

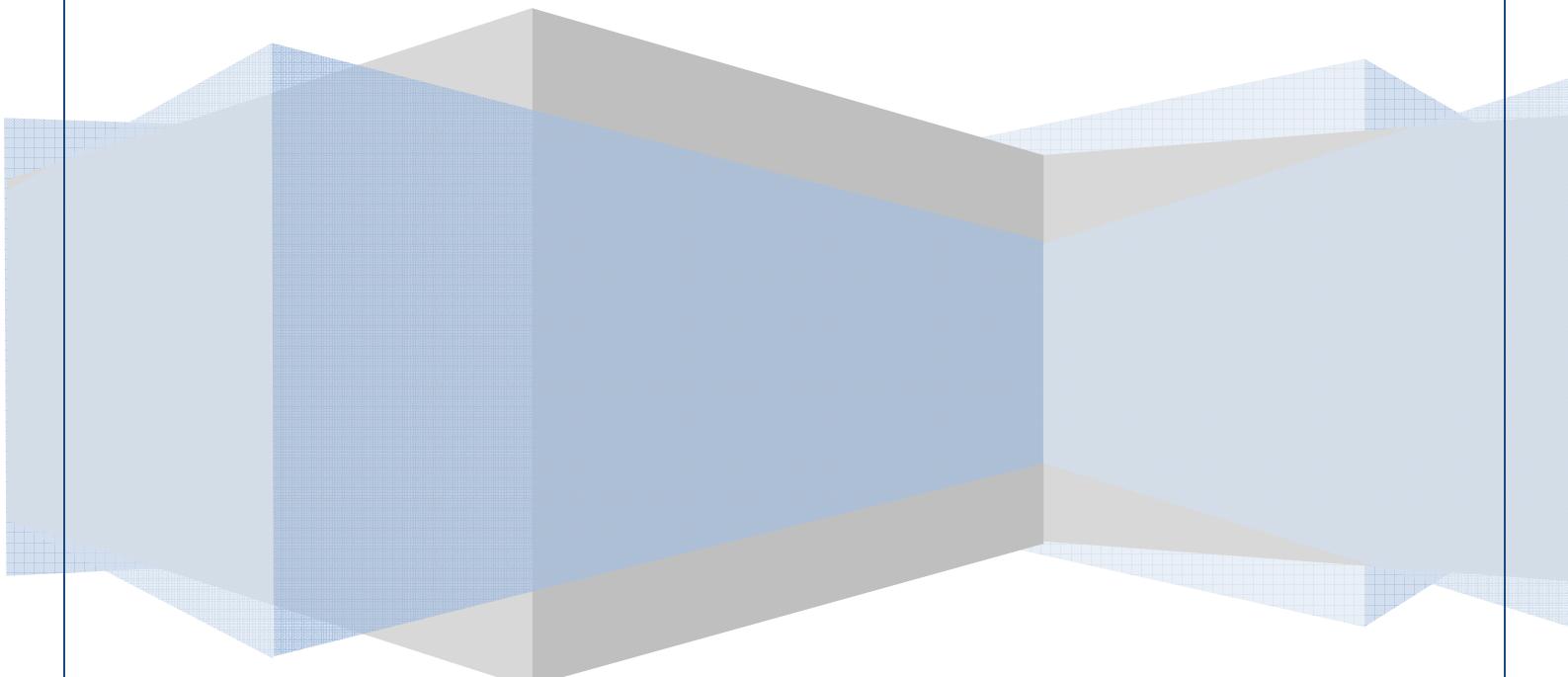
Energy Wholesale Market Review

Week Ending 25th September 2015



EDW House, Radian Court, Knowlhill, Milton Keynes, MK5 8PJ.

Phone: +44 (0)8448 802 489
Email: info@edwtech.com
Website: edwtech.com





Contents

Baseload electricity.....	3
Peak electricity.....	3
Seasonal power prices.....	4
Supplier hedging strategies	4
Wholesale price snapshot	5
About EDW Technology Limited	6



Headlines 25/09/2015

Seasonal power and gas contracts slipped to record lows this week as bearish trends continued. Long-term gas contracts fell across the board with winter 15 gas down 1.4% to 42.8p/th, hitting a contract low of 42.7p/th on Tuesday. Confidence that LNG supplies will continue to increase has further weighed on gas prices. Seasonal power contracts followed lower, with winter 15 power sliding 0.7% to £43.25/MWh, reaching a fresh low of £43.2/MWh on Tuesday. Day-ahead gas prices were relatively unchanged, declining 0.1% to 41.0p/th, despite restricted Norwegian flows and higher gas demand supporting prices. Its baseload power counterpart dipped 0.9% to £42.7/MWh as lower demand and higher wind output later in the week suppressed prices. API 2 coal fell 1.9% this week to average \$50.0/t, ending the week at \$49.6/t, as contracting Chinese demand pulled prices lower. In contrast, Brent crude oil rose 0.2% to average \$48.4/t, despite a turbulent week of price fluctuations.

