

Energy Wholesale Market Review

Week Ending 25th July 2014



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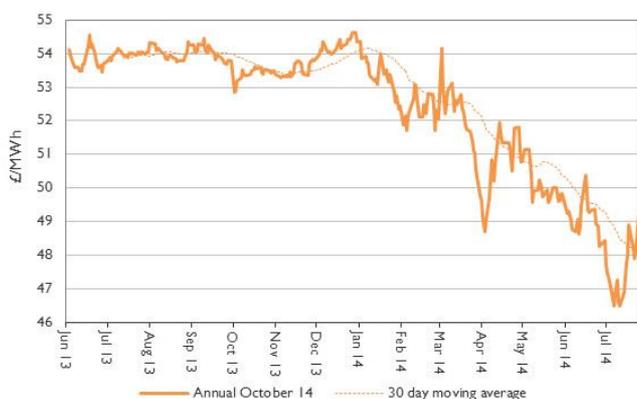
Headlines

News of further sanctions on the Russian economy fed into energy prices this week, as both global commodities and GB power and gas prices reacted to increasing security of supply risks. The winter 14 gas contract was up 0.5% to 59.2p/th, a four-week high, while its power counterpart gained 1.2% to reach £49.2/MWh. Annual contracts also rose, with annual October 14 power up 0.9% to £49.4/MWh, 6% above its record low from two weeks ago. Rising GB power prices aided spreads, as the annual October 14 clean dark spread gained 2.8% to reach £17.9/MWh, a two-month high. A volatile week in the GB market was also influenced by rising commodity prices, as news of Russian sanctions sparked fears for the countries coal, gas and oil industries. Brent crude oil prices were 0.5% higher week-on-week at \$107.5/bl, while API 2 coal prices rose 1.1% to hit a four-month high of \$79.3/t.

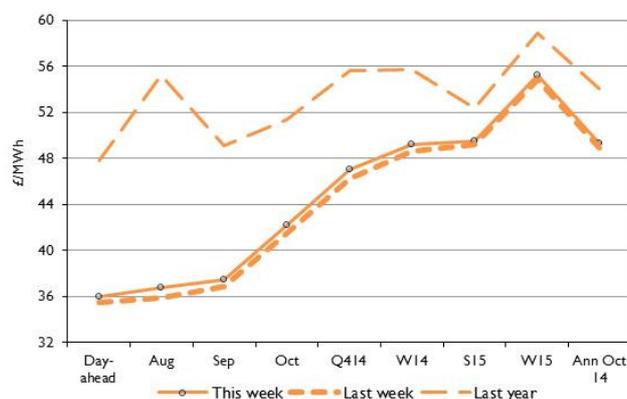
Baseload electricity

- Power prices rose across the board, as trends in gas, coal and oil all influenced. The annual October 14 baseload power contract rose 1% to £49.4/MWh, 2.2% higher than levels seen a month ago.
- The day-ahead contract gained 1.3% to reach £36.0/MWh, despite a fall in its gas counterpart. Low wind output and an unplanned nuclear outage influenced the rise.

Annual October contract



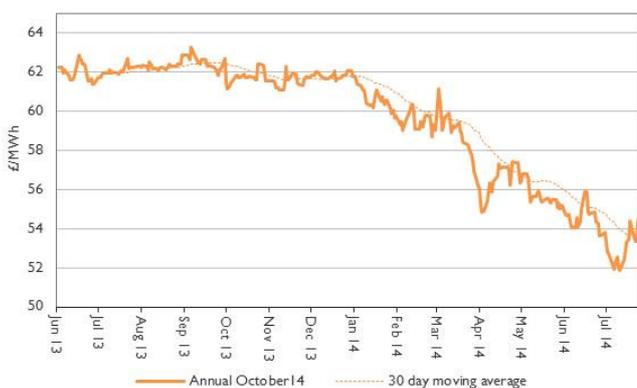
Forward curve comparison



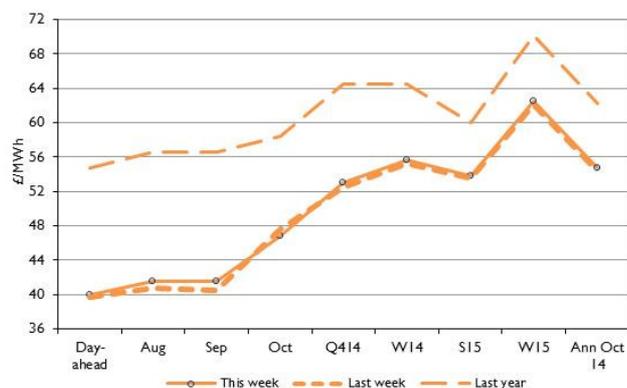
Peak electricity

- Most peak power contracts were up this week. The annual October 14 contract gained 0.6% to reach £54.7/MWh.
- Day-ahead peak electricity rose 0.5% to £39.9/MWh. The contract climbed to £40.2/MWh on Wednesday, the first time it has risen above £40/MWh in a month.

