attara

A Practical Guide to Managing Fuel Price Exposure

UNDERSTANDING FUEL COST RISK AND COST PREDICTABILITY

How to understand, measure and manage fuel price exposure across your business, bringing greater certainty to budgeting, margins and planning.



Plus: Your Fuel Hedging Readiness Checklist →



INTRODUCTION

Fuel price volatility is not new.

What is less visible is how that volatility actually impacts most businesses.

In many cases, exposure already exists across procurement decisions, supplier pricing and customer contracts, but it is not clearly measured or actively managed. In most cases, businesses are not deciding their exposure. They are inheriting it.

This guide explains how fuel price exposure works, how businesses typically manage it, and when introducing structure can improve cost predictability.

At the end, you will find a short readiness checklist. Once completed, we will provide a tailored view of your exposure and how it could be managed in practice.

WHAT IS FUEL HEDGING

Fuel hedging is a cost control strategy that allows businesses to secure a fixed fuel price over a defined period, typically between 6 and 36 months.

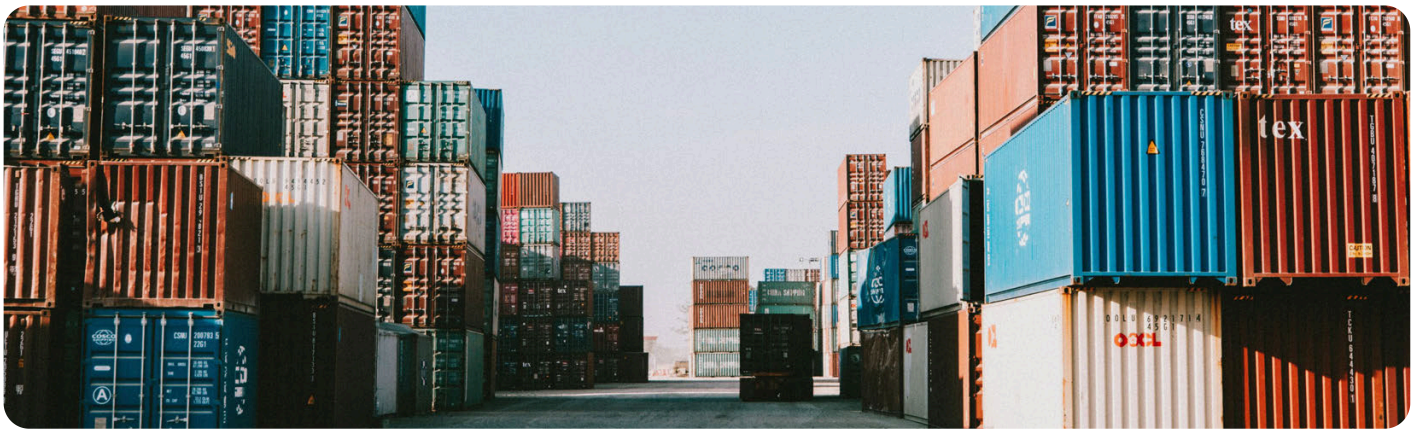
Instead of being exposed to daily or weekly market fluctuations, your business locks in a known cost without impacting your physical purchasing. This provides stability and allows for more accurate financial planning whilst maintaining flexibility.

Fuel hedging is not about predicting the market.

It is about deciding how much price uncertainty your business is comfortable carrying.

The objective is not to outperform the market, but to reduce volatility, protect margins, and improve cost predictability.





HOW FUEL HEDGING WORKS

In summary, this sits separately from your physical fuel supply.

Each month, a financial settlement is calculated based on the difference between the agreed fixed price and the average benchmark price across the month.

If market prices rise above your fixed price, you receive a settlement payment.

If market prices fall below your fixed price, you pay the difference.

This approach provides flexibility and allows you to retain your existing supplier relationships whilst benefiting from a fixed fuel price.

5-STEPS

01	You continue buying fuel as normal (whether fuel cards/bulk)
02	We agree a fixed rate for a set volume and term (typically 6–36 months)
03	Fuel market prices (Platts Benchmark) fluctuate daily
04	At month-end, the average “floating rate” is calculated
05	The difference between your fixed rate and the floating rate results in a payment to or from your business, effectively locking in your fuel cost. I.e. if the average price rises above the fixed rate, Attara pays the customer. If the average price falls below the fixed rate, the customer pays the difference to Attara.

