



Energy Trends & Quarterly Energy Prices

Quarter 2 - 2013



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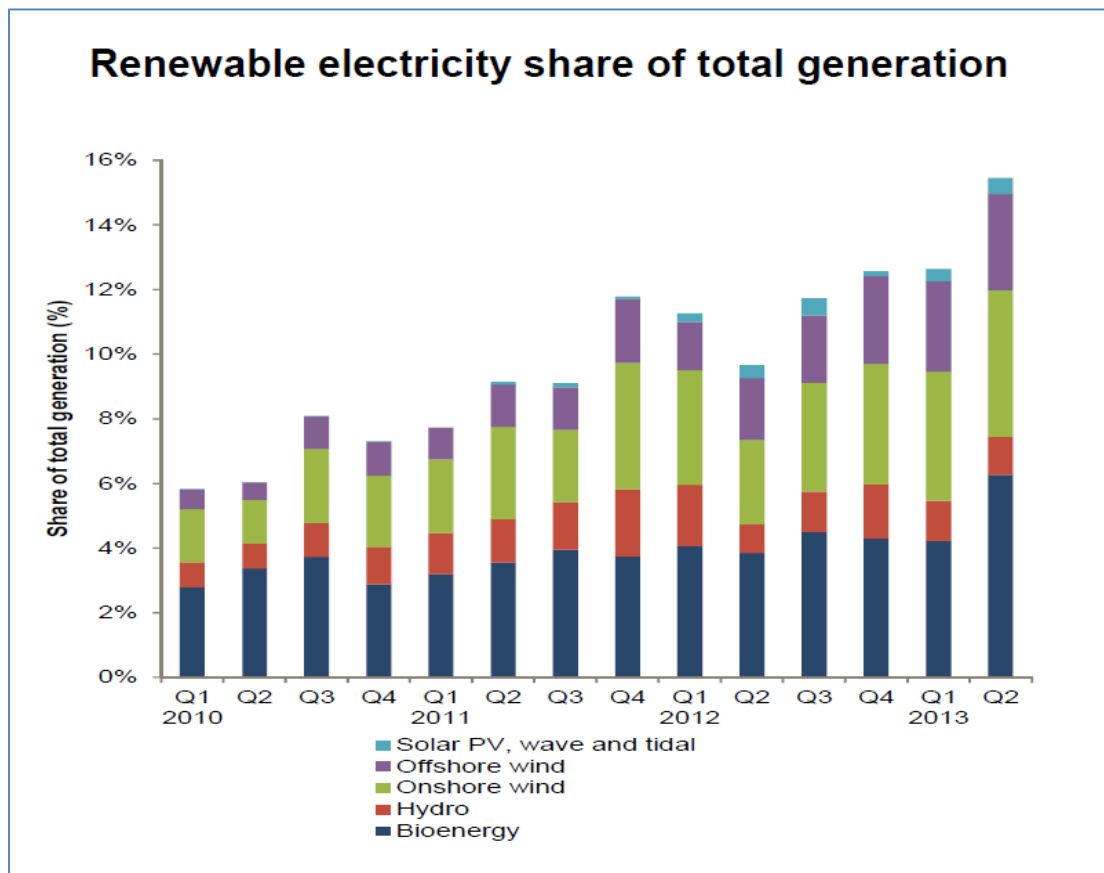


UK Energy Statistics

Energy Trends and Quarterly Energy Prices are published by the Department of Energy & Climate Change (DECC) and Ofgem. This publication covers new data for the second quarter of 2013.

