Energy Wholesale Market Review

Week Ending 16th August 2013

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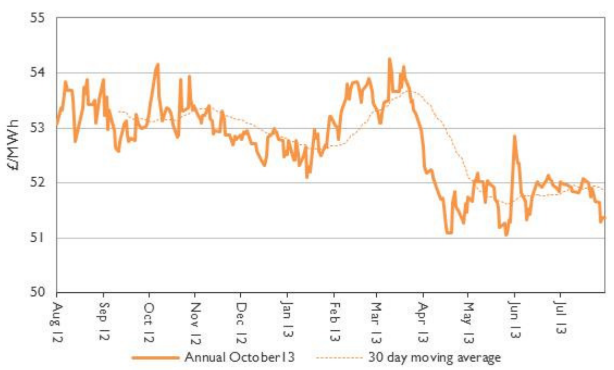
Headlines

Most prices fell this week, despite increases in coal and oil, as a result of lower gas demand. Annual October 13 power was down 0.6% to £51.4/MWh and annual October 13 gas fell 0.9% to 67.4p/th. Gas pulled power down but the falls were limited by rising coal prices. Short-term power prices rose as a result of lower wind output but gas prices dipped despite concerns about supplies. The annual clean spark spread increased 21% to £1.3/MWh as gas prices fell; the contract is now 76% lower than last year. The annual clean dark spread dipped 1.5% to £22.5/MWh and is at a £21.2/MWh premium to the annual clean spark spread. Month-ahead Brent crude climbed to a weekly average of $109.34/bl over concerns about tensions in the Middle East would affect oil supplies. Coal prices rose 1.2% to a weekly average of $83.7/t following a miners strike in Colombia, and EU ETS carbon allowances dropped 2.1% to a weekly average of €4.4/t.

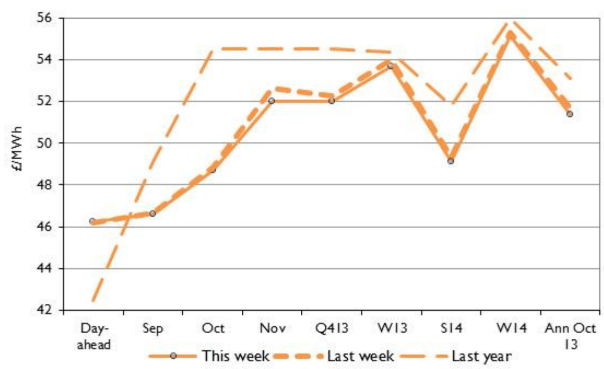
Baseload electricity

- Baseload electricity dropped, but falls were limited by rising coal prices.
- Annual October 13 baseload fell 0.6% to £51.4/MWh, 1.1% lower than last month.
- Day-ahead power saw a 0.1% rise to £46.3/MWh over the week as a result weak wind generation.
- The contract reached a six-week low of £46.0/MWh on Thursday 15 August following falls in gas.

Annual October contract



Forward curve comparison

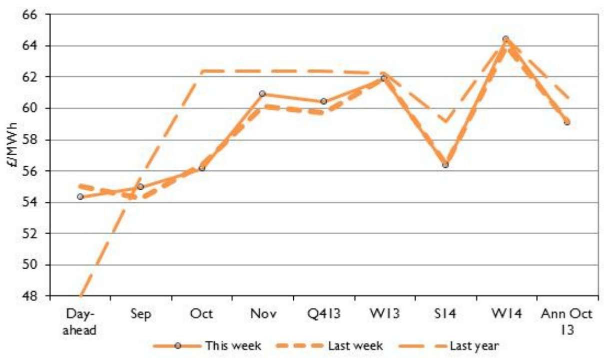


Peak electricity

- Peak power contracts saw mixed movement last week.
- The annual October 2013 peak power contract dropped 0.1% to £59.1/MWh.
- Day-ahead peak electricity dropped 1.3% to £55.0/MWh.
- The contract is now 4.3% lower than last month and 13% higher than last year.

Annual October contract

Forward curve comparison

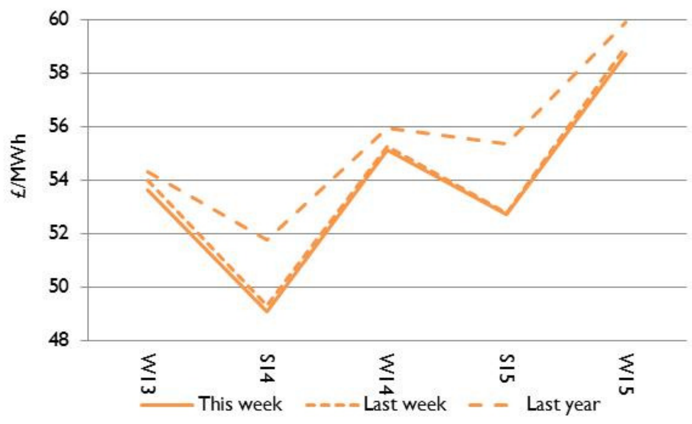


Seasonal power prices

Seasonal power contracts

- Winter power contracts were down 0.4% on average. Winter 13 electricity fell 0.6% to £53.7/MWh.
- On average summer power contracts fell 0.3%. Summer 14 decreased 0.5% to £49.1/MWh.

