

Energy Wholesale Market Review

Week Ending 5th April 2013



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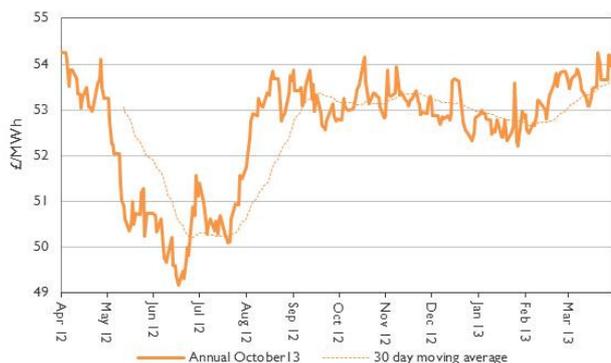
Headlines

Most prices remain high this week as demand is still elevated despite a slight improvement in the weather. The day-ahead baseload power contract dropped 9% to £60.0/MWh, while the day-ahead gas price climbed 14% to 81.5p/th. Rough gas storage levels are now at a recent low of 0.3% as storage is still being relied upon to provide supplies. Annual contracts continued upwards as concerns remained about the long-term supply outlook. Annual power rose 0.6% to £54.2/MWh and annual gas climbed 0.4% to 69.6/th. Gas generation was more profitable this week as a result of higher power prices, the annual clean spark spread rose 4% to £4/MWh. The annual clean dark spread benefitted from higher power prices and climbed 0.3% to £25.9/MWh. The clean dark spread is now at a £22.0/MWh premium to the clean spark spread. Carbon prices have gained 6% week-on-week as the market grew more optimistic about EU back-loading measures. Month-ahead Brent crude oil fell to \$106.3/bl by the end of the week as a result of eurozone concerns and lower oil demand in the US.

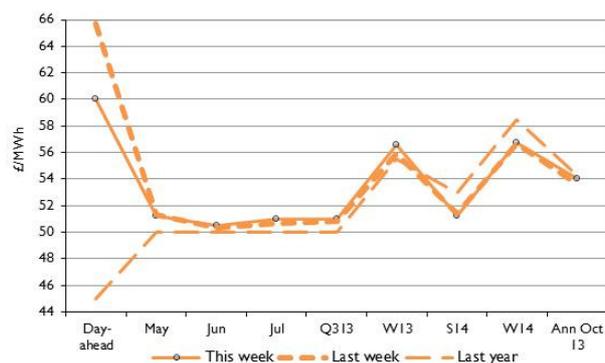
Baseload electricity

- Annual prices followed an increase in their gas counterparts this week. Annual April 13 baseload power rose 0.6% to £54.0/MWh.
- The contract reached a one-year high of £54.2/MWh on 2 April.
- Day-ahead power dropped 9% to £60.0/MWh compared to last week as power demand fell.
- Despite the fall, day-ahead power is still 4% above last month and 33% above last year.

Annual April contract



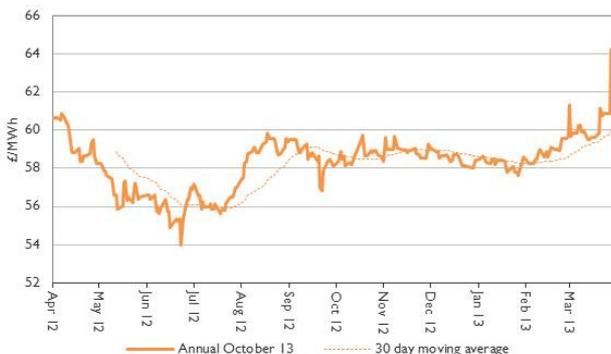
Forward curve comparison



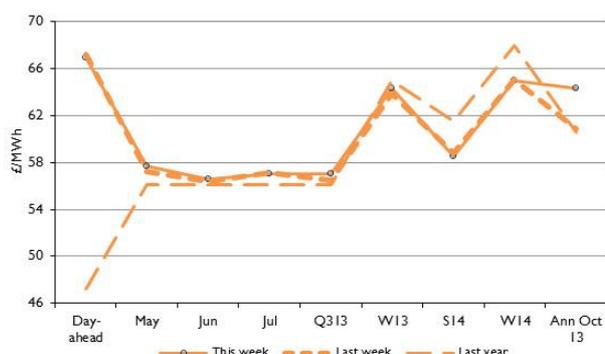
Peak electricity

- Peak power prices climbed on the back of rising gas prices.
- The annual October 2013 peak power contract rose 5.8% to £64.4/MWh.
- Day-ahead peak electricity dropped 0.4% to £67.0/MWh.
- The contract is now 3% higher than last month and 42% higher than last year.