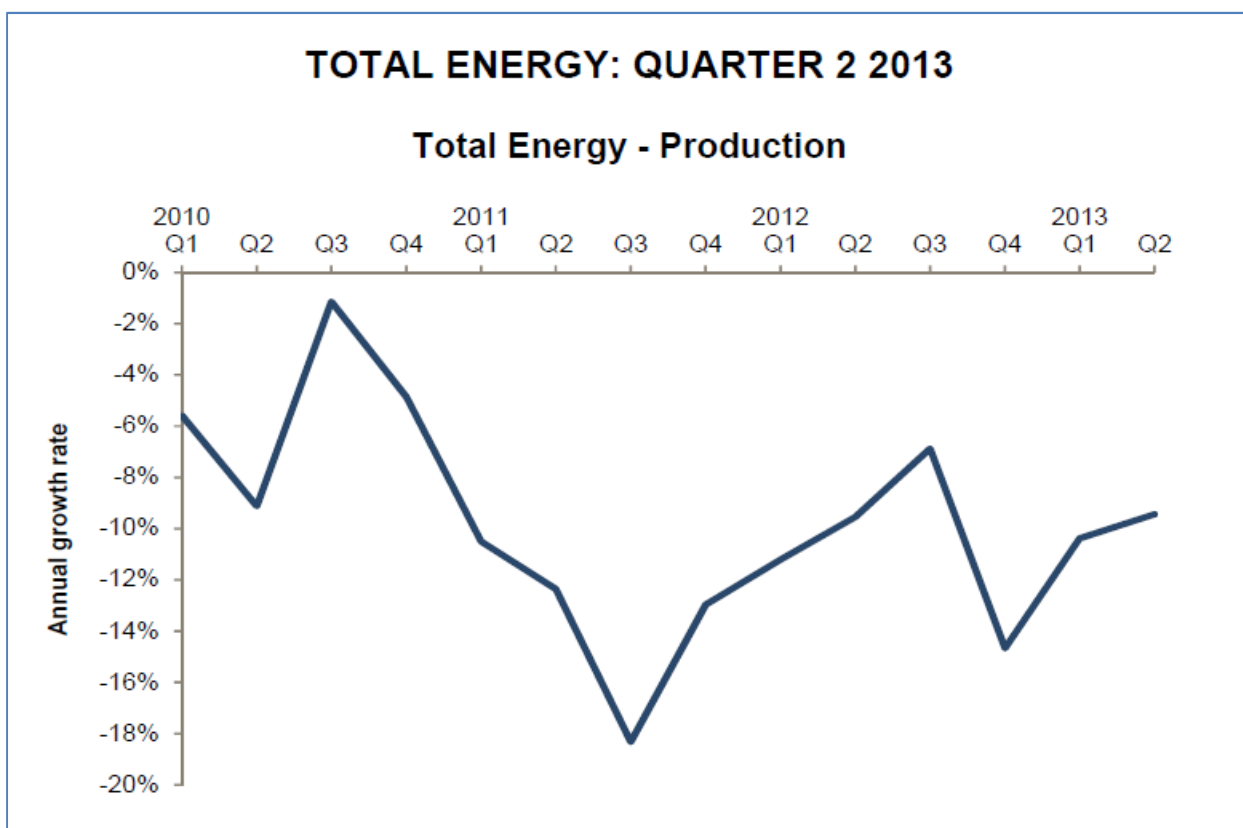
The main points for the first quarter of 2013 are:

- Final energy consumption was 1.5 per cent higher in the second quarter of 2013. On a temperature adjusted basis, final energy consumption (excluding non-energy use) was broadly unchanged, with domestic consumption down 2.6 per cent.
- Primary energy consumption for energy uses fell by 2.3 per cent, and when adjusted to take account of weather differences between the second quarter of 2012 and the second quarter of 2013, primary energy consumption fell by 2.8 per cent.
- Total energy production was 9.4 per cent lower than in the second quarter of 2012. Oil production fell by 13.4 per cent, with falls in both nuclear output and coal extraction. Production of natural and other gases fell by 2.4 per cent, a lower rate of decline compared to previous quarters, due to the partial re-opening of production in the Elgin area.
- Of electricity generated in the second quarter of 2013, coal accounted for 35 per cent, whilst gas accounted for 28.5 per cent (its lowest second quarter share in the last fifteen years, due to high gas prices).
- Switching rates amongst consumers fell by 17% for electricity and 14% for gas between Q2 2012 and Q2 2013. Electricity switching rates are at their lowest level since DECC records began in 2003.





Total Energy – Q2 2013



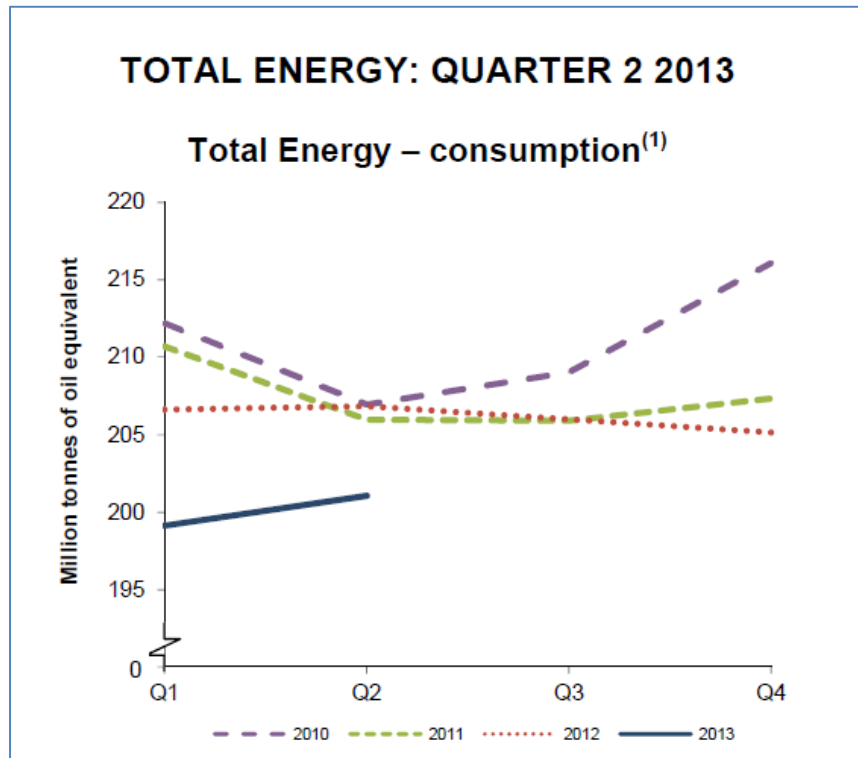
	2013 Q2 <i>Million tonnes of oil equivalent</i>	Percentage change on a year earlier
Total production	28.7	-9.4
Natural and other gases	10.1	-2.4
Oil	11.2	-13.4
Primary electricity ⁽¹⁾	4.0	-14.7
Coal and other solid fuels	3.4	-14.5

