

Energy Wholesale Market Review

Week Ending 24th May 2013



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Headlines

Scheduled maintenance at nuclear power stations and Norwegian gas fields pushed up prices on the GB energy market this week. Annual power rose 0.5% to £52.0/MWh and annual gas climbed 0.7% to 67.9p/th. The annual baseload power price is now flat compared to the May 2012 average and 2% lower than the 2012 average of £52.9/MWh. Gas generation was more profitable this week as the gains in power prices outstripped gas prices, the annual clean spark spread increased 2% to £2.8/MWh. The annual clean dark spread increased as a result of low coal prices. The spread rose 0.3% to £24/MWh. The clean dark spread is now at a £21.5/MWh premium to the clean spark spread. Concerns about weak economic performance in the US, China and Japan pushed oil down to a two-week low of \$101.6/bl this week, while coal market oversupply pushed coal prices down to a four-month low of \$91.0/t. Carbon prices remained stable at a weekly average of €3.5/t as demand remained flat.

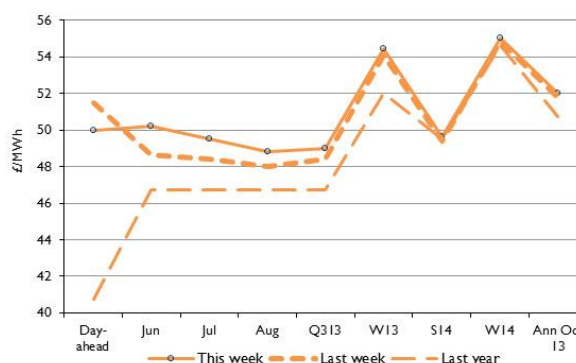
Baseload electricity

- Most baseload power prices were driven upwards by rising gas prices.
- Day-ahead power decreased 2.9% week-on-week despite falling nuclear and wind output.
- Annual October 13 baseload power climbed 0.5% to £52.0/MWh.
- The contract is now 0.2% lower than last month and 2% lower than the 2012 average.

Annual October contract



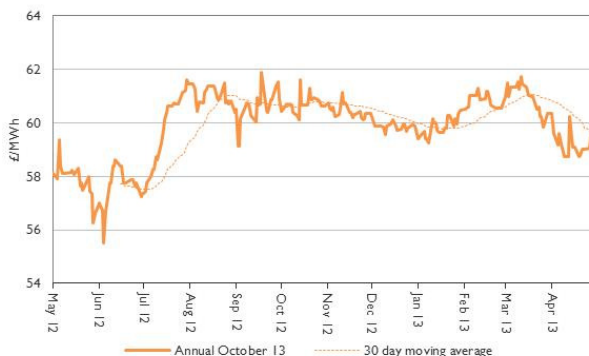
Forward curve comparison



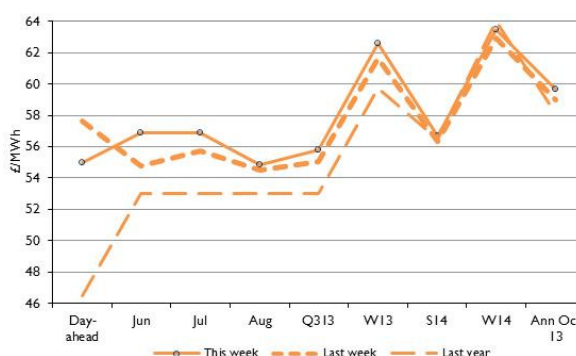
Peak electricity

- Most peak power prices increased this week.
- The annual October 2013 peak power contract was up 1.1% to £59.6/MWh.
- Day-ahead peak electricity dropped 4.6% to £55.0/MWh despite higher gas prices.
- The contract is now 0.9% higher than last month and 18% higher than last year.

