

Energy Wholesale Market Review

Week Ending 19th April 2013



edw technology

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

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



Contents

Headlines	3
Baseload electricity	3
Peak electricity	3
Seasonal power prices.....	4
Supplier hedging strategies	4
Wholesale price snapshot	5



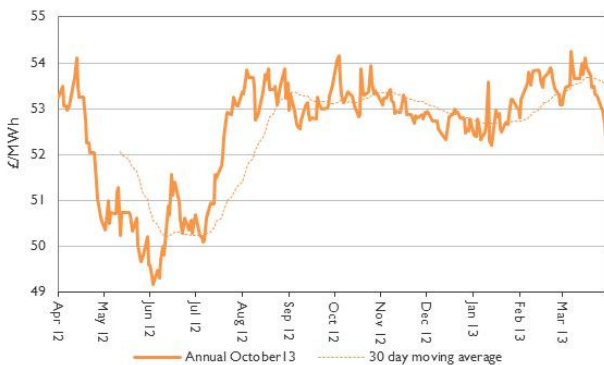
Headlines

A sudden slump in carbon and oil prices has pulled down power prices this week. Annual power fell 2.1% to a three-week low of £52.2/MWh and annual gas dropped 1% to 68.1/th. The annual baseload power price is now 3% lower than the March 2013 average and 1% lower than the 2012 average of £52.9/MWh. Day-ahead prices were also down this week, gas fell 1.5% to 67.0p/th while power dropped 9.6% to £53.5/MWh as wind power output topped 5GW during the week. Gas generation was less profitable this week as a result of lower power prices, the annual clean spark spread fell 10% to £2.8/MWh. The annual clean dark spread slipped as a result of lower power prices, the spread dropped 0.5% to £24.2/MWh. The clean dark spread is now at a £21.6/MWh premium to the clean spark spread. Carbon prices tumbled to a record low of €2.7/t as the EU parliament voted against back-loading proposals intended to support the value of carbon. Brent crude oil dropped below \$100/bl for the first time since July 2012 as poor economic data from China and the US stoked concerns about low global oil demand growth. The month-ahead Brent crude oil contract fell 5.1% to a weekly average of \$99.8/bl.

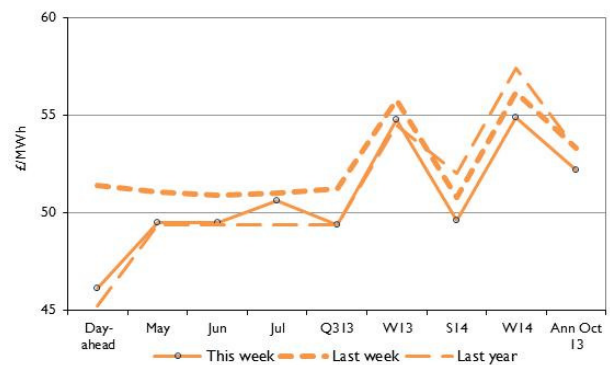
Baseload electricity

- Annual baseload power prices were helped down by lower carbon and gas prices.
- Annual October 13 baseload power fell 2.1% to a seven-month low of £52.2/MWh.
- Day-ahead power dropped 10.3% to a three-month low of £46.1/MWh.
- High wind generation levels helped to keep day-ahead power prices low this week.

Annual October contract



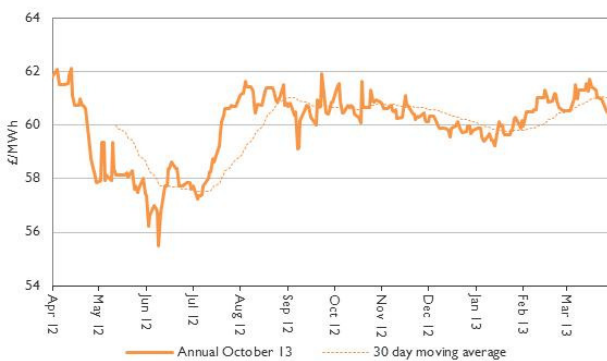
Forward curve comparison



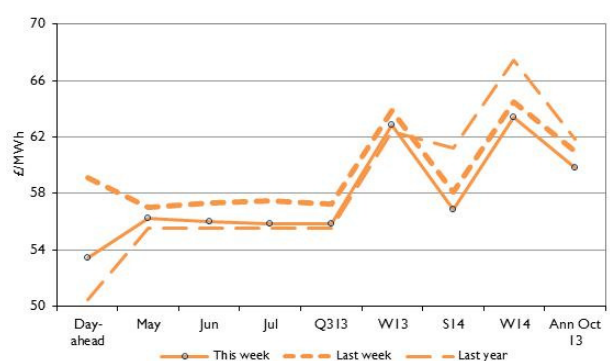
Peak electricity

- Peak power prices followed the trend in the gas market.
- The annual October 2013 peak power contract fell 1.9% to £59.8/MWh.
- Day-ahead peak electricity dropped 9.6% to £53.5/MWh.
- The contract is now 46.6% lower than last month but 6% higher than last year.

