

Energy Wholesale Market Review

Week Ending 11th April 2014



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Headlines

Security of supply fears returned to influence the market this week as gas contracts surged higher on news that Russia may cut gas supplies to Ukraine. Day-ahead gas climbed 9.1% to 52.4p/th as NBP prices reacted despite high storage capacity and continued LNG deliveries. Long-term gas contracts rose across-the-board and fed into power contracts with annual October 14 power up 3.4% to £50.7/MWh. Day-ahead power increased with rises in gas, climbing 3.5% to £42.6/MWh despite higher wind output towards the end of the week. The annual October 14 clean spark spread dropped 18% to £3.3/MWh as gas prices rose faster than power, while the annual October 14 clean dark spread rose 7.3% to £18.7/MWh with increasing power prices and flat-lining coal. In commodities, Brent crude oil prices rose 0.5% to a weekly average of \$106.9/bl on increased tensions between Russia and Ukraine. EU ETS carbon prices rebounded 6.2% after last week's lows to reach €5.0/t with more credit withdrawals looming.

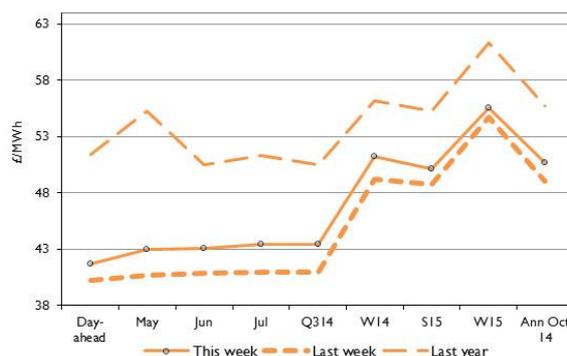
Baseload electricity

- Power contracts followed trends in gas, rising across-the-board.
- Annual October 14 baseload climbed 3.4% to £50.7/MWh.
- The day-ahead contract rose 3.5% week-on-week, failing to match rises in gas as increasing wind output offset gains earlier in the week. The contract reached a three-week high of £42.6/MWh on Thursday.

Annual October contract



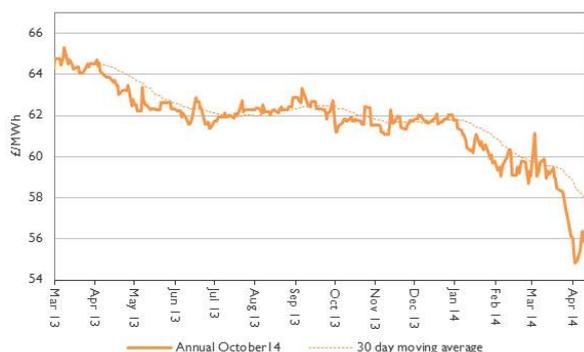
Forward curve comparison



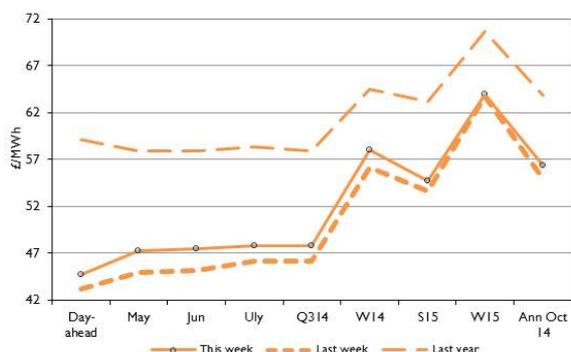
Peak electricity

- Peak power contracts increased despite falling peak demand. The annual October 2014 peak power contract rose 2.7% to settle at £56.4/MWh.
- Day-ahead peak electricity increased 3.6% to average £44.8/MWh, climbing to a four-week high of £45.60/MWh on Thursday.

