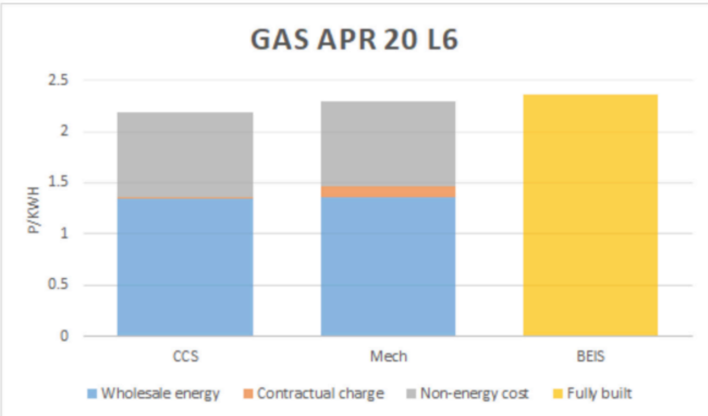
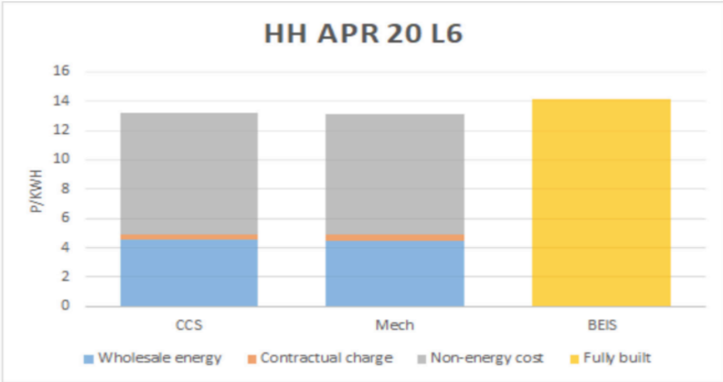
Appendix B

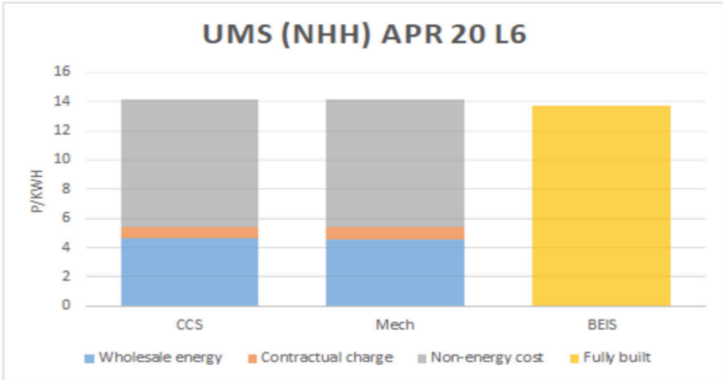
CCS L (6) Basket Purchasing Strategy - Past Performance

20/21 market comparison

From the annual review - The gas and half-hourly achieved prices compare well with both the internal mechanistic benchmark and the BEIS benchmarks. The electricity basket containing unmetered and non-half-hourly meters achieved prices slightly above the BEIS benchmark, but the comparison is understandably more challenging given the basket composition. The trading team employed a steady approach to buying, entering the market frequently during the 6-month buying window. As market prices were falling throughout most of the buying period the protective risk controls were not triggered. Buying slowed down in March due to falling forecasts of your collective consumption, so we missed out on some of the lower prices in the market during March but earlier, well timed purchases helped offset this.