Annual October contract



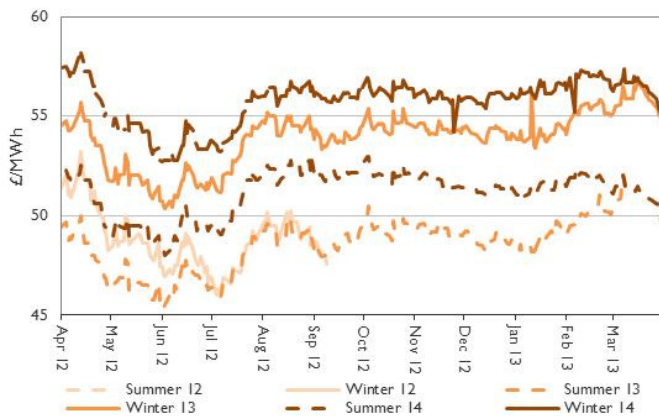
Forward curve comparison



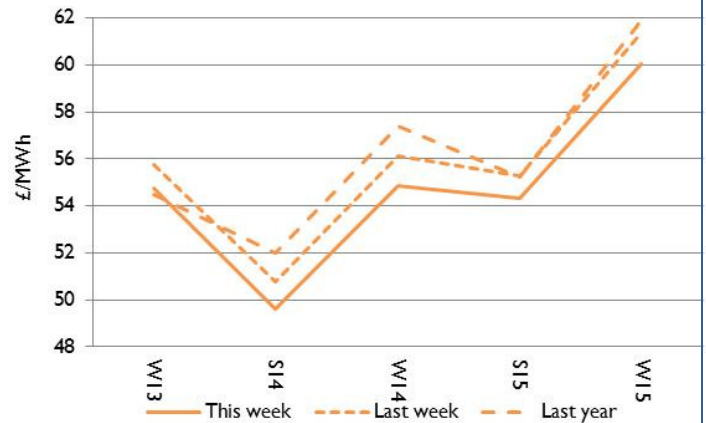


Seasonal power prices

Seasonal power contracts



Seasonal power curve



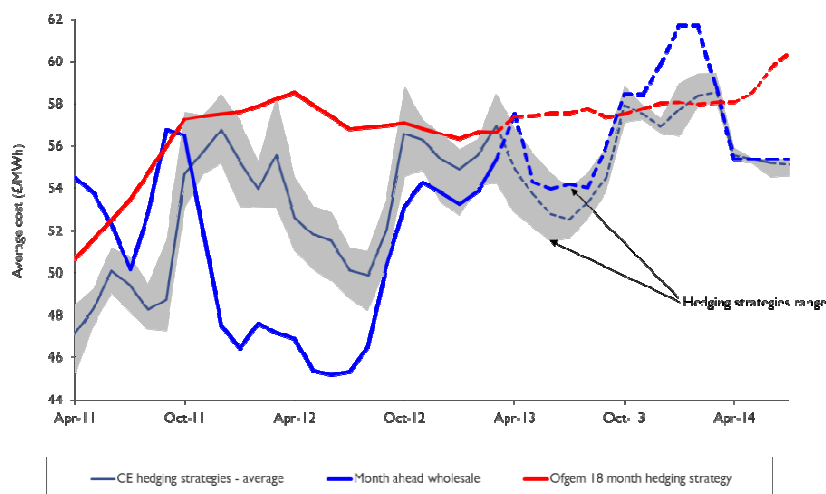
- Winter power contracts were down 2.1% on average. Winter 13 electricity fell 1.8% to £54.8/MWh.
- On average summer power contracts were down 2%. Summer 14 slipped 2.4% to £49.6/MWh.
- The winter 13 power contract is now 1.4% lower than last month's level of £55.5/MWh.
- Winter 13 power is now 0.5% above the price in 2012, which was £54.5/MWh.

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 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:

19/04/2013

	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 19 Apr 13	67.00	68.07	46.10	52.18	110.95	117.84	92.35	3.40	99.59
Last week 12 Apr 13	68.00	68.78	51.40	53.28	111.42	118.18	94.00	4.25	104.11
Last month 22 Mar 13	118.00	69.13	86.00	53.48	111.42	117.81	93.00	4.50	107.21
Last year 20 Apr 12	59.35	66.38	45.25	53.25	105.88	112.68	111.35	7.38	118.31
Year-on-year % change	13%	3%	2%	(2%)	5%	4.6%	(17%)	(54%)	(16%)
Year high	118.00	71.15	86.00	54.25	114.02	111.85	112.00	9.05	119.63
Year low	52.00	60.45	39.95	47.93	80.68	107.74	90.10	2.70	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.

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

Copyright © 2013 EDW Technology Limited. All rights reserved.

No part of this publication may be reproduced, transmitted, transcribed, stored in a retrieval system, or translated into any language, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior written permission from EDW Technology Limited.

All copyright, confidential information, patents, design rights and all other intellectual property rights of whatsoever nature contained herein are and shall remain the sole and exclusive property of EDW Technology Limited. The information furnished herein is believed to be accurate and reliable. However, no responsibility is assumed by EDW Technology Limited for its use, or for any infringements of patents or other rights of third parties resulting from its use.