

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

Layer energy. Separate the component decisions.

- Establish a base hedge for dependable load
- Layer seasonal or calendar purchases
- Evaluate capacity, CES and transmission
- Use peak management where load can respond

ISO-NE

Use more protection where winter fuel risk is concentrated.

- Place defensive coverage around Jan–Feb
- Use targets for additional winter layers
- Consider discounted outer-year opportunities
- Apply time stops before winter exposure becomes unintended

PJM

Separate energy from demand tags and manage each strategically.

- Layer forward energy across delivery years
- Know your zone pricing trends and congestion risk
- Manage capacity and transmission tags
- Use demand response when operationally practical

MISO

Make purchasing and seasonal peak management work together.

- Fix a base portion for budget protection
- Layer additional purchases by season
- Preserve pass-through benefit for components when appropriate
- Pair peak load management and demand response with energy procurement

ERCOT

Capitalize on near-term favorability. Plan for tomorrow's structural risk.

- Retain selective index participation where near-term conditions remain relatively comfortable
- Consider the increased forward risk iacross later summer periods
- Reassess exposure as load and infrastructure timelines develop

CAISO

Use on-peak coverage and layered timing to manage changing risk.

- Use on-peak hedges to manage exposure during higher-risk periods
- Layer purchases across delivery periods rather than relying on one execution date
- Recognize that NP15 generally trades at a premium to SP15
- Retain 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

National commodity exposure

What to watch: Production, storage, weather, and LNG-linked fundamentals

BASIS

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?

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