Seasonal power curve



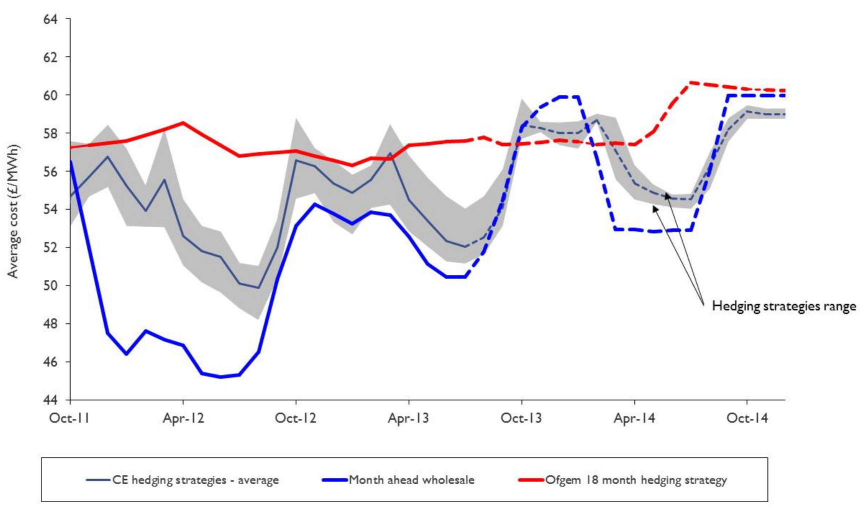
- The winter 13 power contract is now 1.9% below last month's level of £54.7/MWh.
- Winter 13 power is now 5.2% below the price in 2012, which was £51.8/MWh.

Supplier hedging strategies

Improving weather helped UK electricity and gas contracts fall during July, 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 over the summer. However prices are likely to start increasing in September as demand rises, it is therefore unlikely there will be a price reduction before next winter. Electricity prices for this winter are expected to be 5% 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

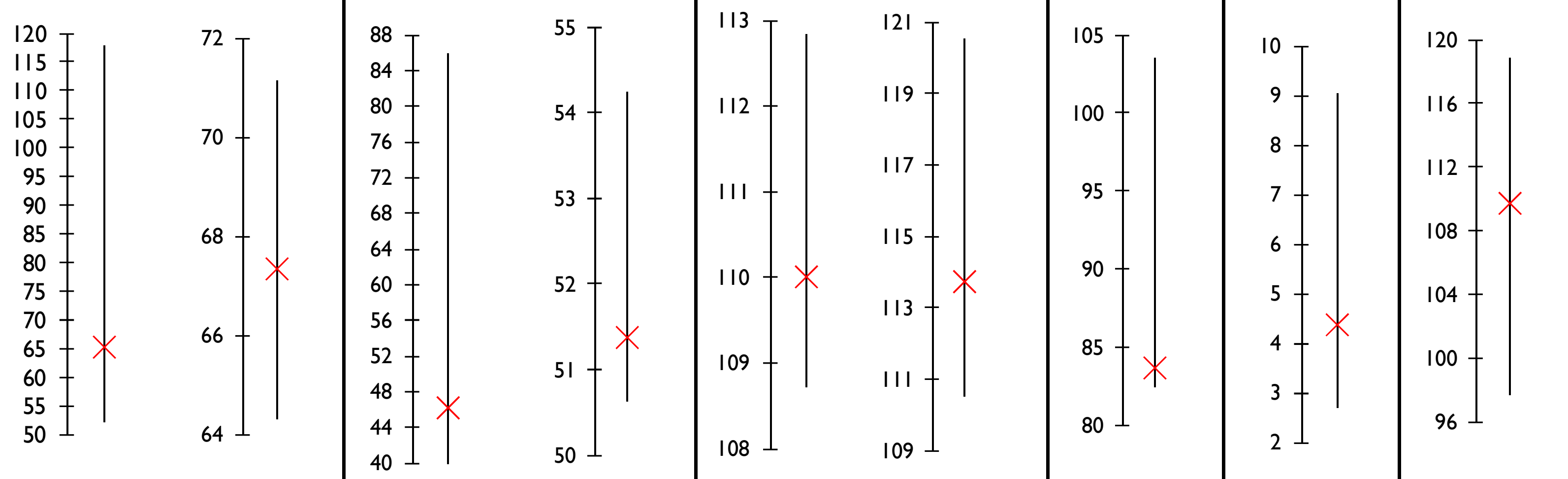


Wholesale price snapshot

Key market indicators: 16/08/2013

		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	16 Aug 13	65.25	67.35	46.25	51.38	110.00	113.73	83.60	4.36	109.73
Last week	9 Aug 13	66.25	67.97	46.20	51.68	111.42	116.71	82.50	4.56	106.96
Last month	19 Jul 13	65.00	68.50	48.75	51.98	111.30	117.27	86.40	4.12	108.62
Last year	17 Aug 12	52.00	65.70	42.45	53.08	103.17	110.50	102.00	7.31	113.92
Year-on-year % change		25%	3%	9%	(3%)	7%	2.9%	(18%)	(40%)	(4%)
Year high		118.00	71.15	86.00	54.25	112.85	120.54	103.50	9.05	118.81
Year low		52.00	64.30	40.00	50.63	108.72	110.50	82.40	2.70	97.70

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.



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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