Annual October contract



Forward curve comparison





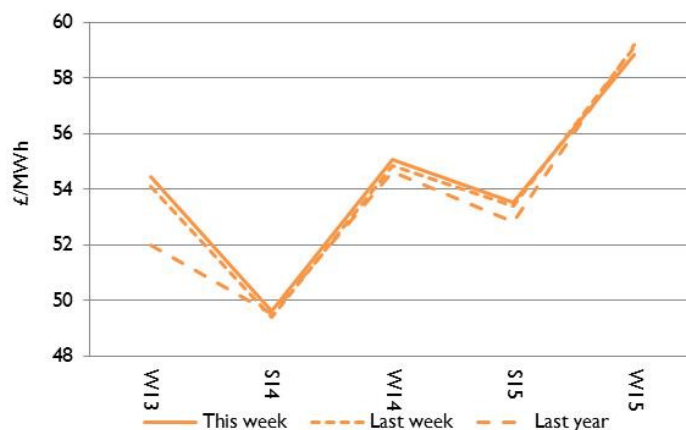
Seasonal power prices

Seasonal power contracts



- Winter power contracts were up 0.2% on average. Winter 13 electricity rose 0.6% to £54.5/MWh.
- On average summer power contracts rose 0.3%. Summer 14 increased 0.4% to £49.6/MWh.

Seasonal power curve



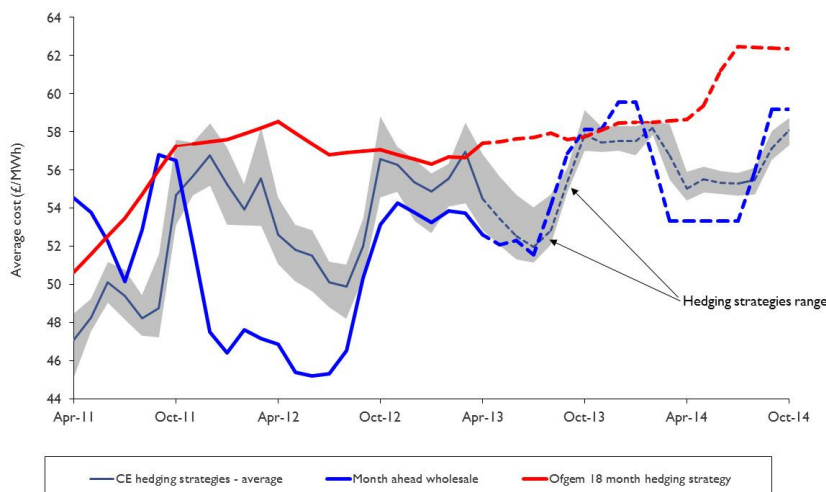
- The winter 13 power contract is now 0.6% above last month's level of £54.2/MWh.
- Winter 13 power is now 4.7% above the price in 2012, which was £52.0/MWh.

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 (DECC) 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:

24/05/2013

		Gas (p/th)		Electricity (£/MWh)		Wood Pellets (€/t)		Coal (\$/t)	Carbon (€/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	Month-ahead	Year-ahead			
This week	24 May 13	69.25	67.85	50.00	52.03	111.56	117.75	91.30	3.42	102.22
Last week	17 May 13	65.50	67.40	51.50	51.75	111.42	116.04	90.40	3.75	103.65
Last month	26 Apr 13	66.05	67.58	47.50	51.93	109.75	116.39	93.80	2.95	103.10
Last year	25 May 12	53.40	62.95	40.75	50.75	102.46	111.42	97.65	6.80	106.55
Year-on-year % change		30%	8%	23%	3%	9%	5.7%	(7%)	(50%)	(4%)
Year high		118.00	71.15	86.00	54.25	114.02	111.85	103.50	9.05	118.81
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>		120	72	88	54	116.0	119	105	10	120
		115		84		112.0			9	116
		110		80		108.0			8	112
		105		76		104.0			7	108
		100		72		100.0			6	104
		95	68	68	52	96.0	115		5	100
		90		64	51	92.0	113		4	96
		85		60	50	88.0	111		3	92
		80		56	49	84.0	109		2	88
		75		52	48	80.0	107			



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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