

EUROPEAN ENERGY MASTER CLASS

Energy & Risk Management Services

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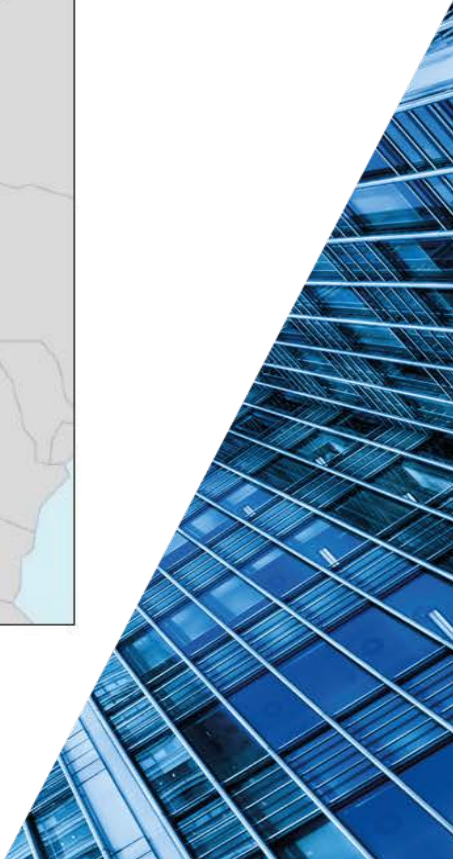
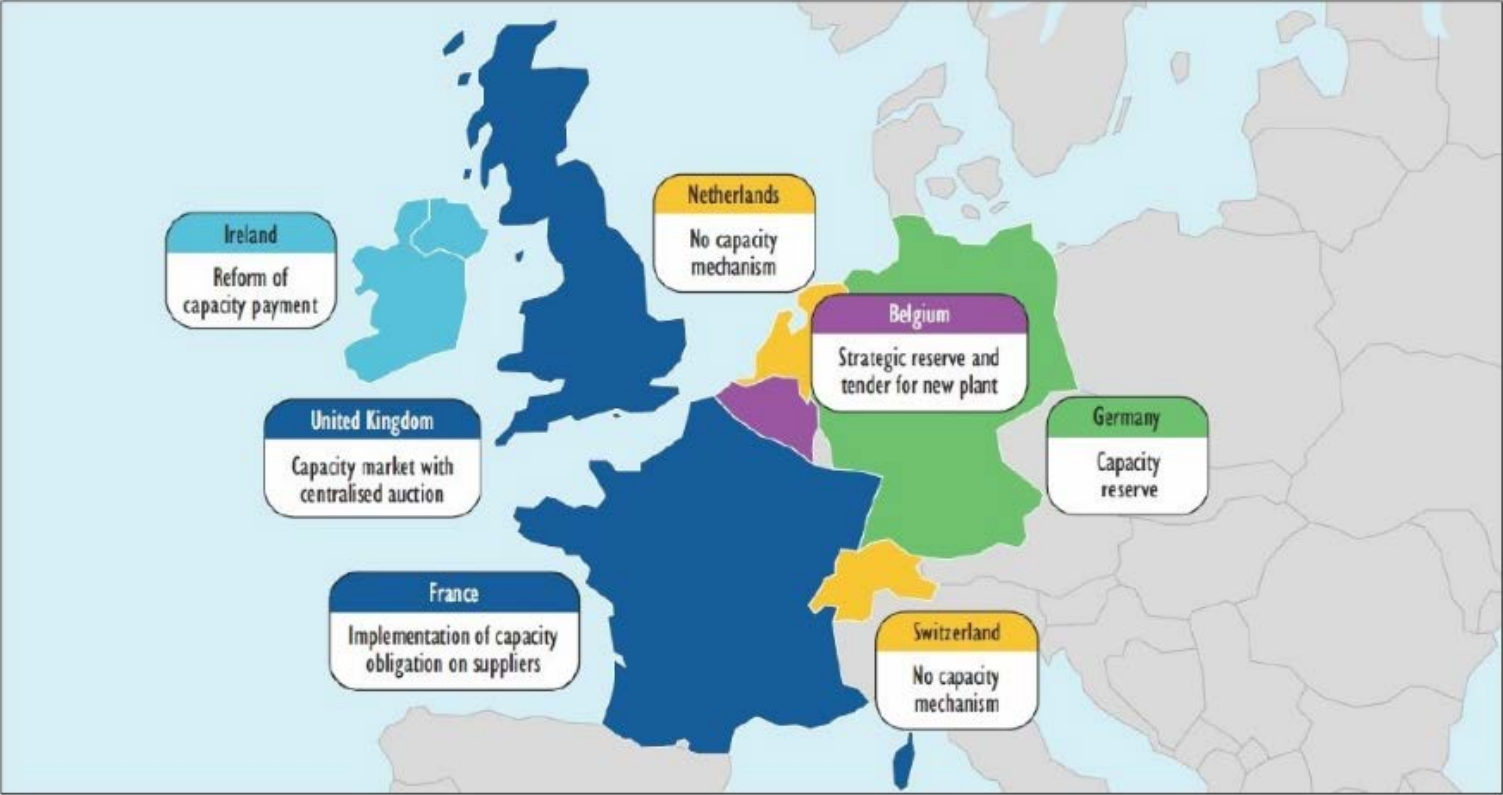
OUR PAN-EUROPEAN CAPABILITY