Annual October contract



Forward curve comparison





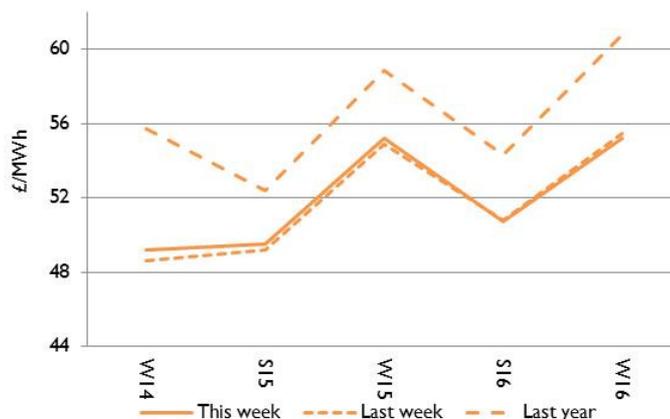
Seasonal power prices

Seasonal power contracts



- Long-term power prices followed the rises seen in their gas counterparts, as markets anticipated tensions in Ukraine would continue in the long-run.
- Winter 14 power rose 1.2% to £49.2/MWh, a four-week high. The contract is now 11.7% below last year's value of £55.7/MWh.

Seasonal power curve



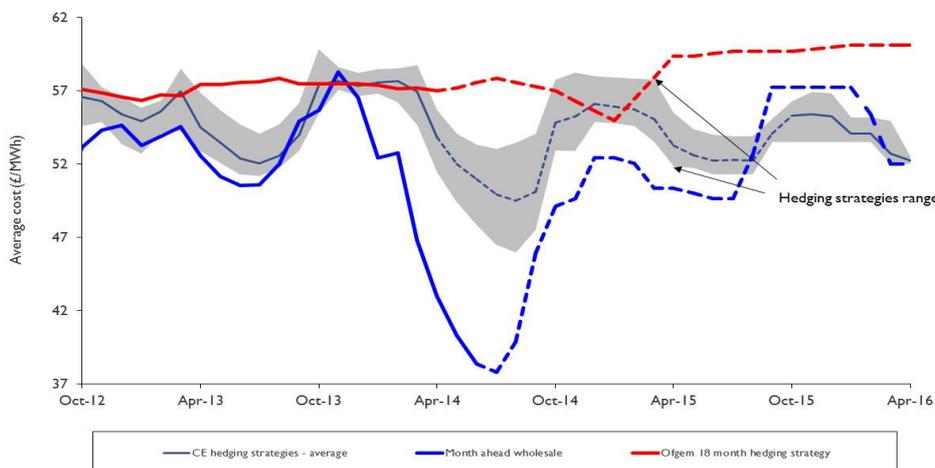
- Along the curve, summer 15 power rose 0.6% to £49.5/MWh, the contract is now 5.5% below its level last year (£52.4/MWh).
- The forward curve has lost some of its contagion following recent developments in Ukraine. Winter 14 power is now 0.6% below summer 15 power, compared with 1.2% last week.

Supplier hedging strategies

Ofgem announced on 26 June its decision to make a market investigation reference to the Competition and Market Authority (CMA) for the GB energy market. The CMA will now begin its investigation immediately and is expected to investigate barriers to entry and expansion for suppliers, the profitability of the six largest suppliers and low consumer engagement that contributes to weak competitive pressure. Final decisions are set to be published by the end of 2015, potentially impacting on long-term prices.

In the shorter-term market, power and gas prices have continued to tumble, with the effects of a mild winter continuing to influence. Gas storage data for May and June was at its highest level since 2007 and the strong supply picture pulled many prices along the curve to four-year lows. Month-ahead prices for April, May and June this year averaged £39.9/MWh, 19% below last year's figure of £48.7/MWh.

Recent changes have decreased our average hedging strategy price for October 2014 from £55.5/MWh to £54.2/MWh.





Wholesale price snapshot

Key market indicators:

25/07/2014

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	25 Jul 14	37.45	56.98	36.00	49.35	77.95	6.07	107.21
Last week	18 Jul 14	38.25	56.88	35.53	48.90	78.00	6.14	108.40
Last month	27 Jun 14	39.30	56.10	36.17	48.30	78.65	5.78	113.21
Last year	26 Jul 13	65.50	67.00	47.80	54.05	85.50	4.33	107.30
Year-on-year % change		(43%)	(15%)	(25%)	(9%)	(9%)	40%	(0%)
Year high		71.95	67.53	58.30	54.63	87.30	7.22	116.17
Year low		11.25	53.38	34.00	46.48	77.30	4.17	103.40

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.



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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