

Energy Wholesale Market Review

Week Ending 3rd May 2013



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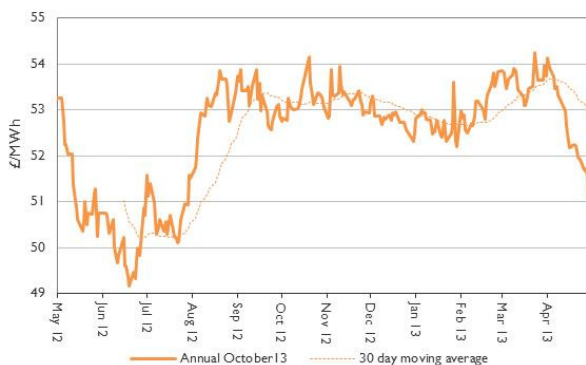
Headlines

Power and gas prices have continued downwards this week as a result of falling demand, secure supplies and high low-carbon generation. Annual power fell 1.6% to an eight-month low of £51.1/MWh and annual gas dropped 1.1% to 66.8p/th. The annual baseload power price is now 1% lower than the May 2012 average and 3% lower than the 2012 average of £52.9/MWh. Short-term prices were also down this week, gas fell 2.2% to 63.8p/th while power dropped 6.6% to £44.4/MWh as wind power output increased. Gas generation was less profitable this week as a result of lower power prices, the annual clean spark spread fell 12% to £2.7/MWh. The annual clean dark spread also decreased, the spread fell 2.1% to £23.7/MWh. The clean dark spread is now at a £21.0/MWh premium to the clean spark spread. Month-ahead Brent crude oil recovered this week following a cut in interest rates from the European Central Bank which boosted global markets. The contract was up 1.2% to a weekly average of \$102.2/bl. Carbon prices climbed 5.6% to a weekly average of €3.2/t as utility demand for carbon remained stable at a number of national auctions.

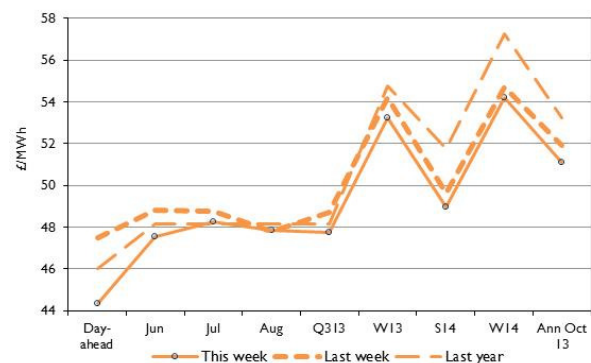
Baseload electricity

- Annual baseload power prices were generally down this week, driven by falls in the gas market.
- Annual October 13 baseload power fell 1.6% to an eight-month low of £51.1/MWh.
- Day-ahead power slipped 6.6% to £44.4/MWh, the lowest level of 2013 so far.
- Day-ahead power prices decreased on the back of higher wind generation output.

Annual October contract



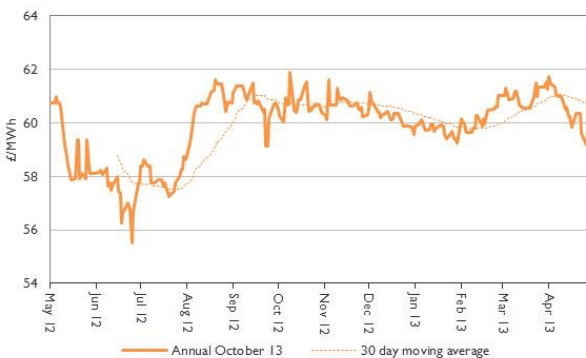
Forward curve comparison



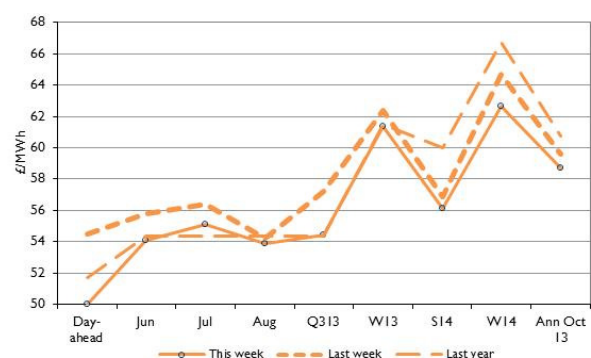
Peak electricity

- Peak power prices dropped across the board this week.
- The annual October 2013 peak power contract fell 1.5% to £58.7/MWh.
- Day-ahead peak electricity dropped 8.3% to £50.0/MWh.
- The contract is now 25% lower than last month and 3% lower than last year.