(1) Nuclear and wind & natural flow hydro electricity

- Total energy production in the second quarter of 2013 was 28.7 million tonnes of oil equivalent, 9.4 per cent lower than in the second quarter of 2012, driven by lower oil production.
- Production of oil fell by 13.4 per cent compared to the second quarter of 2012 as a result of the general decline and maintenance work on a number of fields.
- Production of natural and other gases fell by 2.4 per cent. The lower rate of decline, compared to previous quarters, is due to the partial re-opening of production in the Elgin area.
- Primary electricity output in the second quarter of 2013 was 14.7 per cent lower than in the second quarter of 2012, within which nuclear electricity output was 16.5 per cent lower due to a number of outages. Output from wind and natural flow hydro combined was 53.3 per cent higher than the same period in 2012.



- In the second quarter of 2013 production of coal and other solid fuels was 14.5 per cent lower than the corresponding period of 2012. This was due to a decrease in both deep-mined and surface mining production following closures of collieries.



	2013 Q2 <i>Million tonnes of oil equivalent</i>	Percentage change on a year earlier
Total inland energy consumption		
<i>Unadjusted</i>	46.7	-2.3
<i>Seasonally adjusted and temperature corrected – annual rate</i>	201.1	-2.8
Final consumption	34.5	+1.5

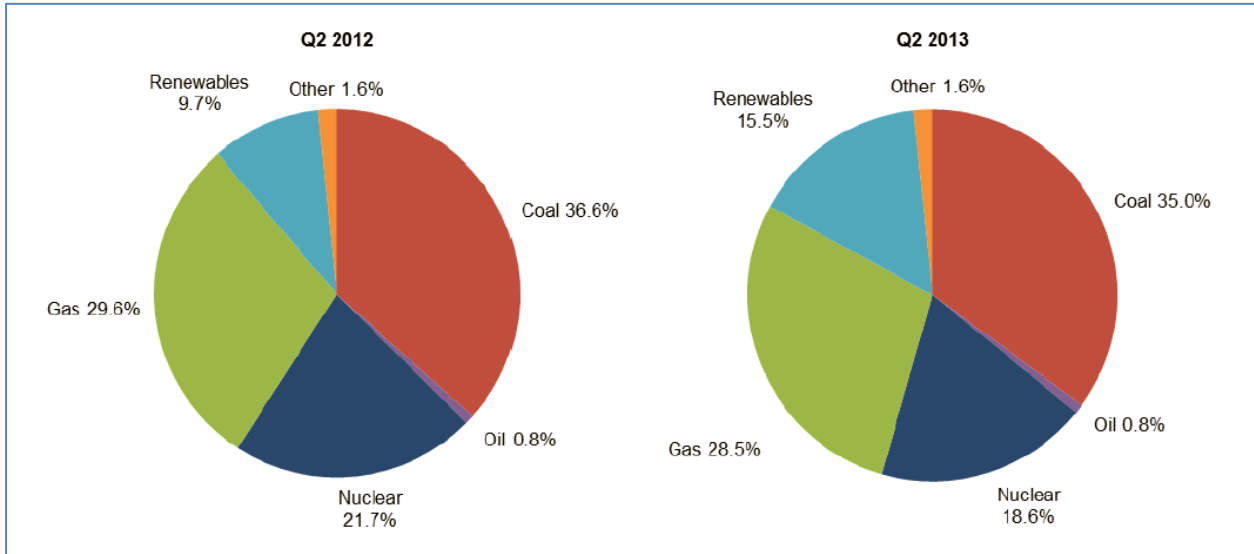
When examining seasonally adjusted and temperature corrected annualised rates:

- Total inland consumption on a primary fuel input basis was 201.1 million tonnes of oil equivalent in the second quarter of 2013, 2.8 per cent lower than the same quarter in 2012.
- Between the second quarter of 2012 and the second quarter of 2013, coal and other solid fuel consumption fell by 2.6 per cent.
- Gas consumption fell by 4.1 per cent as less gas was used in electricity generation.
- Oil consumption remained broadly similar to the levels in the second quarter of 2012.
- Primary electricity consumption fell by 7.4 per cent.

