



CUSTOMER REFERENCE

Energieversorgung Marienberg GmbH

STRATEGIC PARTNERSHIP FOR EFFECTIVE RISK HEDGING AND OPTIMISED MANAGEMENT OF THE NATURAL GAS PORTFOLIO



INDUSTRY	CHALLENGES	SOLUTIONS
<ul style="list-style-type: none">▶ Energy supplier with 18 employees▶ Supply of businesses and private households with 100 GWh/a of gas, 10 GWh/a of heat and 27 GWh/a of electric power	<ul style="list-style-type: none">▶ Geopolitical situation and volatile market prices▶ Security of supply▶ Hedging against temperature risks▶ Predictability of prices	<ul style="list-style-type: none">▶ Individual, temperature-based procurement model▶ Portfolio management support▶ Handling of sub-balance accounts of VNG Handel & Vertrieb GmbH▶ Combination of annual workshops, regular reports and portfolio briefings

THE CHALLENGE

Energieversorgung Marienberg GmbH (EVM), part of the Stadtwerke Marienberg GmbH group of companies, has been supplying the town of Marienberg and the Central Erzgebirge region with electricity, natural gas and (district) heating since 2007. In addition to individual electricity and natural gas supply contracts for private and business customers, the regional energy supplier’s portfolio also includes a wide range of energy services, e-mobility and photovoltaics.



The availability of fully flexible supply products on the natural gas market has been limited due to the volatility of market prices in conjunction with prices being on a consistent upwards trend since mid-2021 - a situation which was only exacerbated by the geopolitical situation in 2022. EVM faced the necessity of arranging long-term procurement contracts so that it could continue to guarantee security of supply over the long term. In this context, hedging the temperature risk and ensuring the calculability of prices were essential. However, some supply models were only offered to a limited extent in 2022. Since temperature risk cannot be hedged by purchasing monthly bands or standard commercial products, EVM wanted to develop – in the context of its strategic partnership with VNG H&V – an individual delivery and procurement concept which effectively minimized temperature-related quantity risks. In addition, the sub-portfolios should also be taken into account in the individual procurement requirements.

OUR SOLUTION

EVM and VNG Handel & Vertrieb GmbH (VNG H&V) have enjoyed a successful business relationship going back many years – a relationship which is deepened and strengthened by the **strategic partnership**. In order to identify the individual needs and challenges for EVM, a wide-ranging exchange took place by using the **Performance Check module**. This included an initial strategy update as well as a detailed analysis and simulation of EVM’s current procurement strategy. Initial ideas for future optimization were also collaboratively identified in line with the goals of the municipal utility. Technical experts from VNG H&V conducted an extensive market survey and detailed analyses of historical load profile data and temperature risks to complement the overview of EVM’s procurement processes to date.

An appropriate supply model was created and then rounded off with individual **portfolio support** and joint procurement workshops to determine the final procurement strategy. In accordance with the requirements of EVM, the supply model for a sub-portfolio is based on a modified regression model that effectively minimizes temperature and volume risks. The temperature-based supply model is managed by the balancing group management of VNG H&V so that it is responsible for the entire energy management process and balancing group risks.



The portfolio support is supplemented by customized regular reports from VNG H&V and joint portfolio meetings which create transparency for EVM of the changes in its portfolio and the current market situation. An annual workshop will also be held to evaluate, critically reflect on and, if necessary, adjust the selected procurement model and the underlying procurement strategy.

RESULTS

The strategic partnership made it possible to develop a procurement solution for EVM adapted to its individual needs and requirements. EVM benefits from the jointly developed hedging strategies, which minimize temperature, price and volume risks while identifying ways in which the procurement process could be improved. The successful relationship with trusted partner VNG will be continued in future. We will work closely together in order to find joint demand-orientated energy procurement solutions.

CUSTOMER STATEMENT

“Last year, the geopolitical situation and the associated price volatility and uncertainty on the energy market presented us with challenges in terms of security of supply for our customers. The strategic partnership with VNG Handel & Vertrieb GmbH has played a key role in helping us to successfully meet these challenges. This made it possible for us to adjust our procurement strategy in line with our individual needs and requirements while recognizing and effectively reducing potential risks. We are looking forward to building on our relationship with VNG Handel & Vertrieb GmbH in the future.”

Yves Mehnert

Energy Services / Services | Stadtwerke Marienberg GmbH