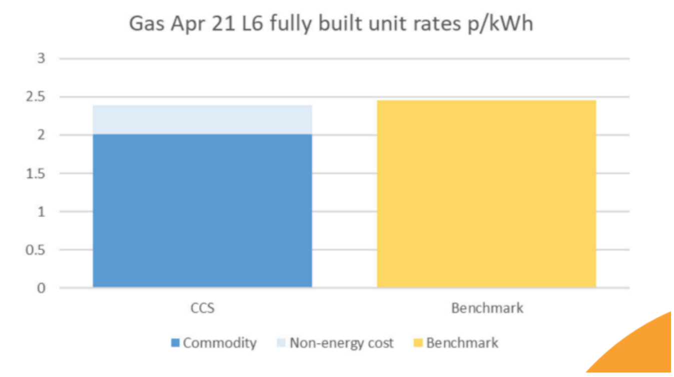


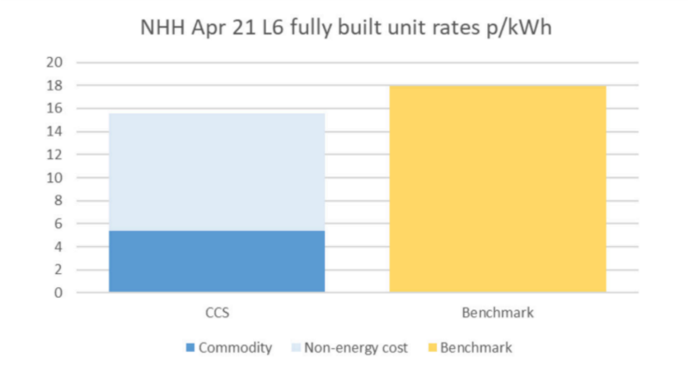


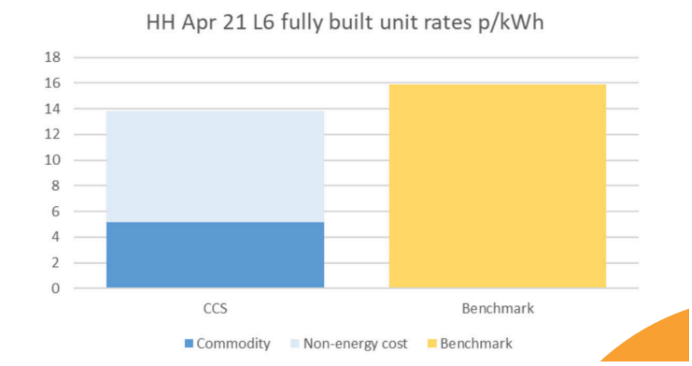


21/22 market comparison

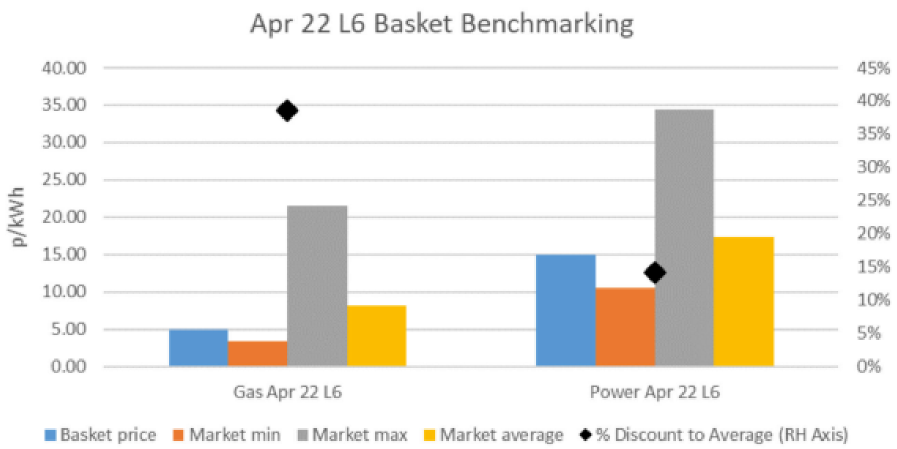
From the annual review - The gas, half hourly (HH) and non-half-hourly (NHH) electricity baskets achieved prices that compare well with the BEIS benchmark, with all baskets outperforming the benchmark. The Trading team generally applied a steady approach to buying across the three baskets, dipping into the market regularly across the 6-month buying window. For the two electricity baskets, purchasing was advanced by mid-December and the protective risk controls were not triggered across the whole window despite prices rising. For the gas basket, the protective risk control (the ‘stop loss’) was triggered in mid-January, which forced us to enter the market and lock in volume. Consequently, the majority of the volume for all baskets was purchased when prices were at the lower end, before they escalated towards the end of March.







22/23 market comparison



The gas and electricity achieved prices compared well with the market averages over the same period. The market minimum is if all of the energy was purchased on the day that the market had the lowest price. The market maximum is the highest the market reached. So it is best to look at the average market rate. You can see that even despite the volatile conditions, the L6 did do reasonably well compared to the market average.

From the annual review - The buying period opened with markets considerably higher than a year earlier. The trading team started by taking a progressive buying approach as markets were initially falling, so by the time prices spiked in December, the team had already purchased about 35% of your expected demand. The price spike triggered the stop loss protections put in place by our risk team, prompting the traders to quickly increase cover to 80% for gas and 90% for electricity. Once final demand forecasts were produced in January 2022, the remaining volumes were locked in. The L6 baskets were well served by the stop loss caps set by our risk team. These ensured the lion’s share of your energy costs had been locked in before the post-invasion spike in prices, when market conditions deteriorated even further.