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# Fuel Procurement and Price Mitigation Updates

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May 25, 2022



# Review of 2021-2022 Winter Season

- **First of Month (FOM) Pricing**
  - Secured a portion of forecasted natural gas volumes through FOM pricing structures
  - Price established at first of the month, addressing volatility for the entirety of the term or 30-day period
  - Using FOM in summer months to further evaluate effectiveness
- **Callable gas with price caps**
  - Historically used call options to serve as additional volume in times of increased demand
  - Cap option adds an additional level of surety by limiting price if prices spike considerably



# 2022 Summer Season and Forward

- **Issued Gas Storage and Resilience RFP in January 2022.**
  - Received 16 bids from 5 companies
- **Awarded two contracts that will provide both volume and price certainty.**
  - Both contracts are physical storage based and the cost of that gas is known via a Weighted Average Cost of Gas methodology.
  - The withdrawal capabilities would equate to approximately 40-50% of the daily gas burns experienced during Winter Storm Uri.
  - These volumes could be withdrawn for over 5 days and could be ratcheted down based on the inventory in storage.



# Additional Items

- OG&E is currently building inventory for utilization this summer
- OG&E is finalizing process for utilization of these new contracts
- OG&E continues to use FOM pricing as a piece of its commodity pricing protection
- RBN Energy has provided a report on its recommendations for hedging moving forward.