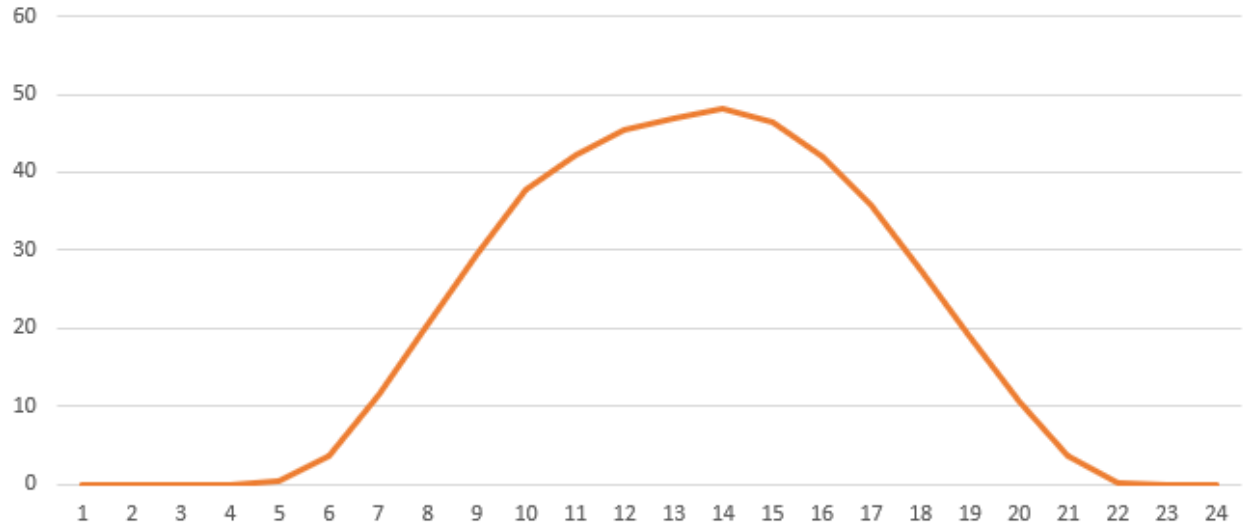


1. Given only the products baseload (all 24hrs) and peak (hours 9-20) how would you effectively hedge the following profile (peak price is £60/MWh):



Hrs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	Av.
MW	0	0	0	0	0	4	12	21	30	38	42	46	47	48	46	42	36	27	19	11	4	0	0	0	20
£/MWh	64	60	50	48	47	46	48	55	60	76	77	72	63	58	48	48	48	49	55	66	68	59	62	53	57.5

2. Based on the following information, where would you price an option on a 1MW peak generator with a strike price of £70/MWh for all 6 periods and the 'best' period?

Period	Volatility	£
1	19%	£40
2	17%	£40
3	28%	£50
4	17%	£45
5	28%	£60
6	29%	£53
Av	23%	£48