are high</li> </ul>

You will benefit from expert guidance to help you formulate a strategy for purchasing your non-tradeable residual energy that suits your specific risk strategy

# NON-ENERGY COST OPTIONS

## 4) Non-Energy Costs - Helping you manage regulated third party charges to fit your overall price risk strategy.

	What you get	What this means for your organisation
Variable pass through	<ul style="list-style-type: none"> <li>• For HH - ELEXON, Hydro Levy and Transmission losses are always fixed on an annual basis. Other charges can be fixed or passed through at cost</li> <li>• For NHH - all charges except RO and FIT are always fixed on an annual basis. RO and FIT can be fixed or passed through at cost</li> <li>• Access to Monitor, our quarterly report on non-energy costs</li> </ul>	<ul style="list-style-type: none"> <li>• Allows you to balance risks in line with your risk management strategy</li> </ul>
Fully Fixed	<ul style="list-style-type: none"> <li>• All third party charges are fixed annually at contract start</li> </ul>	<ul style="list-style-type: none"> <li>• Offers you easier management and greater budget certainty</li> </ul>

# NON-ENERGY COST OPTIONS

## 5) Added Value

### **Maximum Import Capacity Review**

Maximum Import Capacity review is designed to ensure your import capacity is set at the right level by the Distribution Network for your business needs, helping to identify potential savings if your current Maximum Import Capacity is set too high or too low.

If set too high, you may be paying for available capacity that you do not need. If it is too low, you may be in danger of incurring Excess Capacity charges which are increasing dramatically from April 2018.

EDF will provide full analysis on your existing Maximum Import Capacity, and if you would like to make any updates, will work directly with the relevant Distribution Networks to make the changes for you.

### **Bespoke Reporting**

We can produce bespoke reports to match your own internal reporting requirements, helping to save you time.

# SUPPORT OPTIONS

## Market insight

Market Insight is EDF's online information portal designed to help keep you informed, providing quality data and expert analysis to help you navigate the complex commodity markets that drive power prices. Features include:

- Daily wholesale prices
- Forward price curves
- Daily commodity market report
- Weekly market brief
- Monthly market broadcast

## Monitor

Non-energy costs now account for around 40% of your final bill and can be difficult to predict. Monitor, our non-energy report provides you with quarterly updates giving you the latest information to help keep you up-to-date on the impact to your budget of these costs.

## Account Manager

Please contact your dedicated EDF Account Manager to discuss any of these exciting products and for support on which option may be best for you.

# GLOSSARY

## Volume Management

### Reforecasting

Your consumption level and pattern can change for a number of reasons. Reforecasting provides a better prediction of future energy use allowing you to buy or sell energy to match the new demand.

### Volume Tolerance

An agreed percentage variation to your forecasted consumption designed to cover you against unexpected variations of consumption and prevent you from being exposed to prices related to imbalance mechanisms within the wholesale market.

## Energy Purchasing

### Tradeable Volume

Tradeable elements are shaped using 5MW or 1MW blocks of energy. These blocks are in the form of baseload and peakload energy and cover different hours across a day.

### Baseload Blocks

A baseload block is the delivery of power, 24 hours a day, 7 days a week for the duration of the month. It can be in multiples of 5MW or 1MW.

#### - Micro Clips

For baseload power you can trade in 0.1MW, 0.25MW and 0.5MW micro clips subject to a restriction of 10 micro-clips per tradeable period. Micro clips will be added up to 1MW blocks.

### Peakload Blocks

A peakload block is the delivery of power from 07:00 until 19:00 (Monday to Friday only) for the whole month. Peak-load blocks are only available in multiples of 5MW.

### Non-Tradeable Volume

The non-tradeable volume is the net sum of the forecast volume minus the tradeable blocks. There are various options to how this is priced:

- **Classic Flex (Residual)**
- **Shape Fee**
- **PILR**

### Non-energy Costs

Non-energy costs are the costs associated with supplying the electricity itself, and the cost to the supplier of supporting overall delivery.

### Ring-around

The ability to search for energy prices from other market participants and book that energy through EDF's customer desk.

### Limit Order

An option to instruct EDF's customer desk to lock or unlock a block when the wholesale market reaches a pre-determined level.

### Trigger Price

An option to instruct EDF's customer desk to notify you when the wholesale market reaches a predetermined level.

# GLOSSARY



## Published Market Indices

The price of a block of energy is determined by publicly available information from energy industry establishments. EDF currently use:

**LEBA:** London Energy Brokers Association is a trading house where energy is bought and sold. EDF most commonly use the Day Ahead price which is the average price of electricity traded between 07:30 and 09:00 on the previous day

**EDEM:** European Daily Electricity Markets which is a reference price issued by Heren and based on each trading day's closing price, published after the end of the trading day.

