



WINTER SEASON

ENERGY PURCHASING CONSIDERATIONS

Two commodities. One buying discipline.

Although the market drivers change by commodity and by region — the strategy doesn’t. Instead of trying to predict the market, instead, *prepare*. The best buying strategy isn’t knowing where the market is going. It’s knowing what you’re going to do when it gets there.



YOUR ENERGY STRATEGY SHOULD INCLUDE ELEMENTS THAT:
Protect ➔ Position ➔ Act

ELECTRICITY

Diversify your risk, timing and exposure.

Diversification means managing the risk that matters most. It’s about avoiding relying on a single decision, execution date or cost component to drive your entire outcome.

NATURAL GAS

Understand the layers of your delivered price risk.

Consider your national commodity exposure (NYMEX) along with regional factors impacting basis costs. There can be opportunity to more closely craft a risk management strategy when these costs are managed independently.



Regional electricity considerations

NYISO	ISO-NE	ISO-NE
Layer energy. Separate the component decisions.	Use more protection where winter fuel risk is concentrated.	Separate energy from demand tags and manage each strategically.
<ul style="list-style-type: none">Establish a base hedge for dependable loadLayer seasonal or calendar purchasesEvaluate capacity, CES and transmissionUse peak management where load can respond	<ul style="list-style-type: none">Place defensive coverage around Jan–FebUse targets for additional winter layersConsider discounted outer-year opportunitiesApply time stops before winter exposure becomes unintended	<ul style="list-style-type: none">Layer forward energy across delivery yearsKnow your zone pricing trends and congestion riskManage capacity and transmission tagsUse demand response when operationally practical
MISO	ERCOT	CAISO
Make purchasing and seasonal peak management work together.	Capitalize on near-term favorability. Plan for tomorrow’s structural risk.	Use on-peak coverage and layered timing to manage changing risk.
<ul style="list-style-type: none">Fix a base portion for budget protectionLayer additional purchases by seasonPreserve pass-through benefit for components when appropriatePair peak load management and demand response with energy procurement	<ul style="list-style-type: none">Retain selective index participation where near-term conditions remain relatively comfortableConsider the increased forward risk iacross later summer periodsReassess exposure as load and infrastructure timelines develop	<ul style="list-style-type: none">Use on-peak hedges to manage exposure during higher-risk periodsLayer purchases across delivery periods rather than relying on one execution dateRecognize that NP15 generally trades at a premium to SP15Retain flexibility as gas, imports, storage and renewable output change



Natural gas considerations

Carefully consider how much you’re using and when, along with strategic management of risk by pricing component.

NYMEX	BASIS
National commodity exposure What to watch: Production, storage, weather, and LNG-linked fundamentals	Regional price differential What to watch: Local pipeline constraints, supply access/infrastructure and regional demand
YOUR OPERATIONS	Your winter consumption matters What to watch: Usage variability, nominations, contract tolerance rules, and system events, like high-flow constraint orders



THREE QUESTIONS FOR ENERGY PROCUREMENT MANAGERS

- 1 How much of my winter exposure is covered today?
- 2 What’s my target price — and my deadline?
- 3 Who has the approval to act when the window opens?