Annual October contract



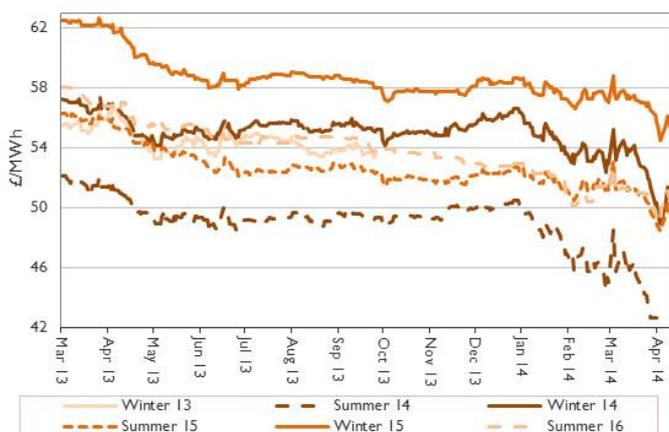
Forward curve comparison





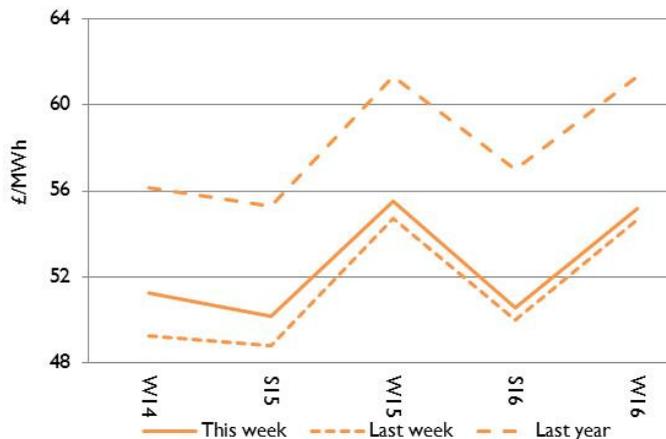
Seasonal power prices

Seasonal power contracts



- Seasonal power contracts rebounded from record lows of last week, following bullish trends in their gas counterparts. Winter power contracts increased 2% over the week with winter 14 power 4.1% higher at £51.3/MWh.
- Summer power contracts were up 2.2% on average over the week.

Seasonal power curve

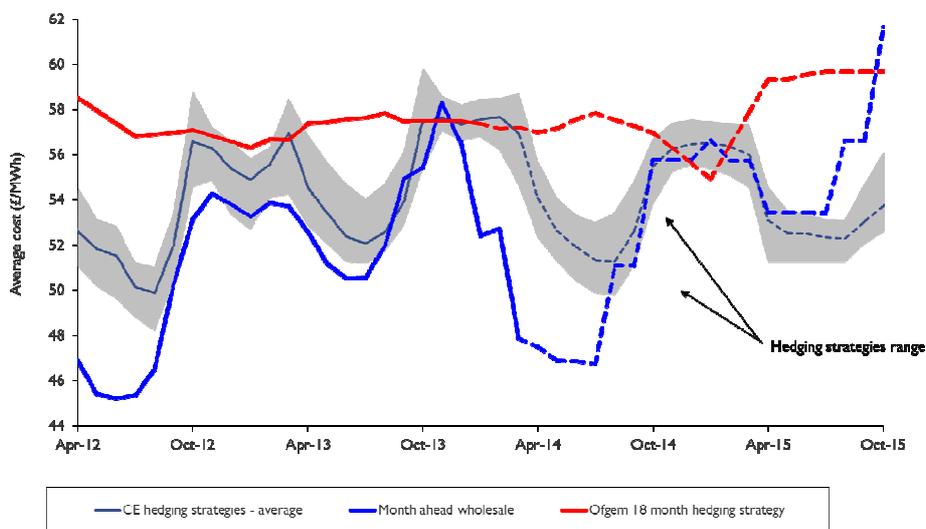


- Summer 15 power climbed 2.8% to £50.2/MWh.
- The contract is now 2.1 % below last month and 9.3% lower than last year' level.

Supplier hedging strategies

On 26 March SSE revealed it would be freezing domestic gas and electricity prices at their current levels until 2016, announcing 500 job cuts and shelving four planned offshore wind farm developments to pay for the costs. A day later, Ofgem announced its intention to refer the energy market for a Competition and Markets Authority (CMA) investigation. Ofgem also announced it had updated its supply market indicators.

Although both Ofgem's and our assessments show a similar overall trend, the incorporation of nearer-term prices makes our assessments more volatile than Ofgem's smoothed quarterly and seasonally based approach.





Wholesale price snapshot

Key market indicators:

11/04/2014

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	11 Apr 14	52.35	60.50	41.65	50.70	81.00	5.30	107.30
Last week	4 Apr 14	48.00	57.28	40.25	49.03	80.00	4.85	106.50
Last month	14 Mar 14	57.50	63.08	44.75	52.50	80.80	6.43	107.59
Last year	12 Apr 13	68.00	67.45	51.40	55.73	94.00	4.25	104.11
Year-on-year % change		(23%)	(10%)	(19%)	(9%)	(14%)	25%	3%
Year high		71.95	68.93	58.30	52.66	94.65	7.22	116.17
Year low		48.00	58.38	40.10	46.45	80.00	2.70	97.70
<p>This table shows the price this week compared with prices from the previous week, month and year. The graphs show the position of this week's prices with a red X and the range of prices over the year is represented by the black line.</p>								



About EDW Technology Limited

EDW has an extensive history of developing, implementing and supporting its 'best of breed' retail electricity software solutions.

In 2000, EDW began building a revolutionary new electricity software platform to support the rigorous demands of the UK's deregulated electricity supply market – a market characterised by rapidly changing government regulation, business processes, market rules, industry dataflows and customer demands. EDW were founded as a provider of high quality, end-to-end IT services and we have remained true to that aim ever since, servicing a range of companies in the energy industry.

For over 13 years, our software product ERS has empowered business electricity suppliers to transform customer experience, improve business efficiency, reduce costs to serve and improve profitability.

EDW has a UK based team of 85 employees working from the EDW offices in Milton Keynes.

Industrial and commercial billing specialists

The industrial and commercial electricity supply market has unique business requirements that need to be serviced with a specialised set of IT system capabilities. Sophisticated business customers are willing to actively engage in the management of their energy accounts and solutions need to provide tools that support enhanced service interaction. EDW has gathered an extensive knowledge of the industrial and commercial market sector that enables the delivery of a powerful set of system capabilities essential to your requirements to service this complex and demanding market sector.

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