

# BookRunner® Is SaskEnergy's Natural Choice To Help Manage Risk



SaskEnergy is the natural gas Local Distribution Company (LDC) serving residents and businesses across the province of Saskatchewan, Canada. A provincial Crown corporation, the company provides natural gas to more than 317,000 homes, farms and commercial and industrial customers in more than 585 communities across the province. With an extensive pipeline distribution system and storage throughout the province, SaskEnergy plays a critical role in the well-being of the province's residents. With an extremely cold winter weather profile, the reliable supply of natural gas is an essential service for the company's customers.

SaskEnergy purchases its natural gas from a host of independent producers, primarily through long-term supply contracts and some short-term deals as required, selling any excess gas into the open market. Since most of the gas purchases are based on index pricing, it needs to hedge to reduce price risk exposure. The pipeline capacity and storage also has to be managed effectively to meet variable load requirements throughout the year, requiring asset optimization and mitigation of volumetric risk.

## Five years of BookRunner®

BookRunner® software over the last 5 years. The company enters all deals into the system to calculate and report exposure, mark-to-market (MtM) and Value at Risk (VaR) on a daily basis. VaR and MtM are calculated at the pool level and then examined by strategy and other criteria, and reported to traders and management. Additionally, the system helps monitor VaR and MtM trading limits. Prior to selecting BookRunner®, SaskEnergy had tried to utilize another vendor's product but simply could not get the results that it needed from that system.

According to SaskEnergy's risk manager, Dr. Robert Webb, the RiskAdvisory system provides SaskEnergy with four key and important benefits. "The system provides us with a deal list, tracks confirms for all of our financial transactions, settles and invoices those financial transactions and then allows us to track and understand our exposure, VaR and MtM for our various pools". One critical feature of the system for SaskEnergy is its ability to handle Canadian currency

and units of measure (GigaJoules) properly and rigorously. "Many of the packages we looked at during our selection project were designed explicitly for the US markets using US dollars and MMBtu's and had serious problems handling or converting to the appropriate Canadian units" said Dr. Webb.

In fact, SaskEnergy chose the RiskAdvisory package because of its Canadian origins from an energy risk management consultancy. "It was obvious that with RiskAdvisory, we were dealing with people that understood energy risk management first and foremost and who had hired software development staff to develop its software solution", reports Dr. Webb. "BookRunner was designed by risk experts and packaged in a logical and practical manner to form a highly usable risk system". RiskAdvisory's approach was to design and build a software package that got the job done and provided results that could easily be understood and used to effectively manage energy risk.

SaskEnergy also liked the design concepts implicit in the system. Adding

a new transaction type, for example, is relatively easy for RiskAdvisory who has built an architecture that allows rapid implementation of FEA plug-in modules. In particular, RiskAdvisory was able to demonstrate this by adding the ability to enter and process swaptions - a key requirement for SaskEnergy at the time of selection. RiskAdvisory also delivered a number of other enhancements specifically for SaskEnergy as part of the licensing arrangement.

## Solutions That Work, Results You Understand

With five years of history in using the system, SaskEnergy obviously has a great deal of confidence in RiskAdvisory and the BookRunner® software. "We have been very pleased with their professionalism, dedication and depth of expertise, and how they have been able to apply that to the development of a good software package." claims Dr. Webb. "At the time of selection, the RiskAdvisory software was head and shoulders better in terms of its risk management sophistication and logic."

# Simplifying A Complex World.



## About SaskEnergy

SaskEnergy is Saskatchewan 's natural gas distribution utility, a twelve-year-old provincial Crown corporation with roots of more than 45 years in Saskatchewan . Through its 64,000 kilometer (km) distribution system, it provides natural gas service to more than 317,000 homes, farms, and commercial and industrial customers in over 585 communities across Saskatchewan . It provides natural gas service to residential, farm, commercial and industrial customers in Saskatchewan, purchasing natural gas from independent suppliers and transporting it via its' distribution system. It operates under the authority of The SaskEnergy Act.

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## About RiskAdvisory (A Division of SAS)

RiskAdvisory is a leading provider of real-world risk solutions to energy companies operating in today's volatile energy commodity markets. Founded in 1995 by accomplished energy risk professionals, the company provides risk management expertise and solutions to its clients. RiskAdvisory's goal is to provide cost effective solutions to the risk issues faced by utilities. RiskAdvisory's objective is to help simplify the complex world that you work in and to provide clear results that can be easily understood and can be used to effectively manage your business. RiskAdvisory markets BookRunner, designed as a practical and easy to use tool to support energy risk professionals as well as SAS Risk Dimensions which provides advanced enterprise risk analytics. Headquartered in Calgary, Alberta, RiskAdvisory's solutions are utilized by a growing number of well-known energy companies.

## Contact Us

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