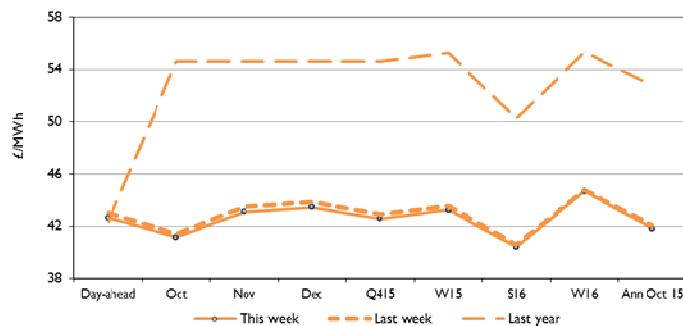
Baseload electricity

- Annual October 15 power declined 0.5% to £41.8/MWh this week, reaching a record low of £41.7/MWh on Tuesday.
- Falls followed a decrease in the annual gas contract, lower coal prices and reduced carbon prices.
- Unless there are significant changes in the commodity environment, prices are expected to remain low.
- All power contracts decreased this week.
- Day-ahead power fell 0.9% to £42.7/MWh, as lower demand (-0.5%) and higher wind output later in the week suppressed prices.
- Falls however, were despite tighter-than-expected supply margins.

Annual October contract



Forward curve comparison



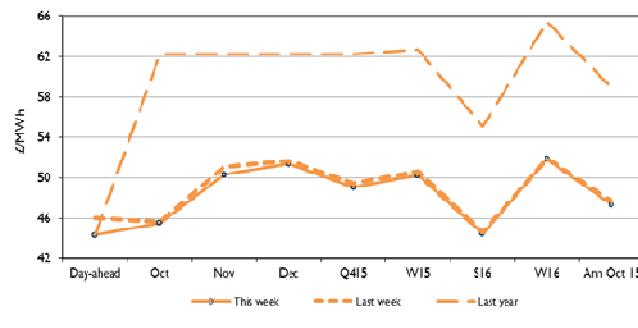
Peak electricity

- The annual October 15 peak power contract slipped 0.6% this week to £47.4/MWh.
- Lower baseload power and gas prices weighed on the contract, which hit a record low of £47.3/MWh on Tuesday.
- The contract is now 19.6% under its value last year (£58.9/MWh).
- All peak power contracts continued to decline this week.
- Winter 15 peak power was down 0.8% to £50.3/MWh.
- Day-ahead peak power saw the biggest fall, dropping 3.6% to £44.4/MWh, despite a rise in peak power demand.