Whilst most European markets are now liberalised, individual countries are typically grouped into regions that share similar (but not exact) structural &/or operational features (largely driven by interconnectivity).

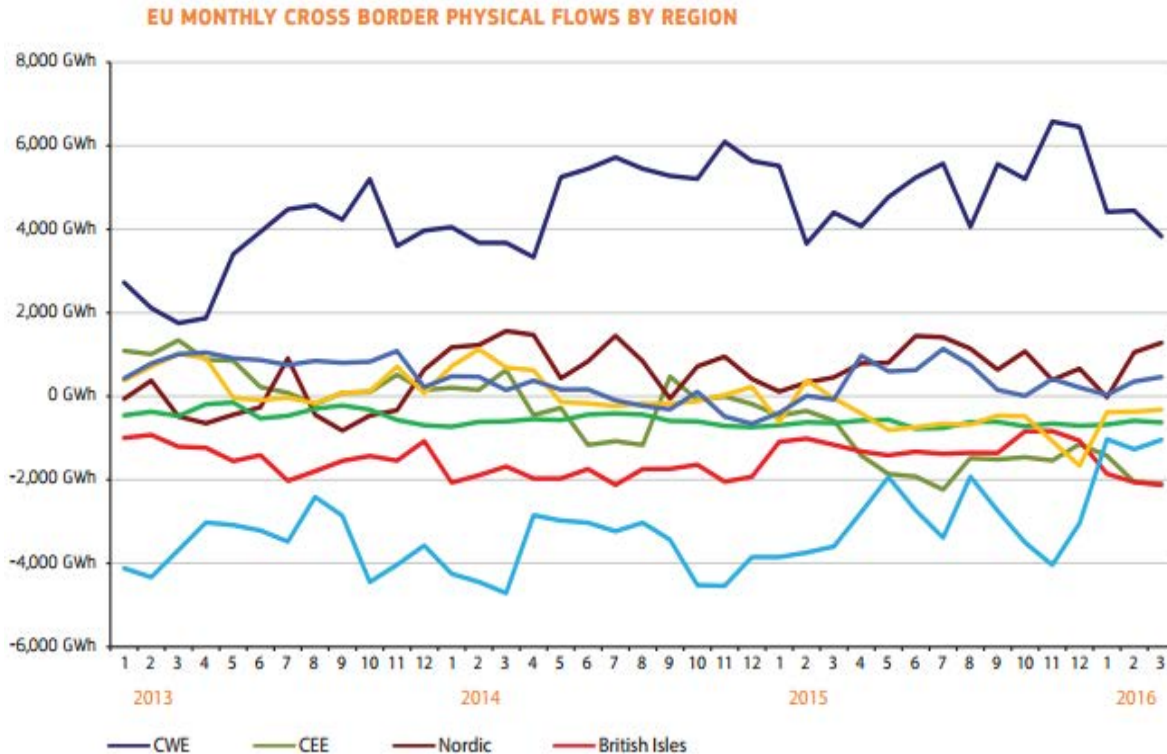
Region	Countries
Central Western Europe	DE, NL, FR, LU, BE, AT, CH
Central Eastern Europe	PL, CZ, HU, SK, HR, SI
Iberian Peninsula	ES, PT
South Eastern Europe	RO, BG, GR, RS, BA, ME, FYROM, AL
Nordic	SE, FI, DK, NO
British Isles	UK, IE
Apennine Peninsula	IT
Baltic	EE, LT, LV