Final energy consumption was 1.5 per cent higher in the second quarter of 2013 compared to the same quarter a year earlier. The average temperature in the second quarter of 2013 was 0.2 degrees Celsius colder than the same period a year earlier. On a temperature corrected basis, final energy consumption was down 0.1 per cent over the same period.



Electricity – Q1 2013

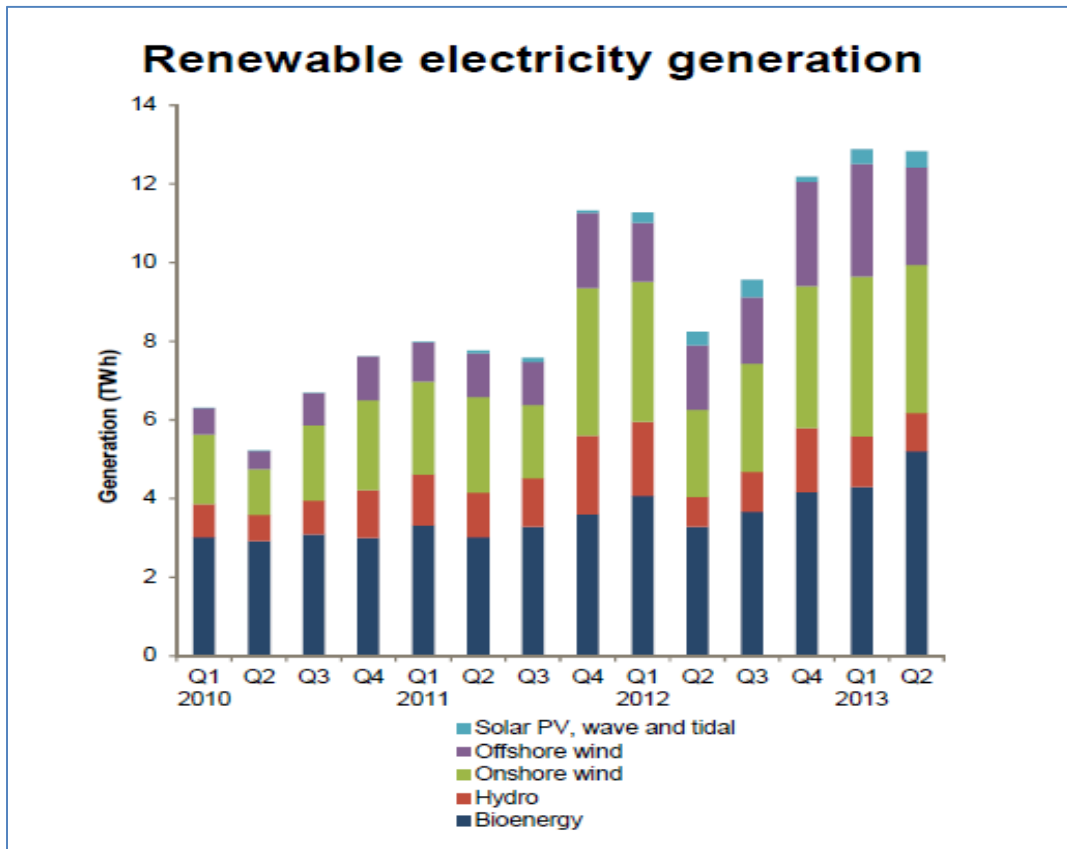


	2013 Q2 <i>TWh</i>	Percentage change on a year earlier
Electricity Generated from		
Coal	29.05	-7.0
Nuclear	15.47	-16.5
Gas	23.63	-6.3
Renewables	12.83	+55.7
Total	82.98	-2.7
Supplied to		
Industry	24.51	-1.8
Domestic	25.26	+0.2
Other final consumers	23.56	-2.7
All	73.33	-1.4

- Fuel used by generators in the second quarter of 2013 was 4.4 per cent lower than in the second quarter of 2012.
- Generation from coal in the second quarter of 2013 fell by 7.0 per cent, while gas fell by 6.3 per cent compared with a year earlier. Nuclear fell by 16.5 per cent. Renewables generation was up by 55.7 per cent.
- Low carbon generation accounted for 34.1 per cent of generation in Q2 2013, which was a 2.7 percentage points increase from the same period last year.
- Total electricity generated in the second quarter of 2013 was 2.7 per cent lower than a year earlier.
- Final consumption of electricity provisionally fell by 1.4 per cent in the second quarter of 2013. Domestic use increased by 0.2 per cent, due to temperature differences between Spring 2012 and 2013.



