

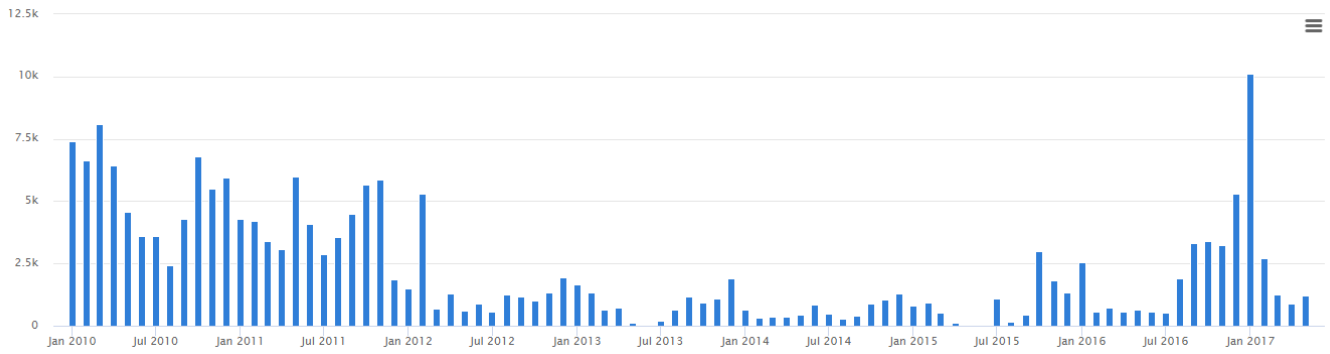
Power plant and option Report

Plant Value	Name	DE Intrinsic €/MWh	DE Simulation €/MWh	UK Intrinsic £/MWh	UK Simulation £/MWh	FR Intrinsic €/MWh	FR Simulation €/MWh
	Coal 46%	3.86 ↑	6.31 ↑	5.22 ↑	6.40 ↑	9.36 ↑	10.56 ↑
	Coal 46% option	6.67 ↑	8.85 ↑	7.25 ↓	8.19 ↓	12.11 ↑	13.13 ↑
	Gas 60%	1.68 ↑	4.68 ↑	6.62 ↑	7.59 ↑	6.29 ↑	7.83 ↑
	Gas 60% option	2.20 ↑	5.08 ↑	7.25 ↑	8.19 ↑	6.70 ↑	8.19 ↑

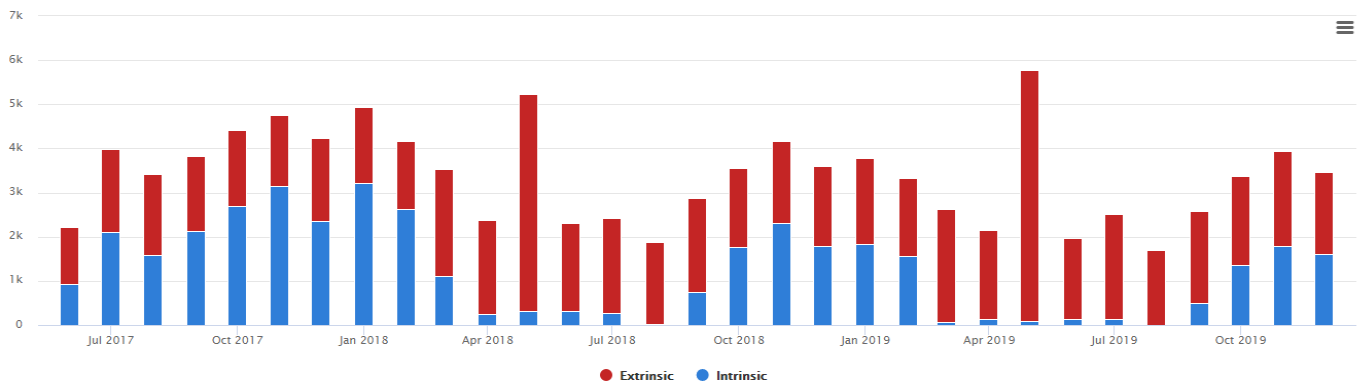
Remarks

- The valuation date for the analysis is 6 June 2017.
- Volatilities, correlations and other parameters are calibrated on 2 years of historical price data.
- The main assumptions for this analysis can be found at the end of this document.
- The results in the table above show that the intrinsic and simulation values have generally improved compared to the assessments of last month. Especially the German coal and gas products, as well as the French gas products rose in value, on average by about 0.50 €/MWh. This is mainly a result of lower gas prices (down by around 50 €/ct/MWh) and higher power prices (e.g. up by around 50 €/ct/MWh in Germany), offsetting the effects of higher coal and carbon prices.
- The realized income for two German power products can be seen in the first and third graph on page 2. The realized income in May picked up compared to the previous month, but it remains low compared to 2010-2011 and compared to the recent winter months.
- The other two graphs on page 2 show the expected future values of these German power products. In the winter months, the expected value is largely intrinsic. The intrinsic value is derived from an hourly shaped price forward curve. In the summer months, the intrinsic value is low, and the majority of the plant value consists of extrinsic value. The full extrinsic value will only be realized with enough price volatility, or in case of a general improvement in dark and spark spreads. Nevertheless, active delta hedging will secure a large part of this extrinsic value.