Operational disparity



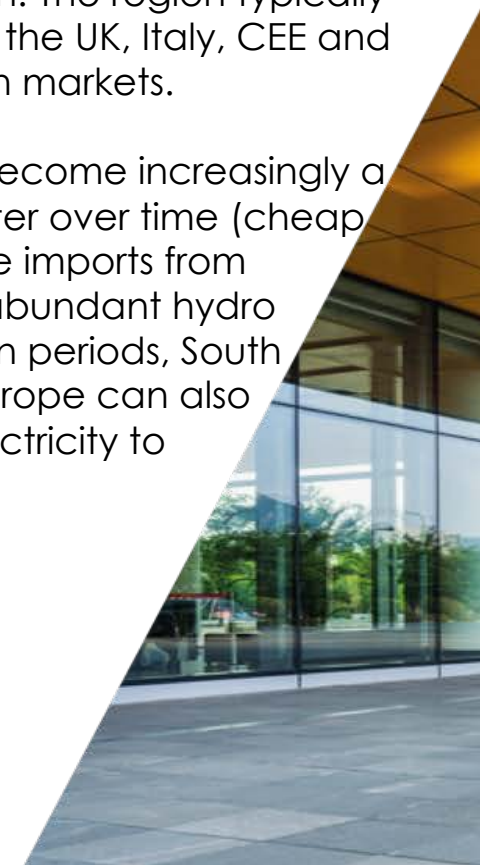
Cross border trade of electricity



Source: ENTSO-E

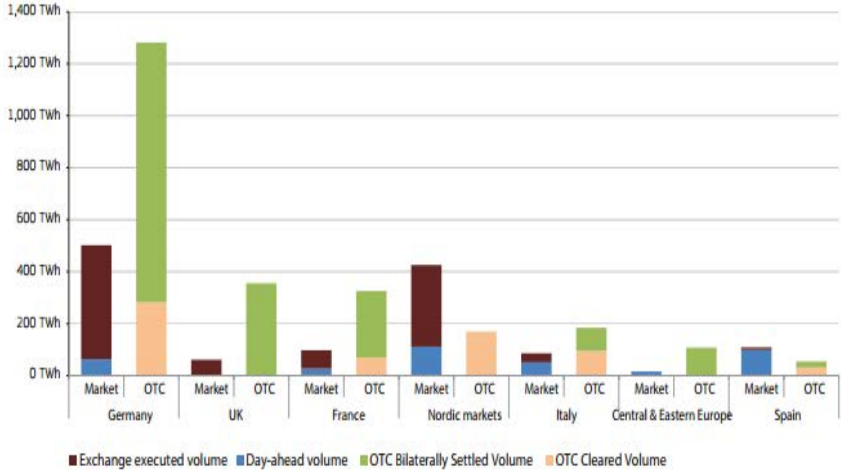
CWE is typically a net electricity exporter, primary owing to its abundant & cheap renewable generation. The region typically exports to the UK, Italy, CEE and the Iberian markets.

CEE has become increasingly a net importer over time (cheap renewable imports from CWE). In abundant hydro generation periods, South Eastern Europe can also export electricity to CEE.



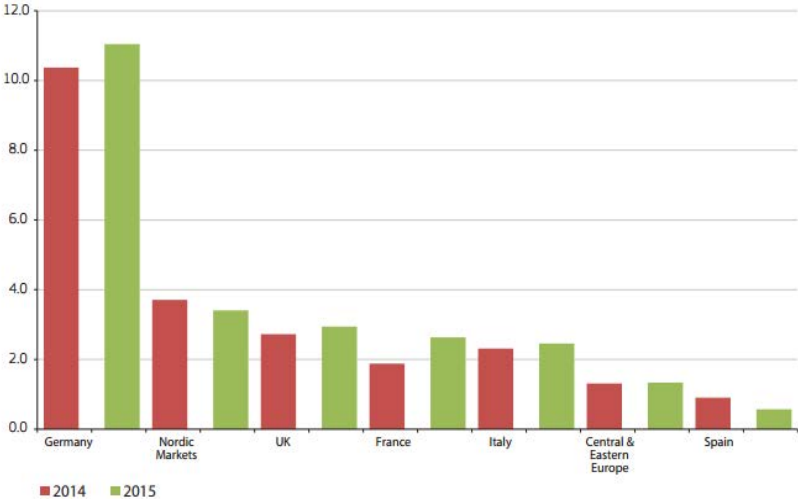
Traded markets

COMPARISON OF ELECTRICITY TRADED VOLUMES IN SOME IMPORTANT DAY-AHEAD, FORWARD AND OTC MARKETS, FIRST QUARTER OF 2016

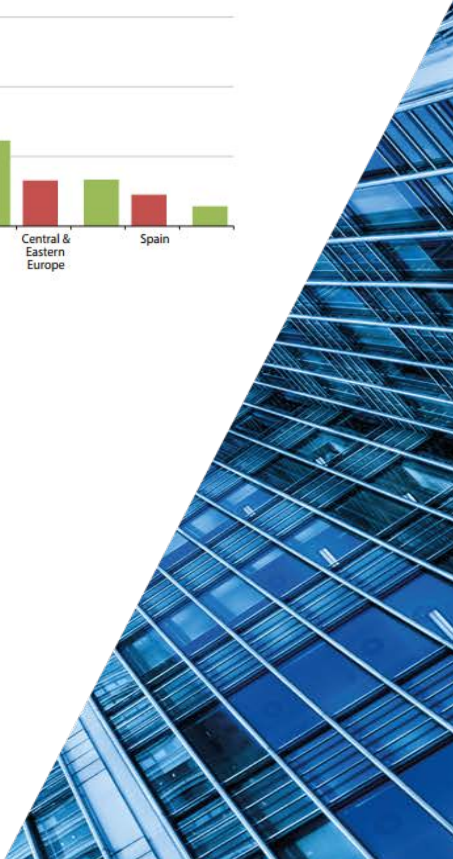


Source: Platts, wholesale power markets, Trayport, London Energy Brokers Association (LEBA) and own computations

