



Connecting UK business customers
with the wholesale energy market

PRODUCTS AND SERVICES

Power Purchase Agreements (PPAs)

A Power Purchase Agreement (PPA) is a contract between two parties, one which generates electricity (the generator) and one which is looking to purchase electricity (the consumer).

The PPA defines the commercial terms for the sale or purchase of electricity between the two parties, including the schedule for delivery of electricity, penalties for under delivery, payment terms, and termination.

There are many forms of PPA in use today and they vary according to the needs of the generator and the consumer.

Whether you are a net consumer or generator of electricity, EnDCo will tailor a PPA to your specific needs to maximise your revenue and/or minimise cost.

Flexible Energy Supply

EnDCo operates on a truly flexible basis whereby our customers can make energy purchases directly from, or to, the wholesale market at any given time. Our customers benefit from buying and selling at wholesale market prices and typically receive cost savings or additional revenues of at least 10% when compared with traditional fixed price PPAs.

EnDCo differs from other electricity suppliers, enabling customers to buy and sell their power requirements directly via the wholesale market at actual market prices at any time during the period of contract, with all the associated benefits and charges being passed through to the customer in full (100%).

Individual Trading

EnDCo offers the option of ensuring that any trading undertaken on behalf of a customer can be solely carried out to meet the requirements of that particular supply point outside of any portfolio arrangement. As such, we do not conduct trades for any customer in conjunction with other parties' power trades unless to the clear benefit of both parties. In this way, all trades undertaken by EnDCo will be taken with the sole aim of maximising the

financial and strategic benefits for each particular customer.

Level of Client Involvement

EnDCo is flexible in providing any level of customer involvement in trading decisions. For example, our customers can elect to make all trading decisions themselves with EnDCo merely working as a 'back office' to execute the trades, manage the delivery of power and carry out the financial administration. Alternatively, they can adopt an arrangement, whereby we agree a set of trading rules within which EnDCo will operate whilst seeking to capture the greatest financial benefit.

Risk Management

The risk appetite of our customers with regards to buying or selling power on a flexible basis is managed by adopting the most appropriate trading strategy together with agreed trading rules for their particular circumstances.

For example, a consumer buying longer term contracts will lock in power prices over these periods providing a known cost for power which can be an attractive strategy. However in a market where prices are falling, buying longer term contracts



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gives the risk of locking in power prices at levels far higher than that which would be achieved in the future as power prices fall, and so preventing the consumer from achieving this financial benefit.

In a rising market, the reverse is true. If power contracts are locked in over a longer duration, lower prices will be obtained when compared to consumers who buy power over shorter durations. In this way in a rising market, there is a risk for clients in not locking in power to capture these lower prices.

The reverse philosophy applies to a generator.

For this reason, we recommend a trading strategy whereby market intelligence is combined with the risk appetite of a client to produce a strategy that minimises some of the risks associated with the short-term fluctuations in the market but at the same time takes advantage of long-term market movements.

Typically this would involve buying some power using longer term contracts with the remainder over shorter term contracts and then adjusting contract positions dependent upon the market movements during the period.

Trading rules can be adopted which minimise the risks in a volatile market. For example, if power prices rise to a pre-determined level, then an

amount of power will be bought using longer term contracts to lock in a particular price and to prevent further costs. In this way, the risks of prices rising can be minimised, at the same time as providing the opportunity of capturing price falls should the market become bearish.

In the case of a generator who is exporting rather than importing power, the reverse of the above scenario would apply.

Key Benefits include:

- EnDCo will pre-agree a set of trading rules specific to our customer, regarding the mix of contracts, price limits, duration etc, to meet their specific needs.
- EnDCo does not trade for its own book or position, and as such our customers can be confident that our trading activity will always have the objective of securing the most advantageous position for them – not us.
- Our customers' involvement can range from utilizing EnDCo's trading desk to action their own trading decisions, to being "hands off" with pre-defined trading volumetric or price limits actioned by EnDCo on their behalf.
- Electricity contracts are procured to meet our customers forecast requirements and where necessary adjusted to meet changes in forecast or to deal with unplanned events.

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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