EXAMPLE

You fix at **120ppl** for 60,000 litres per month. If the monthly average floating rate is **140ppl**, you receive **£12,000**. If the monthly average floating rate is **100ppl**, you pay **£12,000**.

WHEN SHOULD YOU CONSIDER FUEL HEDGING

Fuel hedging becomes relevant when price movements start to affect decision making, not just costs.

You should consider it if:

01	Fuel costs impact your profitability
02	You operate fixed price contracts with customers
03	You need cost certainty for budgeting or tendering
04	Your business is exposed to regular fuel price fluctuations

KEY COMMERCIAL CONSIDERATIONS

Before implementing a hedging strategy, businesses should assess the following:

EXPOSURE VISIBILITY

- What proportion of your costs are exposed
- How that exposure behaves over time (i.e seasonality)

VOLUME ACCURACY

Your expected fuel usage over the hedging period should be as accurate as possible. We can tailor each month accordingly (for peak/quiet months)



EXPLORE ZONE
UNDERSTAND YOUR EXPOSURE IN PRACTICE

If you want to move beyond theory and see how fuel price movements could affect your business, you can use **Explore Zone**.

Explore Zone is designed to help businesses:

- **Run price movement scenarios based on their own usage**
- **Understand where exposure sits**
- **Test how different approaches could affect margins and cashflow**
- **Generate structured outputs for internal discussions**

Rather than relying on assumptions, Explore allows you to see how exposure behaves under different market conditions.

This often provides a clearer starting point before deciding whether or how to structure that exposure.

Access Explore Zone here

REGULATIONS

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COMPENSATION

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. Where an entitlement to compensation is established, the compensation payable will be the total of your net loss or £120,000 (whichever is the lesser). Further information about compensation arrangements is available from the Financial Services Compensation Scheme (fscs.org.uk).

FUEL HEDGING READINESS CHECKLIST

Most businesses completing this checklist discover that their fuel price exposure is higher and less controlled than expected. If you are unsure about any answers, that typically indicates where exposure is not currently visible.

Complete the form digitally or print and fill it in manually, then send it back to us to receive:

- A tailored view of your current fuel price exposure
- An indicative fixed price based on your usage profile
- A practical example on how your exposure could be structured

Access the Online Digital Exposure Review

SECTION A: BUSINESS PROFILE

Company Name

Industry

Annual Turnover (range)

SECTION B: FUEL USAGE

Fuel Type

☐ White Diesel ☐ Red Diesel ☐ Jet fuel ☐ HVO ☐ MGO

Estimated Monthly Fuel Consumption (litres)

Do you experience seasonal variation in input use?

☐ Yes ☐ No

If yes, please provide details:

SECTION C: CURRENT PROCUREMENT SETUP

Current Fuel Procurement Method

☐ Fuel cards ☐ Bulk supply ☐ Mixed

Form continues on next page →

SECTION D: COMMERCIAL EXPOSURE

How sensitive is your business to fuel price increases?

☐ Low ☐ Medium ☐ High

Do fuel price changes impact your pricing to customers?

☐ Yes ☐ No

What would a sustained 10-20% increase in fuel prices mean for your margins? (Leave blank if unsure)

SECTION E: RISK APPETITE

Would you consider fixing fuel prices for:

☐ 6 months ☐ 12 months ☐ 24 months ☐ 36 months

SECTION F: TIMING

Are you currently exploring ways to manage fuel price exposure?

☐ Immediately ☐ Within the next 3 months ☐ Researching for future planning

SECTION G: CONTACT DETAILS

Full Name

Job Title

Email

Phone Number

WHAT HAPPENS NEXT

Once submitted, we will review your information and provide:

- A clear view of how fuel price exposure sits within your business
- An indication of how different price movements could affect your costs
- A practical outline of how similar businesses structure and manage this risk

Send your completed checklist to **arthur@attara.co** or complete the checklist online.

Or, if you prefer, we can review it with you directly and walk through what the results mean for your business.

Review Your Fuel Exposure