ANNUAL CHURN RATES ON SELECTED EUROPEAN WHOLESALE ELECTRICITY MARKETS



Source: Trayport, London Energy Brokers Association (LEBA), ENTSO-E and own computations



Price differentials

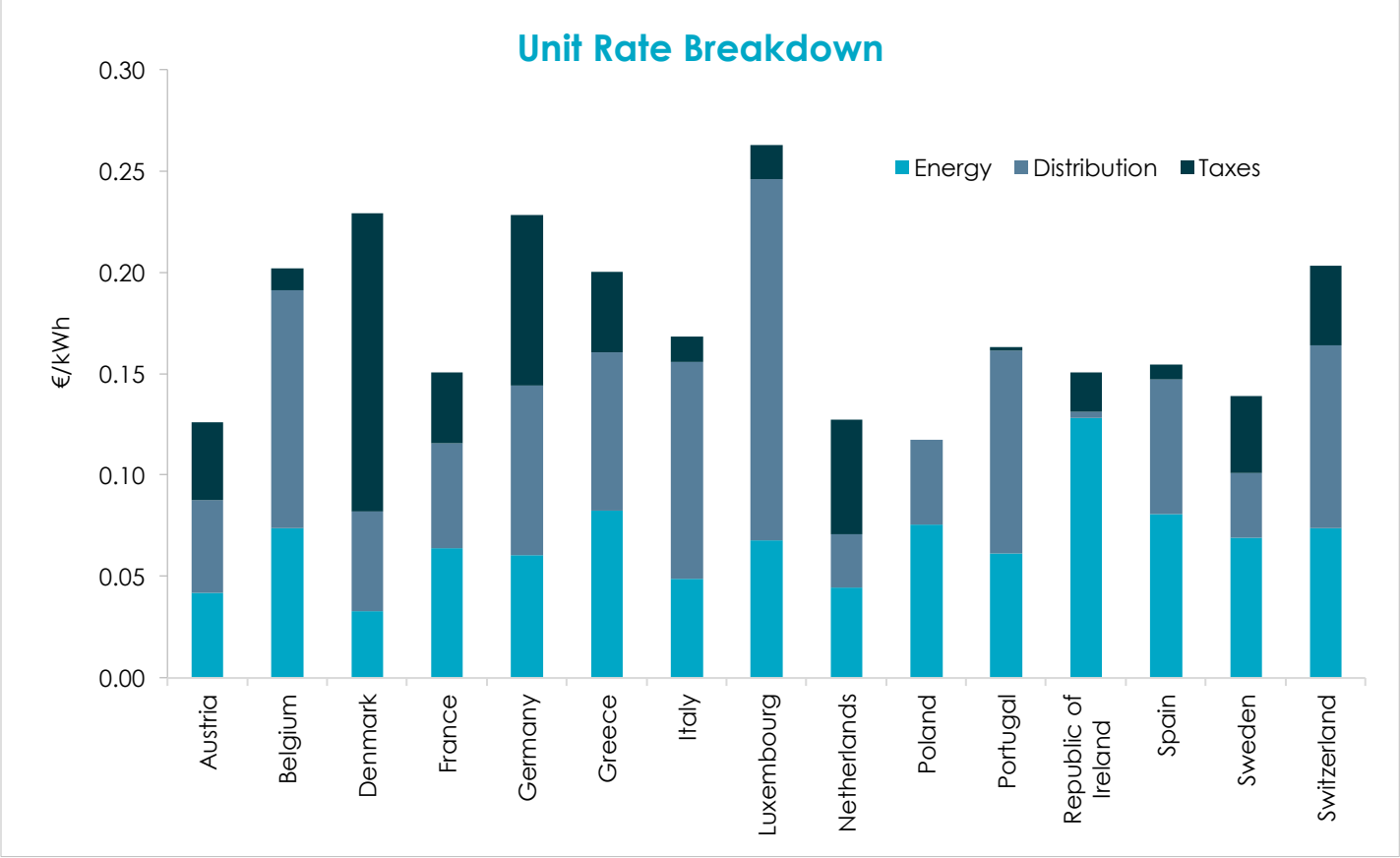
Year Ahead Power



	Q2-2017			2018		
	(€/MWh)	28-Feb-17	01-Mar-17	Change	28-Feb-17	01-Mar-17
Germany	30.75	31.40	↑ 0.65	30.22	31.20	↑ 0.98
France	32.70	33.10	↑ 0.40	35.75	36.30	↑ 0.55
Netherlands	36.38	36.47	→ 0.09	33.89	34.02	↔ 0.13
Belgium	34.55	34.23	↓ -0.32	35.17	35.38	↔ 0.21
Nordpool	25.52	25.65	↔ 0.13	23.40	23.80	↑ 0.40
Italy	42.55	42.65	↔ 0.10	43.55	43.55	→ 0.00
Spain	44.43	44.35	→ -0.08	43.80	43.50	↓ -0.30
Czech Rep.	31.40	31.20	↓ -0.20	30.55	31.25	↑ 0.70
Poland	37.88	38.17	↔ 0.30	37.28	37.17	↓ -0.11
Hungary	34.85	35.15	↔ 0.30	38.60	38.45	↓ -0.15
Romania	32.85	33.05	↔ 0.20	36.60	37.05	↑ 0.45



EVOLVING EUROPEAN ENERGY MARKETS



Brexit impact

What impact could Brexit have on the progress towards, and the eventual effectiveness, of an integrated internal European energy market?

We can't draw any firm conclusions. We don't know whether we're in the single market or not, and pretty well everything hangs on that.

Trading freedom of movement for market access seems to have been the bone of contention in the referendum, and a Norway-style relationship with the EU is starting to seem less likely...

