



Concerns & needs of large users/independent generators in accessing the wholesale electricity market

EnDCo

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Outline

- Market definition
- Benefits of direct market access
- Issues for users
- Issues for producers
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Market definition

- Users
 - >500 GWh
 - 100-500 GWh
 - 10-100 GWh
 - <10 GWh
- Independent generators (CHP, renewables, on-site production)



Benefits of direct market access

- Maintain flexible market position to take advantage of favourable opportunities
- Improve forecasting & production/consumption monitoring to minimise residual/imbalance costs
- Actively manage market risks by optimising physical positions
- Execute contracts & trades in different timescales
- Manage financial flows/credit needs between counterparties
- Receive accurate & transparent bills as and when required

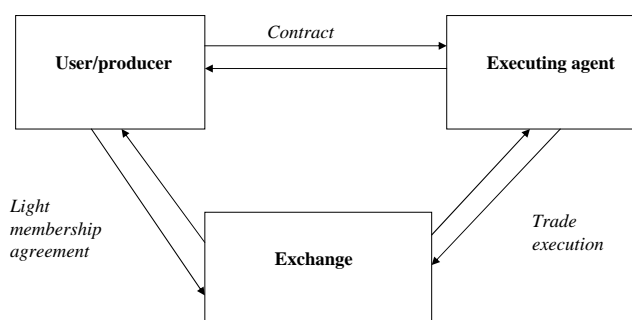


Issues for users

- Risk/reward relationship
 - Risk appetite
 - Low reward expectations
- Lack of focus on energy
 - Many buyers are not energy specialists
 - Energy is not core business
- Perceived complexity
 - Complicated market rules
- Transaction costs (administration, cost of credit)
- Inertia



“Light” exchange membership

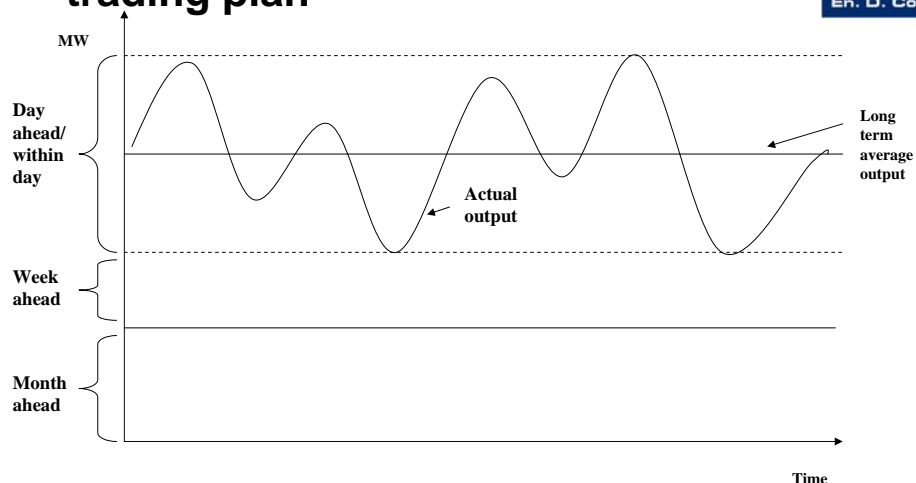




Issues for producers

- Finding route to market which maximises revenue & minimises exposure to risk
 - Long term offtake contract
 - Sell into portfolio via consolidation
 - Merchant sales
- Scale, profile & reliability of technology are important factors
- Need to maximise other potential revenue sources
 - “green premium”
 - ROCs & LECs
 - embedded benefits

Illustration of wind energy output trading plan



About EnDCo



- EnDCo is an independent licensed half hourly supplier
- Our services enable clients to source/channel electricity through an independent supply partner with all costs transparent
- Systems, accreditations, market intelligence & trading capabilities made available to help maximise value of energy portfolio
- Trading decisions converted into executable transactions quickly & reliably

Services



- EnDCo has the tools & market knowledge to help customers access the market direct
 - For large users, we facilitate access to the wholesale market to minimise imbalance costs and provide more choice over timing/duration of contract trades
 - For generators, we set up & run direct contractual relationships with retail customers and/or trade volumes in the wholesale market, actively managing imbalance exposures & passing through all embedded benefits
 - For non-physical players, we provide access to customers to broaden out trading opportunities and reach new markets

Current portfolio/activities



- Portfolio of 15 large energy users with total combined load of 3,000GWh
- Volumes actively traded through EDMij (Dutch parent of EnDCo) are 2,140GWh electricity and 860mcm of gas
- Above volume traded independently on behalf of customers

Contact



- EnDCo's principal investor is Residex, a venture capital company wholly owned by the Eureka Group – a leading European insurance company
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