Renewables – Q1 2013

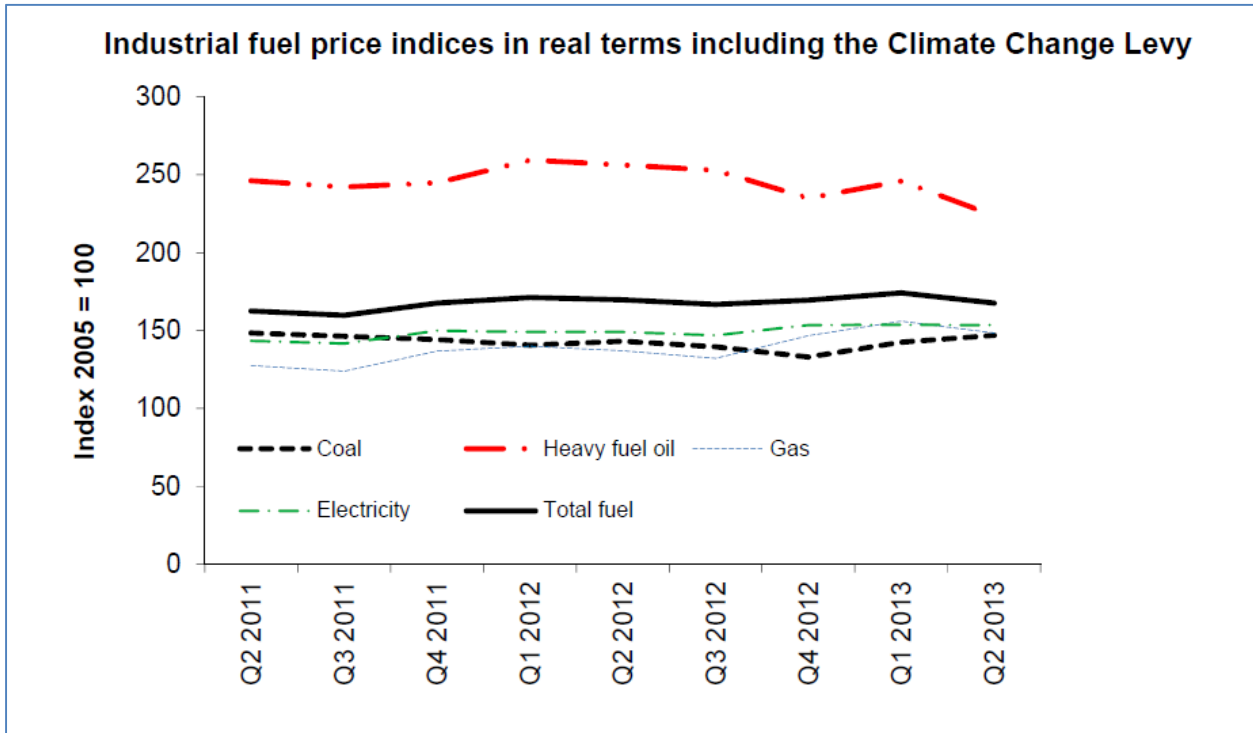


	2013 Q2 TWh	Percentage change on a year earlier
Renewable electricity generation		
Onshore wind	3.76	+69.9
Offshore wind	2.47	+50.9
Hydro	0.97	+29.0
Solar PV, wave and tidal	0.42	+22.4
Bioenergy (inc. co-firing)	5.20	+58.3
All renewables	12.83	+55.8

- Renewables' share of electricity generation increased from 9.7 per cent in the second quarter of 2012, to 15.5 per cent in the second quarter of 2013.
- Renewable electricity generation was 12.8 TWh in the second quarter of 2013, an increase of 55.8 per cent on the 8.2 TWh in the second quarter of 2012. Bioenergy showed the highest absolute increase in generation in 2013 Q2, increasing by 58.3 per cent, from 3.3 TWh in 2012 Q2 to 5.2 TWh, as a result of Tilbury's return to operations (following the fire in 2012 Q1) and the conversion of Ironbridge and one unit of Drax coal stations to dedicated biomass. Generation from onshore wind increased from 2.2 TWh to 3.8 TWh, due to increased capacity and high wind speeds.
- Renewable electricity capacity was 19.5 GW at the end of the second quarter of 2013, a 38 per cent increase (5.3 GW) on a year earlier.
- Renewable transport: Liquid biofuels represented 3.4 per cent of petrol and diesel consumed in road transport in the second quarter of 2013.