It's a case of wait and see – we can't move, we're in Europe physically.

The UK already has interconnectors with the Netherlands and France...

We have a 2GW interconnector to France, a 1GW connector to the Netherlands and are connected to Ireland as well. So the rules on these could change too.

We've got projects being built and interconnection projects that are relatively advanced in the planning stages and have committed investment behind them, and are facing delays.

That will likely increase the price divergence between UK wholesale prices and continental Europe.



WHY HAVE A PAN- EUROPEAN STRATEGY – KEY BENEFITS

EVOLVING EUROPEAN ENERGY MARKETS

The European countries where Inenco operates all have open energy markets

1

2

European energy markets are developing quickly & Innovative procurement tools are available in most countries

3

Inenco's average savings through energy procurement for clients with European sites has been between 15% & 18%

4

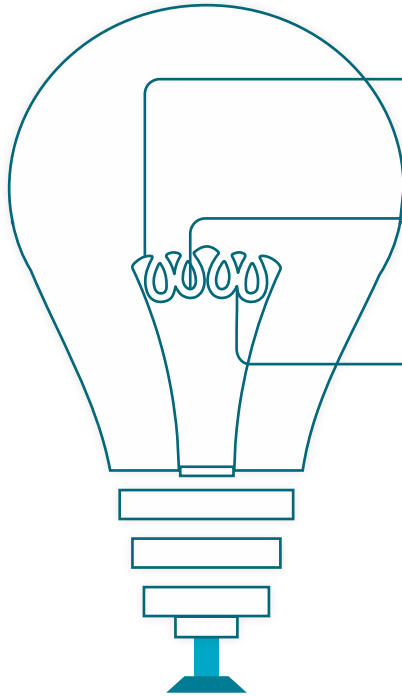
Inenco have also saved clients on average 5% & 10% through identifying invoicing errors

5

We only tender clients energy to established suppliers who are managed through strict performance indicators



1. SAVINGS THROUGH ENERGY PROCUREMENT



The average savings in 2017 for our customers in Europe will be between 10-25 % percent.