Annual October contract

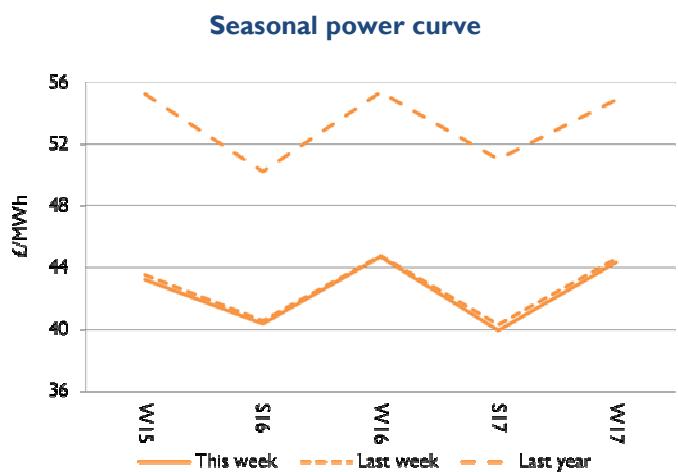


Forward curve comparison





Seasonal power prices



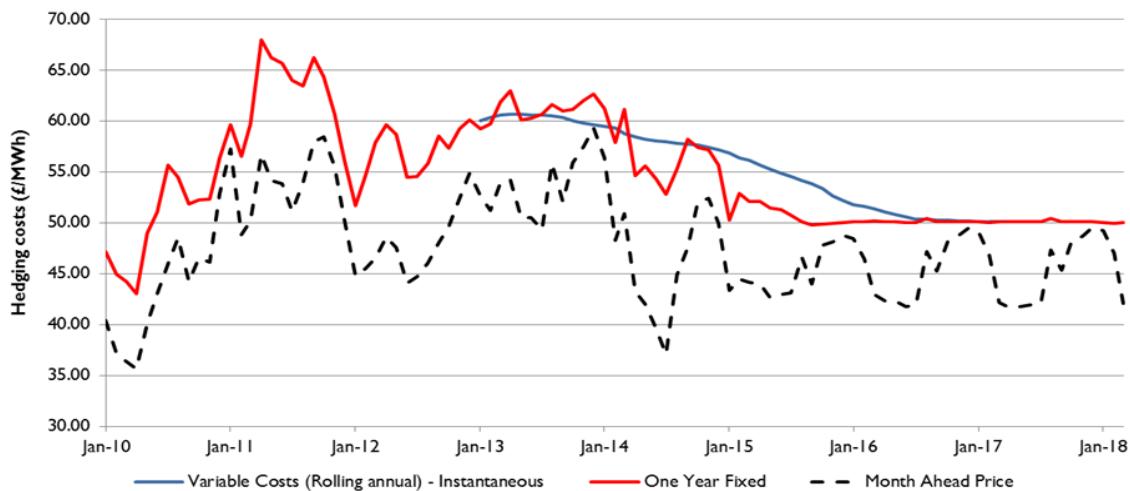
- Seasonal power contracts dropped to record lows this week, following falls in gas and coal prices.
- Winter 15 power slipped 0.7% to £43.3/MWh, and reached a record low of £43.2/MWh on Tuesday.
- Drops in seasonal contracts average 0.5%.
- Summer 16 power slid 0.4% to £40.4/MWh, and is now 19.6% below its value last year £50.3/MWh.
- Some backwardation can be still seen in the market, with the winter 17 contract now lower than the winter 16 contract, and the summer 17 contract less than the summer 16 contract.

Supplier hedging strategies

The annual October 15 power contract averaged £42.4/MWh in August, down 2.6% from the July average of £43.5/MWh. Decreasing prices were driven by a decline in its correspond in gas contract and continued falls in coal prices. Annual October 15 gas fell 5.4% to 42.2p/th in August, while coal prices decreased 7.0% to average \$53.8/t.

There were 31 price changes to fixed domestic dual-fuel tariffs in August. Of these, 20 were reductions and 11 were increases. Some notable tariff rises were seen at npower (+5.9%), First Utility (+1.3%, +2.7% and +8.9%) and Scottish Power (+2.1%). Notable decreases were in tariffs belonging to npower (-2.2%), Peterborough Energy (-3.4%), Southend Energy (-3.4%), Extra Energy (-4.6%), First Utility (-4.2%) and British Gas (-2.4%).

Decreased annual power and gas contracts have allowed suppliers to offer a greater number of lower fixed term deals. Those now offering lower prices, are more likely to be shorter-hedged, and therefore able to pass on any contract price reductions through their tariffs. Other supplier tariffs are likely to be hedged in the longer-term.





Wholesale price snapshot

Key market indicators:

25/09/2015

		Gas (p/th)		Electricity (£/MWh)		Coal (\$/t)	Carbon (€/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead			
This week	25 Sep 15	40.95	40.98	42.65	41.83	49.75	7.99	48.29
Last week	18 Sep 15	41.00	41.55	43.05	42.05	51.00	8.21	49.71
Last month	28 Aug 15	38.80	41.91	39.13	42.28	53.15	8.09	47.66
Last year	26 Sep 14	50.50	60.09	42.35	52.75	75.35	5.82	96.77
Year-on-year % change		(19%)	(32%)	1%	(21%)	(34%)	37%	(50%)
Year high		60.20	60.09	56.30	52.75	75.35	8.36	97.32
Year low		37.35	40.88	36.00	41.73	49.75	5.66	43.33

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 14 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.

EDW Technology Limited

EDW House

Radian Court

Knowlhill

Milton Keynes

MK5 8PJ

UK

Tel: +44 (0) 8448 802 489

Fax: +44 (0) 8448 802 487

Website: www.edwtech.com

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