Annual October contract



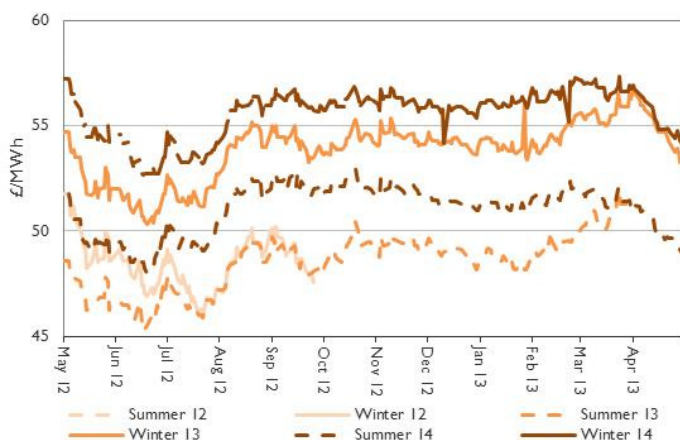
Forward curve comparison





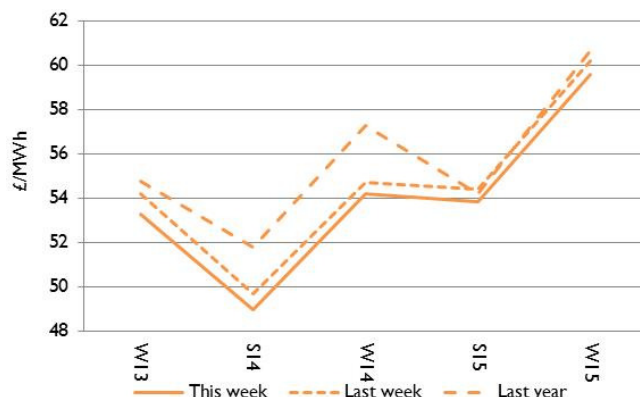
Seasonal power prices

Seasonal power contracts



- Winter power contracts were down 1.2% on average. Winter 13 electricity fell 1.8% to £53.3/MWh.
- On average summer power contracts dropped 1.2%. Summer 14 decreased 1.4% to £49.0/MWh.

Seasonal power curve



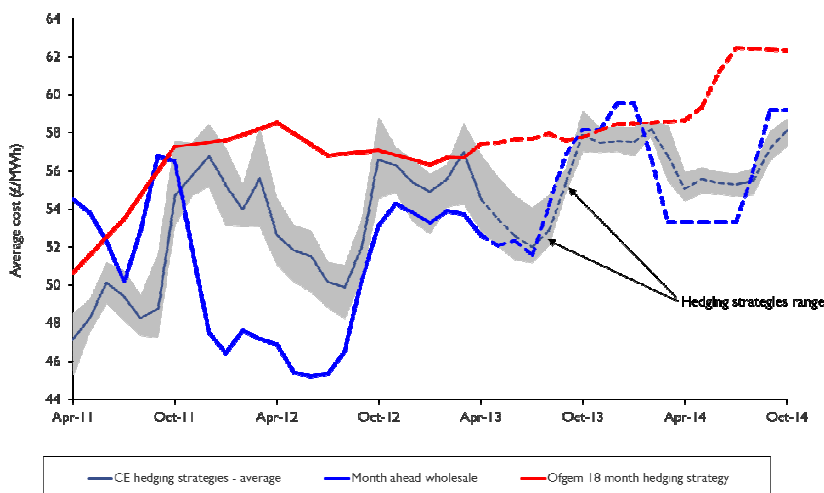
- The winter 13 power contract is now 5.9% lower than last month's level of £53.3/MWh.
- Winter 13 power is now 2.7% below the price in 2012, which was £54.8/MWh.

Supplier hedging strategies

Improving weather and secure supplies have helped UK electricity and gas contracts fall during April. Average month-ahead wholesale power prices for the last four weeks have decreased by 1% compared with the previous month's figures. There has been a decrease 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





03/05/2013

Week ending 3rd May 2013



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 75 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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