

# Future Fit – Key actions to manage risk and seize opportunity during COVID 19

The COVID-19 pandemic continues to affect all aspects of life and business. We are here to help your business navigate this uncertainty, mitigate risk, and, where possible, take advantage of opportunities.

Here we offer key recommendations for clients on both fixed and flexible contracts:

## For fixed price contracts:

- The worst you could do is not act. The gas and electricity markets are at multi-year lows. Secure your next contract now and protect energy budget for the future.
- It is essential to be aware of suppliers' terms and conditions, especially their volume tolerance levels (take or pay) when entering into new contracts.
- Be prepared for tougher credit stipulations in the near future. This will be considerably challenging for the restaurant, leisure, and hotel industries.

## For flexible contracts:

- Alfa Energy Group recommends you take advantage of historically low energy prices by reviewing your portfolio and extending contracts. Should market conditions change, consider requesting a longer hedging horizon.
- Review the terms of your supply contract to avoid penalties and ineffective hedges. Travel bans and downturns in sales are leading to reduced demand for energy. Pricing and the terms of flexible contracts are based in part on consumption levels. Depending on the specific terms of your contracts, it may be necessary to change your hedging strategy or to reforecast consumption.
- Your credit rating has a significant effect on the payment terms you can expect from suppliers. Make sure you fully understand these during these unpredictable times.



**Please contact your Alfa Energy Group Client Relationship Manager to discuss how to take advantage of low energy prices, tailor contract options, review hedging strategies, and carry out due diligence on your credit risks.**