Annual April contract



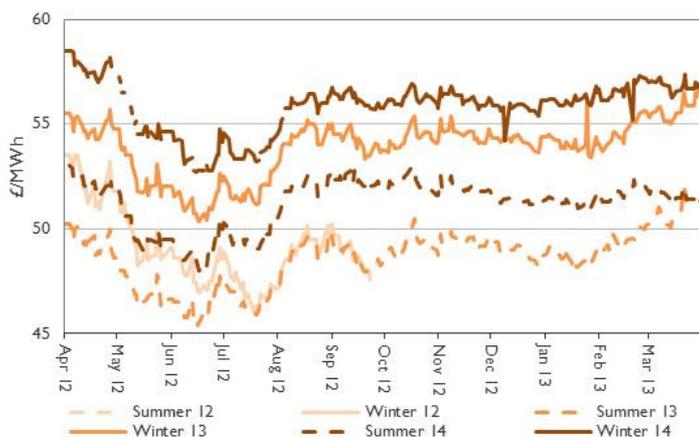
Forward curve comparison





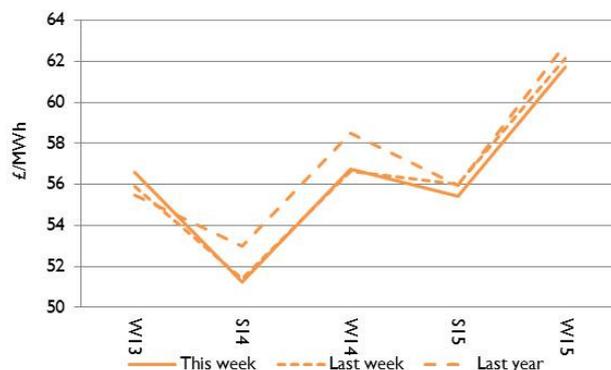
Seasonal power prices

Seasonal power contracts



- Winter power contracts were up 0.2% on average. Winter 13 electricity rose 1.3% to £56.6/MWh.
- On average summer power contracts were down 0.7%. Summer 14 slipped 0.3% to £51.3/MWh.

Seasonal power curve



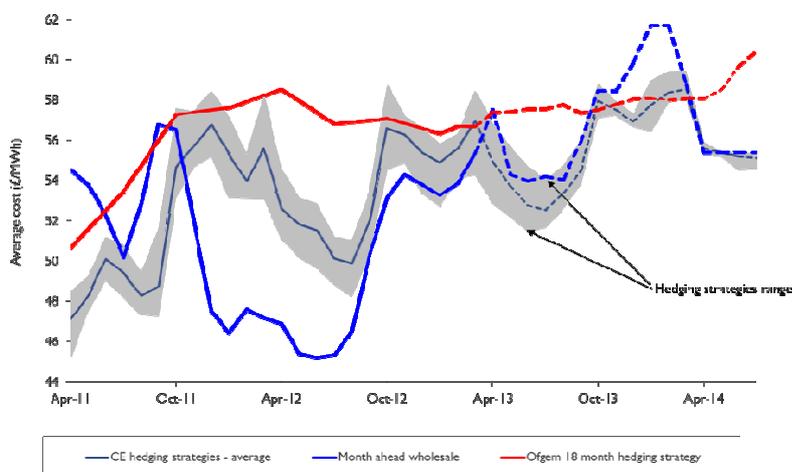
- The winter 13 power contract is now 2% higher than last month's level of £55.5/MWh.
- Winter 13 power is now 2% above the price in 2012, which was £55.5MWh.

Supplier hedging strategies

Cold weather and supply have pushed up UK electricity and gas contracts during March. Average month-ahead wholesale gas prices for the last four weeks have increased by 7% compared with the previous month's figures, while month-ahead electricity prices climbed 5.6%. There has been an increase in suppliers' cost-based notional hedging strategies, prices are likely to reduce again during the summer, but the fall will be not match the large drop seen in summer 2012. It is therefore unlikely there will be a price reduction before next winter. Electricity prices for this winter are expected to be 2% higher than last year. The Department of Energy and Climate Change released its estimates of the impact of policies on consumer bills. DECC said its policies have reduced gas and power bills by 5% and by 2020 bills will have been reduced by 11%.

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.

Electricity





Wholesale price snapshot

Key market indicators:

05/04/2013

	Gas (p/th)		Electricity (£/MWh)		Wood Pellets (€/t)		Coal	Carbon	Brent crude
	Day-ahead	Year-ahead	Day-ahead	Year-ahead	Month-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week 5 Apr 13	81.50	69.55	60.00	54.00	109.93	117.18	93.65	5.00	106.28
Last week 29 Mar 13	71.00	69.30	65.75	53.66	111.42	117.46	92.85	4.95	109.53
Last month 8 Mar 13	77.75	69.15	57.55	53.68	113.85	120.12	96.25	4.25	111.24
Last year 6 Apr 12	60.00	67.85	45.00	54.25	108.67	114.24	113.75	6.30	123.20
Year-on-year % change	36%	3%	33%	(0%)	1%	2.6%	(18%)	(21%)	(14%)
Year high	118.00	71.15	86.00	54.25	114.02	112.69	114.00	9.05	123.20
Year low	52.00	60.45	39.95	47.93	80.68	107.74	90.10	3.45	89.14
<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 11 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 60 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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