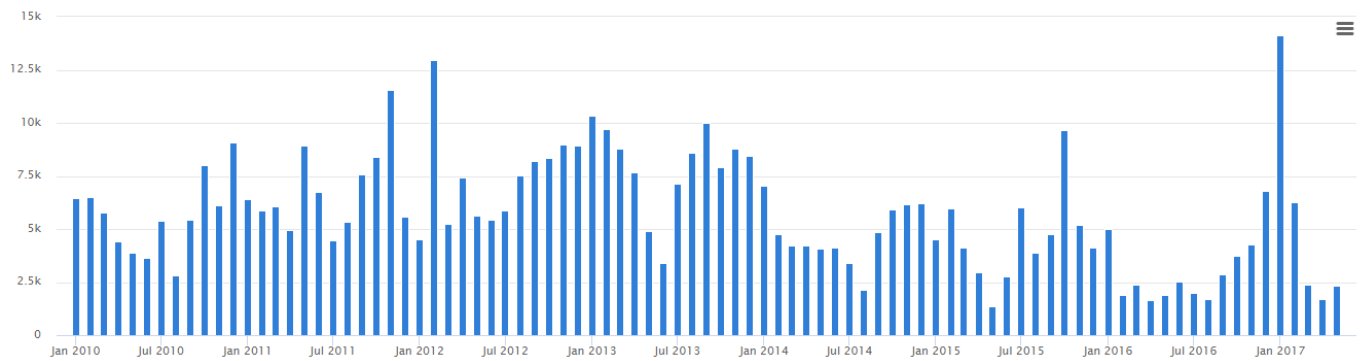
Realized value for the Gas 60% plant product (German market, value per MW)



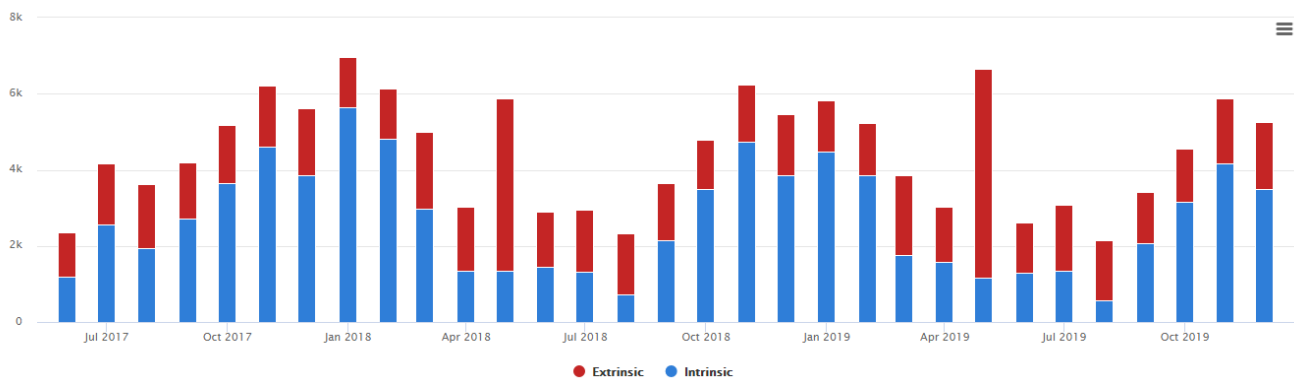
Estimated future value for the Gas 60% plant product (German market, value per MW)



Realized value for the Coal 46% plant product (German market, value per MW)



Estimated future value for the Coal 46% plant product (German market, value per MW)



Explanation

All valuations have been performed with KYOS software, in particular KyPlant and KySim. Simulation values are the average across a large number of Monte Carlo price simulations and using the least-squares Monte Carlo methodology to derive the optimal dispatch (exercise) of the products.

All plants and option products have a maximum capacity of 1 MW, at which they reach the maximum efficiency. The reported values in the table are for calendar year 2018. The 'option' products are strips of hourly clean spark or dark spread options, with no start costs and a single efficiency.

The other two products are more like real plants: they have start costs of EUR 30 (GBP 25) for coal and EUR 12.50 (GBP 11) for gas. Furthermore, to avoid a start, they can produce at 0.5 MW capacity at an efficiency which is 6% point lower.

The variable costs per MWh are EUR 3 (GBP 2.60) for the coal plant, and EUR 2.50 (GBP 2.15) for the gas plant. The coal plant also faces coal transport costs of 10 EUR (GBP 8.60) per tonne.

No other plant operational, investment or financing costs are assumed. Nor did we include maintenance, trips, minimum on- and off-times, ramp rates, etc. All these features can easily be modelled by KyPlant, but for simplicity are left out from this report.

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