

Energy Strategy in a Volatile Market

Constellation NewEnergy

Electricity prices are volatile. We can all feel the impact. We know that higher prices for fuel can affect the price we pay for electricity. Constellation NewEnergy can help pursue a more assertive acquisition strategy that can help you manage your costs and lower your exposure to risk.

How to Manage Price Risk in a Volatile Energy Market

Identify your Risk Tolerance. Depending on how much fluctuation you can handle in your electricity and other energy cost, you can choose to pursue an Index-Based Contract or a Fixed-Priced Contract.

Index-Based Contracts are more volatile. They vary with the markets and have greater risk than Fixed-Price Contracts because there is no upside protection. If market prices go down, so does your cost for energy. If market prices go up, your costs will likely increase, too.

Fixed-Price Contracts are more conservative. You can be assured of the same price for energy month after month for the entire term of your contract. This stability does make budgeting easier.

Blend and Extend Products. A backward-dated market, or “backwardation,” is one in which forward prices decrease over time. A blend-and-extend product uses the backwardation of forward markets to lower your overall delivery cost. The term becomes longer, but may avoid some cost in the near term.

Custom Solutions are also available. Index-Based or Fixed-Price Contracts are easy choices if you have a clearly defined risk tolerance. If your company does not, however, Constellation NewEnergy may be able to offer more sophisticated solutions and enable you to match your comfort level with price volatility.

Access to Energy Management Tools. Constellation NewEnergy customers in New England now also gain free access to the NewEnergy Online (NEO) web-based energy management and budget tracking tool. NEO allows customers to track their energy consumption, view current and past invoices, and monitor energy market prices and industry news. It is information you need to make better, more informed choices about your energy costs.

Renewable Solutions. In addition to electricity management solutions, you can purchase renewable energy certificates (RECS) to cover all or a percentage of your business’ electricity use from a renewable resource such as wind, solar, biomass, or landfill. Making an environmentally responsible decision like this helps to reduce your business’ carbon footprint and supports building more sustainable resources for the future.

Call Constellation NewEnergy today so we can get you started on an energy plan that makes sense in a volatile market.

Emily Glick
Constellation NewEnergy



800 Boylston Street, 28th Floor
Boston, MA 02199
Phone: 617-717-3038
Fax: 617-772-7550
Web: www.newenergy.com
Email: Emily.glick@constellation.com