Industrial Pricing – Q1 2013



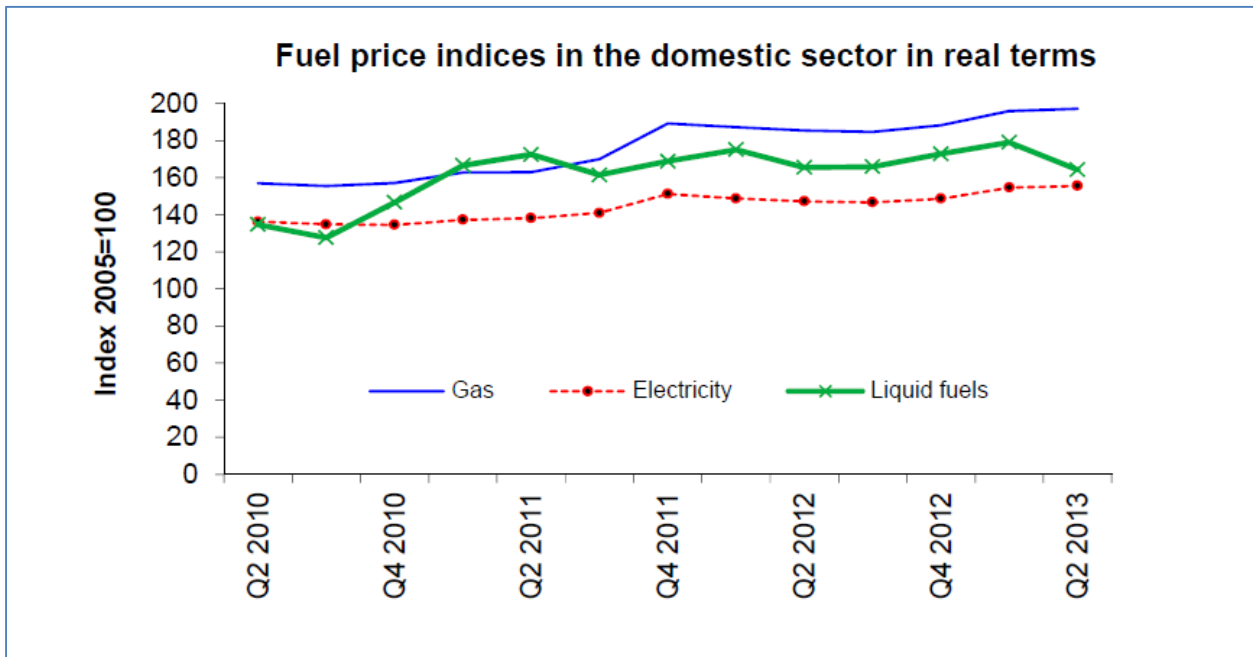
Fuel prices index in real terms ⁽¹⁾ 2005=100	2013 Q2	Percentage change on a year earlier
Coal	147.0	+2.6
Heavy fuel oil	223.7	-12.7
Gas	148.4	+8.4
Electricity	153.4	+2.9
Total fuel	167.6	-1.3

(1) Deflated using the GDP implied deflator. Includes estimates of the average Climate Change Levy paid.

- Average industrial gas prices, including CCL were 8.4 per cent higher in real terms in Q2 2013 compared to Q2 2012, whilst prices excluding CCL were 8.6 per cent higher.
- Average industrial electricity prices were 2.9 per cent higher including, and 3.4 per cent higher excluding, CCL in real terms, in Q2 2013 compared to Q2 2012.
- Average coal prices were 2.6 per cent higher in real terms including CCL and 2.9 per cent higher excluding CCL in Q2 2013 compared to Q2 2012. Heavy fuel oil prices were 12.7 per cent lower in real terms than a year ago.
- For the period January to June 2013, prices for industrial electricity consumers including taxes were above the EU15 median for all consumers except small consumers, which were at the median. UK industrial gas prices were the lowest or second lowest in the EU15 for all sizebands of consumer including and excluding tax.



Domestic Prices – Q1 2013



Consumer price index fuel components in real terms ⁽¹⁾ 2005=100	2013 Q2	Percentage change on a year earlier
Solid fuels	146.6	-0.9
Gas	197.1	+6.4
Electricity	155.6	+5.7
Liquid fuels	164.2	-0.8
Total domestic fuel	173.1	+5.7

(1) Deflated using the GDP implied deflator. The original source of the indices is ONS.