**N2EX:** A market for the trading of UK power contracts run by NASDAQ OMX Commodities and Nord Pool Spot. Most commonly use: N2EX Day Ahead Auction Index which is the daily average of the relevant hourly reference prices from the day ahead auction market published prior to delivery by N2EX at [www.N2EX.com](http://www.N2EX.com)

## Non-energy costs

### Assistance for Areas with High Electricity Distribution Costs (AAHEDC) / Hydro Levy

To help offset the high electricity prices in the North and Scotland, where distribution costs are significantly higher than in any other area of Britain; paid to National Grid.

### Balancing Services Use of System (BSUoS)

Mechanism which National Grid uses to recover costs incurred in balancing electricity demand and generation; paid to National Grid.

### Capacity Market (CM)

A charge for supporting both generators, who invest and agree to generate electricity, and large users, who agree to reduce electricity consumption, to ensure there is enough capacity at times when demand is high and the network needs it most.

## Contracts for Difference (CfD)

A charge for the government initiative that encourages investment in low-carbon generation by providing investors a guaranteed income for the electricity they generate.

## Distribution Losses (Dlosses)

Losses incurred in the Distribution Network.

## Distribution Use of System (DUoS)

Charged by the distribution network companies for carrying electricity from the National Grid through the distribution network.

## ELEXON Settlement Charges

Funds for administering the wholesale electricity balancing and settlement arrangements and the associated documentation; paid to Elexon.

## Feed-in-Tariffs (FiT)

Charges to incentivise customers to produce green energy, consist of Generation and Export Tariffs.

# GLOSSARY



## **Renewable Obligation (RO)**

An obligation on UK suppliers of electricity to source an increasing proportion of their electricity from renewable sources; paid to the UK government.

## **Residual Cash Flow Reallocation Cash Flow (RCRC)**

Charges incurred when the National Grid network is not in balance and either needs to make up a shortfall or redistribute funds across all parties; paid to National Grid.

## **Transmission Losses (Tlosses)**

Losses incurred in the Transmission Network.

## **Transmission Network Use of System**

(TNUoS): charged by the transmission network for carrying electricity from power-stations.

# WE'RE PROUD TO BE A ZERO CARBON SUPPLIER



Every year we must publish details of the fuel sources that have been used to generate the electricity we supply to our customers. The information in the table below covers our supply licence for EDF Energy Customers Ltd for the period from April 2024 to March 2025. Our customers' electricity is sourced from our own UK power stations, the wholesale energy market and other independent power generators. We are a major supporter of independent renewable generators.

	Coal	Gas	Nuclear	Renewable	Other	CO2 g/kWh	Radioactive waste g/kWh
EDF's fuel mix	4.2%	21.0%	54.8%	18.2%	1.8%	135	0.0038
Contribution to our carbon emissions	28.3%	59.3%	0.0%	0.0%	12.4%		
UK average fuel mix	5.9%	33.3%	16.2%	42.1%	2.5%	154	0.0011

The figures for UK average fuel mix are provided by the Department for Energy Security & Net Zero (DESNZ). Depending on the tariff you are on, the fuel source and carbon emissions associated with the generation of your electricity may vary. For more information on our fuel mix, visit [edfenergy.com/fuelmix](https://edfenergy.com/fuelmix)

- (1) Zero carbon tariffs and products include any sold as 'nuclear backed', such as Zero Carbon for Business (formerly Blue for Business).
- (2) Renewable: All renewable tariffs and products
- (3) All other: All other tariffs and products - tariffs not referred to as Zero Carbon or Renewable.

The nuclear backed and renewable electricity that we buy for Residential, SME, Zero Carbon for Business (formerly Blue for Business) or Renewable tariffs and products is supplied into the National Grid. Customers receive that electricity through the National Grid, not directly from zero-carbon generators.



## **E-FACTSHEET - A BETTER WAY OF WORKING**

Why an e-factsheet? At EDF we are committed to using the most sustainable working practices wherever possible and this includes when delivering communications to our customers. E-factsheets significantly reduce the volume of printed material we need, reducing our carbon footprint. Our customers appreciate e-factsheets because they offer timely delivery of easy to access information in an ideal format for the modern screen based working environment.

**[edfenergy.com/largebusiness](https://edfenergy.com/largebusiness)**

To view our fuel mix visit [edfenergy.com/fuel-mix](https://edfenergy.com/fuel-mix)