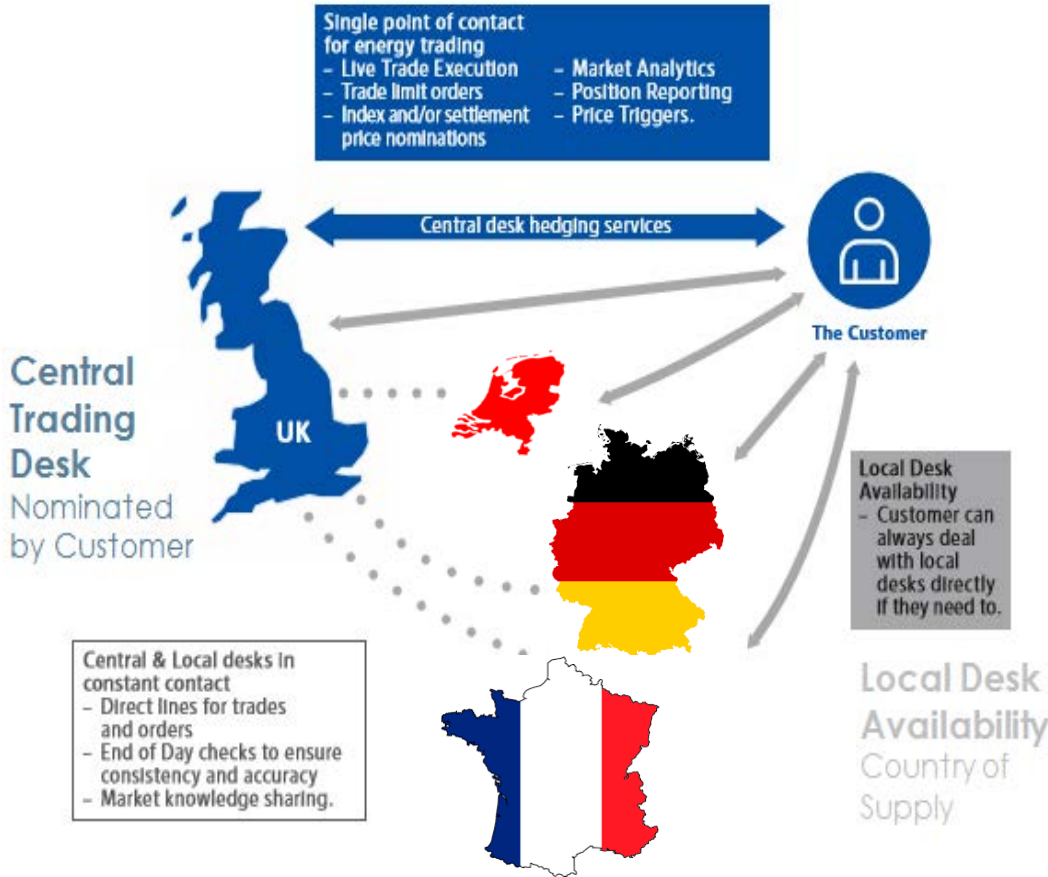
Timing and Negotiations with the suppliers and on the wholesale market are invaluable to get the highest savings.

Other major brands that have taken advantage of this service are Foreign Embassies ,Foot Locker, Honda, Intersnack, Volvo, Snap-on



2. EFFICIENCY VIA PAN-EUROPEAN TRADING

Inenco's Pan – European service provides the customer with a one stop shop for energy trading:



Key Benefits:

- Trade execution via a single centralised trade desk allowing swift strategy execution
- One point of contact for account management
- Access to cross market analytics
- Risk Management service consistency across supply countries
- Access to local expertise when required.

3. REDUCING ADMIN THROUGH BILL VALIDATION

Examples of this include; incorrect tariffs, wrong readings, energy taxes incorrect and many more, average errors are usually between 3 -8 %.



In many countries a lot parties/organisations are involved with the billing; Suppliers, Distributors, meter operators, this leads to errors in many cases relating to payments.



If the customer undertook everything in-house, they would require adequate personnel to perform the required tasks (and require additional language skills).