- Q2 2013 data shows that the price paid for all domestic fuel by household consumers has risen by 5.7 per cent in real terms between Q2 2012 and Q2 2013, and by 0.2 per cent between Q1 and Q2 2013.
- Domestic electricity prices, including VAT, in Q2 2013 were 5.7 per cent higher in real terms than in Q2 2012. Prices were 0.6 per cent higher than in Q1 2013.
- The price of domestic gas, including VAT, rose by 6.4 per cent in real terms between Q2 2012 and Q2 2013, and by 0.6 per cent between Q1 and Q2 2013.
- The price of liquid fuels fell by 0.8 per cent between Q2 2012 and Q2 2013 and by 8.3 per cent between Q1 and Q2 2013.
- For the period January to June 2013, prices for medium domestic gas and electricity consumers, including tax, were the lowest and fourth lowest in the EU15 respectively.

Domestic Switching levels

- Switching rates amongst consumers fell by 17% for electricity and 14% for gas between Q2 2012 and Q2 2013. Electricity switching rates are at their lowest level since DECC records began in 2003.

Domestic Supply Market Indicators

The September 2013 figures published by OFGEM, under their Supply Market Indicators (SMI) publication, shows an up-to-date estimate of:

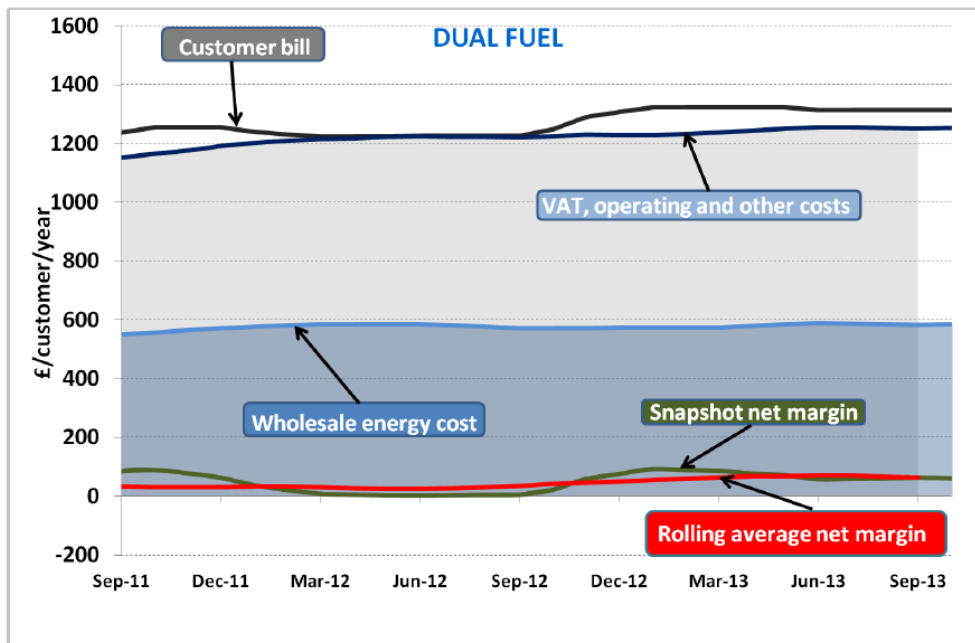


- the annual bill for an average dual fuel customer on a standard tariff, and
- the annual costs per customer a representative supplier incurs for delivering the electricity and gas

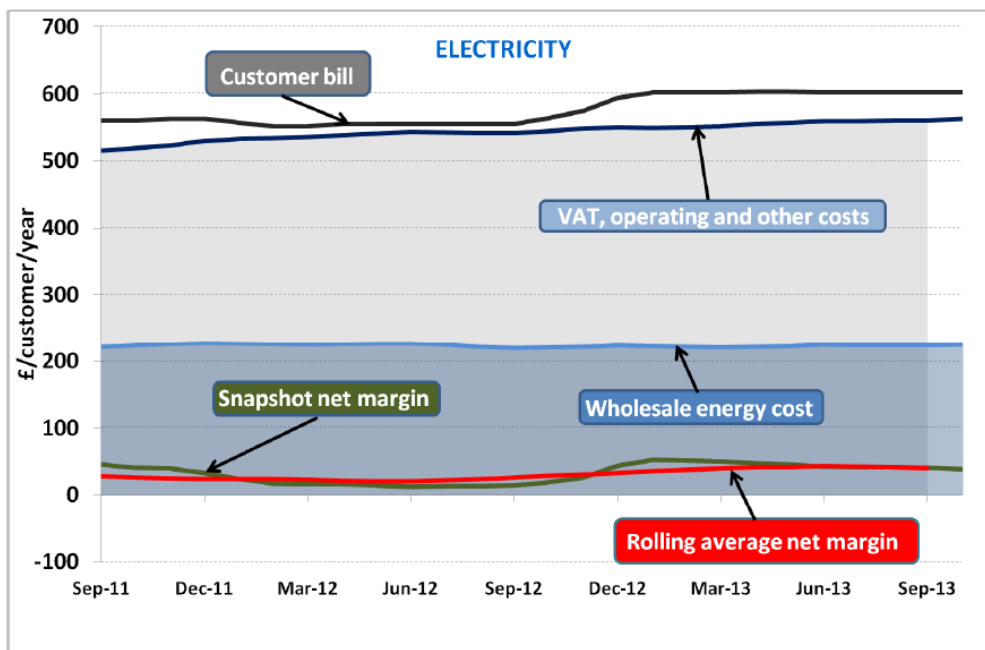
The SMI also provides an indicative net margin, which is the difference between the customers' retail bill and the suppliers' costs. This is presented as a 'snapshot' for the current month and as a rolling average that smooths fluctuations in the 'snapshot' margin. The latter approach better illustrates trends over time. The current values are:

