



Connecting UK business customers
with the wholesale energy market

PRODUCTS AND SERVICES

Imbalance Management

Imbalance costs are an electricity market fact of life and, at a time of steadily increasing power prices, many UK businesses remain either unaware of their existence or how to manage their impact.

Whether an organisation simply consumes electricity via a supplier, or generates power from its own assets, unaddressed the Imbalance issue can represent a significant financial risk – typically between 3% & 5% of the electricity value. As such, Imbalance figures can be in excess of £100k for an electricity spend (or revenue stream) of as little as £2M per annum, and obviously the bigger the spend/revenue the larger the potential cost.

Imbalance costs are an “inconvenient truth” in the UK electricity market – however it is also a fact that industrial and commercial businesses can choose to proactively manage them.

What is Imbalance?

Before addressing the *Imbalance* issue it is important to provide some context.

Since the privatisation of the UK's electricity industry in late 1980s, it has become accepted that electricity is a commodity that can be traded just like any other. In energy terms, this would include crude oil, natural gas, coal, etc.

However, there is one fundamental difference between electricity and the other traded energy commodities, this being the simple fact that electricity cannot be stored economically in large quantities and consequently electricity generation output must always match (or balance) in real time the demand for power.

It is this requirement for the UK's national electricity network to be “balanced” at all times that gives rise to what is known as the Balancing Mechanism and within its confines the concept of “Imbalance”. The responsibility for managing this real world situation is held by National Grid and, as in all things, there are costs associated with doing so which are paid by users of the electricity system in relation to their contribution to the Imbalance issue.

In simple terms, the greater the correlation between what a consumer or generator has forecast they are going to do with the actual volumes of electricity they consume or generate, the lower the level of Imbalance costs incurred.

How EnDCo helps

EnDCo is a specialist in helping both consumers and generators of electricity manage their Imbalance position, offering a proactive customer-specific approach which on average reduces these charges below 1% of the energy value.

This is achieved by a combination of sophisticated forecasting mechanics and our willingness to trade intra-day, day and week ahead of real time on a customer specific basis. In addition (and we believe uniquely to EnDCo) we achieve these results by passing any of our imbalance portfolio benefits directly back to our customers.

Where appropriate we are also able to provide Secondary Supplier Services, whereby EnDCo assumes responsibility for the consumption (or generation) at times of “peak load”, whilst leaving the “baseload” consumption with the incumbent supplier.



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In this way the “baseload” can derive price advantage due to its increased predictability, while the “peaks” benefit from EnDCo’s specialist expertise in managing the less predictable residual loads.

Key Benefits include:

- EnDCo’s expertise in helping both consumers and generators of electricity manage their imbalance position and a proactive customer specific approach which on average reduces Imbalance costs below 1% of the energy value [cost / revenue].
- EnDCo’s wealth of experience in providing Secondary Supplier services to a number of its existing customers.
- EnDCo currently trades on an intra day, day and week ahead basis for individual specific customers and as part of that core offering we are able to provide monthly, weekly or daily reports that detail import/export volumes, contracted and imbalance positions as well as associated cash flows.

EnDCo is an independent licensed electricity supplier providing direct and transparent access to the wholesale electricity markets both for business energy consumers and generators. It has a track record of delivering measurable benefits to a wide range of companies in the industrial and commercial sectors.

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