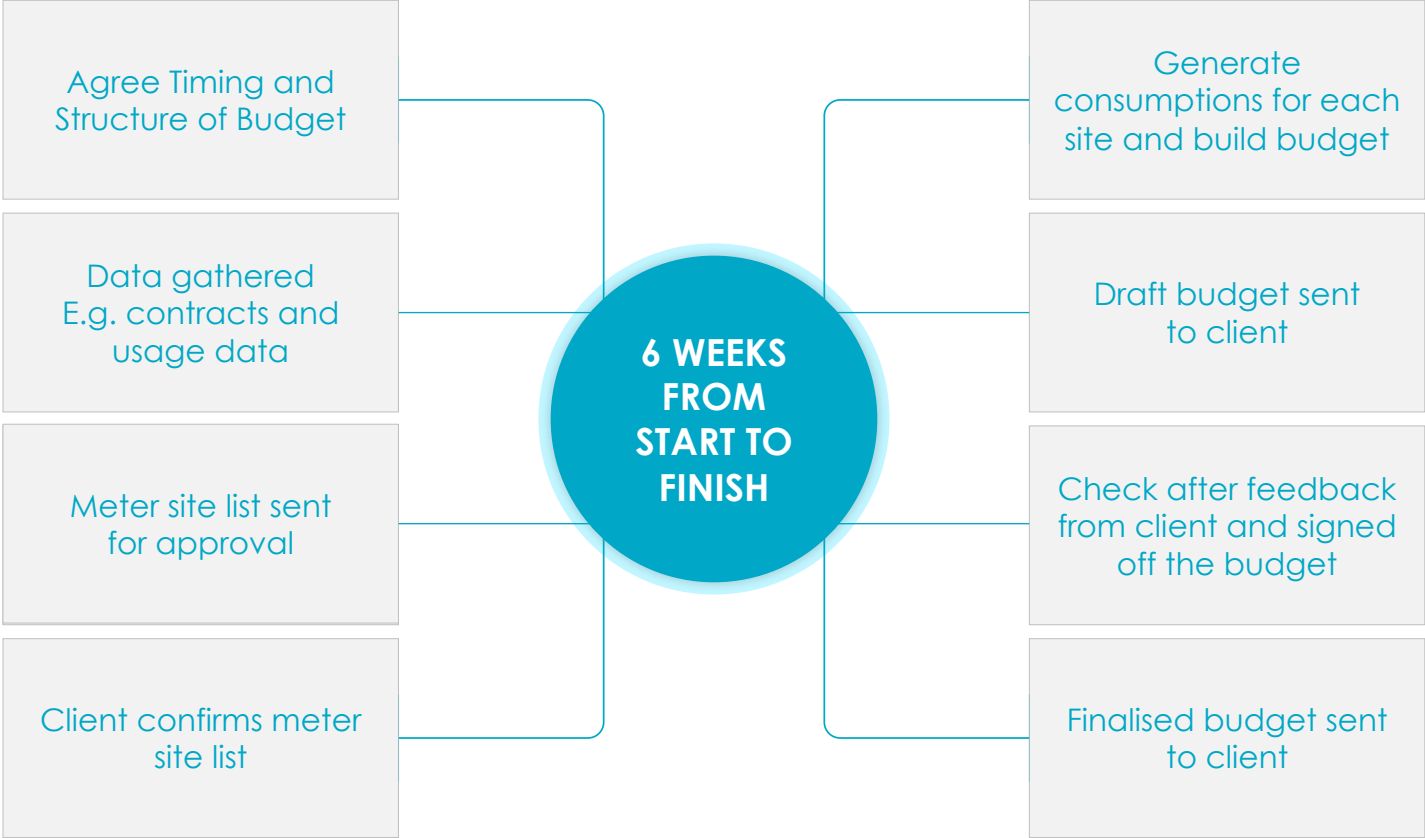
As Energy is not your core business, the cost to perform this in-house will be significantly higher than a third party for whom this is their core business.



Performing these tasks would also serve as a distraction for the client business away from their core business.