- Snapshot net margin: £65
- Rolling average net margin: £65

Average dual fuel customer bill, costs and net margins for the next 12 months



Average electricity customer bill, costs and net margins for the next 12 months





To calculate the SMI estimates of how much energy an average domestic consumer uses are made. Since January 2010 these have been set at 16,900 kilowatt hours (kWh) per year for gas and 4,000 kWh per year for electricity.

As of 13 September these estimates were lowered by 9 per cent for gas and 5 per cent in electricity. This is because data published by the Department for Energy and Climate Change this year shows a sustained fall in consumption in recent years, especially household gas use.

Changes in retail bills, costs and net margins – September 2013

Dual fuel	Comparison of old and new annual values					
	Sep-11 (old)	Sep-11 (new)	Sep-12 (old)	Sep-12 (new)	Sep-13 (old)	Sep-13 (new)
Customer bill	£1,315	£1,235	£1,310	£1,225	£1,420	£1,315
Wholesale costs	£595	£550	£620	£575	£630	£585
VAT and other	£495	£470	£545	£520	£565	£535
Gross margin	£220	£215	£145	£135	£220	£195
Operating costs	£130	£130	£130	£130	£130	£130
Snapshot net margin	£90	£85	£15	£5	£90	£65
Rolling net margin	£45	£35	£50	£35	£90	£65

Notes: 1) Customer bill is for standard tariffs, weighted by payment method and market share. Average figures assume electricity consumption of 4MWh/yr for old values and 3.8MWh/yr for new values, and gas consumption of 16.9MWh/yr for old values and 15.3MWh/yr for new values. Figures rounded to nearest £5 and may not sum due to rounding. Gas and electricity bill values may not equal the dual fuel bill partly reflecting different market shares for dual fuel and single fuel customers, and dual fuel discounts. 2) The indicative net margin for a dual fuel customer may not equal the sum of the gas and electricity indicative net margins, partly reflecting different market shares for dual fuel and single fuel customers.

Electricity	Comparison of old and new annual values					
	Sep-11 (old)	Sep-11 (new)	Sep-12 (old)	Sep-12 (new)	Sep-13 (old)	Sep-13 (new)
Customer bill	£580	£560	£580	£555	£630	£600
Wholesale costs	£230	£220	£230	£220	£235	£225
VAT and other	£235	£230	£265	£255	£280	£270
Gross margin	£110	£110	£85	£80	£115	£110
Operating costs	£65	£65	£65	£65	£65	£65
Snapshot net margin	£45	£45	£20	£15	£45	£40
Rolling net margin	£30	£30	£30	£25	£45	£40

Notes: Customer bill is for standard tariffs, weighted by payment method and market share. Average figures assume electricity consumption of 4MWh/yr for old values and 3.8MWh/yr for new values. Figures rounded to nearest £5 and may not sum due to rounding.



Gas	Comparison of old and new annual values					
	Sep-11 (old)	Sep-11 (new)	Sep-12 (old)	Sep-12 (new)	Sep-13 (old)	Sep-13 (new)
Customer bill	£775	£720	£775	£710	£825	£755
Wholesale costs	£365	£330	£390	£355	£400	£360
VAT and other	£265	£245	£280	£265	£285	£270
Gross margin	£150	£145	£100	£95	£140	£125
Operating costs	£65	£65	£65	£65	£65	£65
Snapshot net margin	£85	£80	£35	£30	£75	£65
Rolling net margin	£45	£40	£55	£45	£75	£65

Notes: Customer bill is for standard tariffs, weighted by payment method and market share. Average figures assume gas consumption of 16.9MWh/yr for old values and 15.3MWh/yr for new values. Figures rounded to nearest £5 and may not sum due to rounding.



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 12 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 70 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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