



GO GREEN: Buy Canada's Best Renewable Energy Stock

Description

Just Energy (TSX:JE)(NYSE:JE) is a retail energy provider specializing in electricity and natural gas commodities and bringing [energy-efficient solutions](#) and renewable energy options to customers. The company serves residential and commercial customers in the United States and Canada.

Business strategy

By fixing the price of electricity or natural gas using fixed-price energy contracts for a period of up to five years, Just Energy's customers offset the exposure to changes in the price of essential commodities. Variable and [indexed rate products](#) allow customers to maintain competitive rates while retaining the ability to lock into a fixed price. Flat bill products offer a consistent price regardless of usage.

The company derives a gross profit from the difference between the price at which it is able to sell the commodities to customers and the price at which it purchases the associated volumes from commodity suppliers. The company offers customers various carbon offsets and renewable energy credits, which reduce the negative impact of energy consumption.

Risk management

Just Energy attempts to mitigate exposure to weather variations through active management of the electricity and gas portfolio, which involves the purchase of options and weather derivatives. This strategy provides price and volume protection and the expected cost of this strategy is incorporated into the customer price.

Customer gross margins increase proportionately to the increase in consumption net of the gain or loss associated with the incremental supply purchase. Additionally, to the extent that supply balancing is not fully covered through active management or the options employed, Just Energy's customer gross margins are sometimes negatively impacted.

Business development

The company launched an energy broker business which markets energy solutions to businesses for multiple suppliers. Just Energy also sells water filtration systems in Ontario, California, Nevada, and Texas. The company offers a variety of electricity solutions to customers, including fixed-price, variable-price, and flat-bill products on both short-term and longer-term electricity contracts. Some of these products provide customers with price-protection programs for the majority of their electricity supply requirements. Just Energy uses historical usage data for all enrolled customers to predict future customer consumption and to help with long-term supply procurement decisions.

Just Energy also offers natural gas customers a variety of products, such as five-year, fixed-price contracts, flat-bill options, and month-to-month, variable-price offerings in the United States and Canada. The company's commercial business is operated primarily through a subsidiary called Hudson Energy. Hudson Energy offers fixed and variable rate natural gas and electricity contracts as well as more customized products to meet the needs of specific customers. Hudson Energy generates the majority of its sales through a large network of non-exclusive independent brokers.

With an excellent web-based sales portal, Hudson Energy owns technology that enables more efficient selling of products to commercial customers by delivering customer-specific pricing and contract documents on demand. It also provides tools for independent brokers to manage customer accounts after the sale is complete.

Just Energy also offers carbon offsets and renewable energy certificates through the company's programs. Sales of these products continue to support and reaffirm the strong customer demand for green product options in all markets.

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