4. BUDGETS

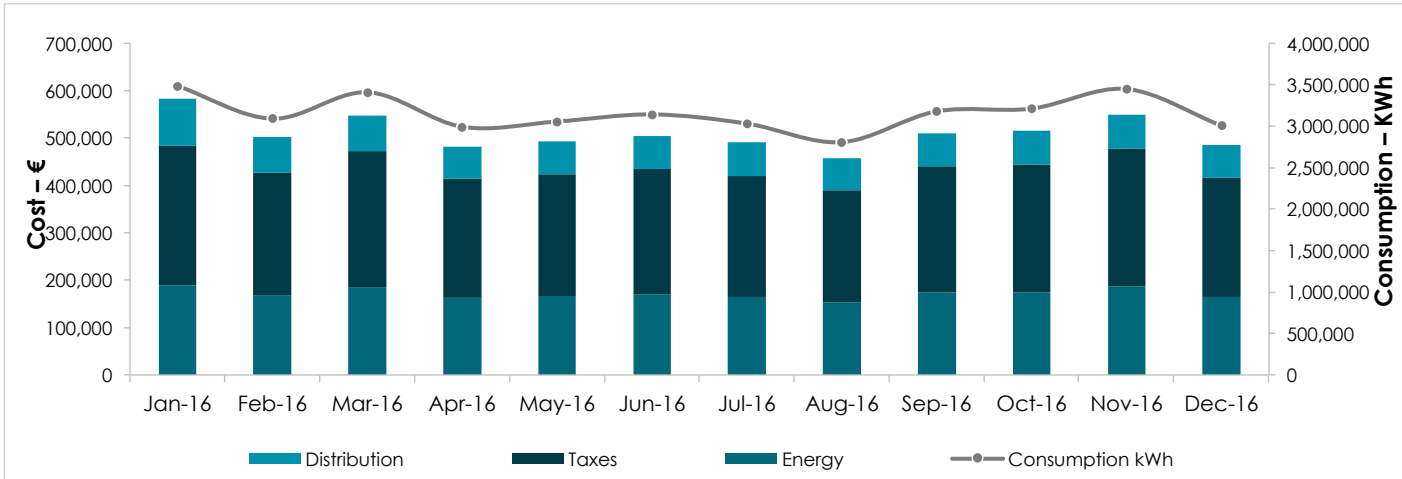


5. Improve via Monitoring & reporting

Electricity Budget Report

Site: All

Month	Consumption kWh			Cost €				Cost per Unit €/MWh			
	HT	NT	Total	Energy	Taxes	Distribution	Total	Energy	Taxes	Distribution	Total
Jan-16	3,245,818	240,540	3,486,358	190,006	292,994	99,274	582,274	54.500	84.040	28.475	167.015
Feb-16	2,875,300	215,980	3,091,280	168,475	259,791	74,600	502,866	54.500	84.040	24.132	162.672
Mar-16	3,102,116	307,480	3,409,596	185,823	286,542	74,534	546,899	54.500	84.040	21.860	160.400
Apr-16	2,731,467	261,800	2,993,267	163,133	251,554	67,716	482,403	54.500	84.040	22.623	161.163
May-16	2,778,314	278,360	3,056,674	166,589	256,883	69,494	492,966	54.500	84.040	22.735	161.275
Jun-16	2,859,406	283,440	3,142,846	171,285	264,125	69,471	504,881	54.500	84.040	22.105	160.645
Jul-16	2,792,840	239,300	3,032,140	165,252	254,821	70,299	490,372	54.500	84.040	23.185	161.725
Aug-16	2,574,936	232,860	2,807,796	153,025	235,967	67,851	456,843	54.500	84.040	24.165	162.705
Sep-16	2,868,905	310,160	3,179,065	173,259	267,169	69,588	510,016	54.500	84.040	21.890	160.430
Oct-16	2,907,469	304,180	3,211,649	175,035	269,907	71,013	515,954	54.500	84.040	22.111	160.651
Nov-16	3,196,672	252,420	3,449,092	187,976	289,862	72,094	549,931	54.500	84.040	20.902	159.442
Dec-16	2,754,947	253,720	3,008,667	163,972	252,848	69,286	486,107	54.500	84.040	23.029	161.569
2016 Totals	34,688,191	3,180,240	37,868,431	2,063,829	3,182,463	875,220	6,121,512	54.500	84.040	23.101	161.641



CASE STUDY

EXPERTISE BY COUNTRY

Our customers have the reassurance that they can focus on their core business (no matter where they are based) because we've got their energy covered.

Energy costs and contract options vary significantly between countries with the added challenge of language barriers and cultural differences.

When Arcadia Group requested that Inenco help verify a number of individual sites energy costs, the results spoke for themselves.

“ I'm very happy with the professional and helpful approach Inenco took to reviewing our Netherlands location. A friendly and consultative approach quickly discovered a €10,000 saving opportunity which we welcomed! I would recommend Inenco for their service and we are reviewing other locations as a result. ”

Dean Laurent, Arcadia Group

Arcadia



EXPERTISE BY COUNTRY

Inenco has been supporting an international retailer with services in the UK since 2003.

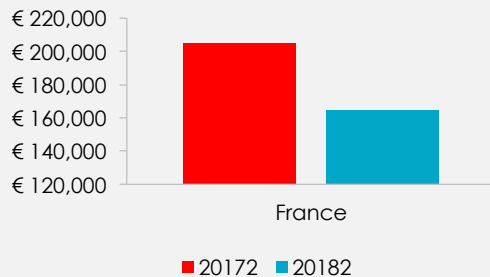
With a Pan-European procurement team, Inenco were well positioned to support the retailer to achieve savings across their portfolio and were appointed in 2016, for Belgium, the Netherlands and France for their procurement requirements in 2017/18.

SAVINGS ACHIEVED

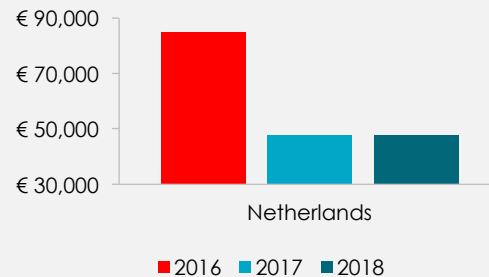
Inenco began the tender process early, ensuring a large window of opportunity for tenders and negotiation with a number of suppliers in each country. The final process achieved a combined savings result of **€149,600 per annum** delivered by new, more cooperative suppliers.



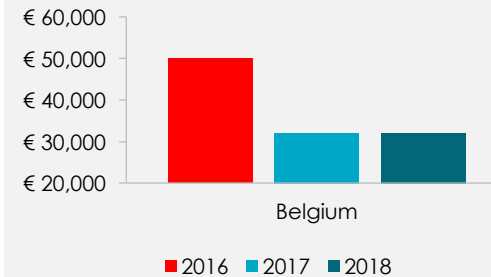
France Energy Cost (€) Y-ON-Y



Netherlands Energy Cost (€) Y-ON-Y



Belgium Energy Cost (€) Y-ON-Y



THANK YOU

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