

Energy Wholesale Market Review

Week Ending 30th August 2013



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Headlines

Power prices generally rose this week following increases in long-term gas contracts. Annual October 13 power increased to £51.8/MWh while annual October gas climbed 0.4% to 67.7p/th. Short-term power prices saw both monthly highs and lows as climbing gas prices and lower nuclear output pushed day-ahead power up earlier in the week, while increasing wind generation pulled it down towards the end. The annual clean spark spread increased 7% to £1.3/MWh as long-term power prices rose, but it remains 73% lower than last year. The annual clean dark spread rose 2.6% to £22.8MWh. Month-ahead Brent crude increased significantly, rising to a six-month high of \$116.2/bl mid-week. Coal markets fell 0.7% to a weekly average of \$83.0/t as China reduced its domestic prices to gain market share.

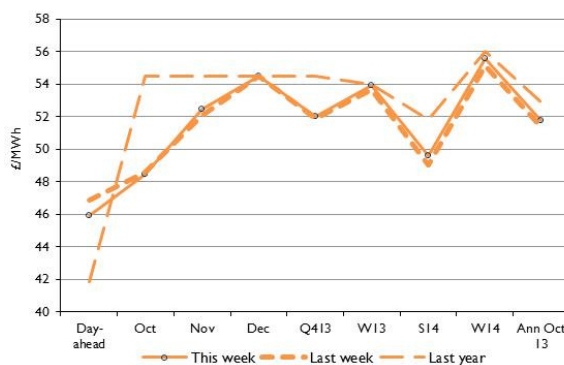
Baseload electricity

- Most long-term baseload power contracts rose this week following increases in commodities.
- Annual October 13 baseload increased to £51.8/MWh, 0.7% higher than the previous week.
- Day-ahead power saw a 2.0% fall to £45.9/MWh over the week as a result of rising wind generation and lower-than-expected demand.
- Despite the falls, the contract reached a monthly high of £50.1/MWh on Wednesday 28 August due to low nuclear output and climbing gas prices.

Annual October contract



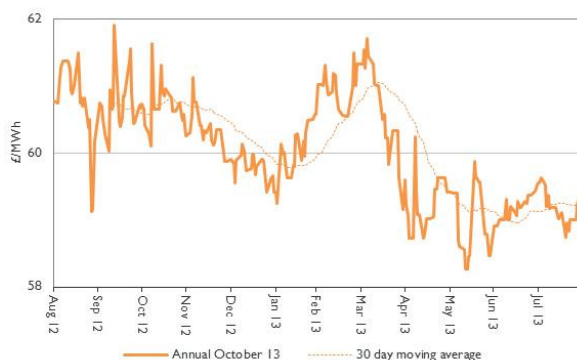
Forward curve comparison



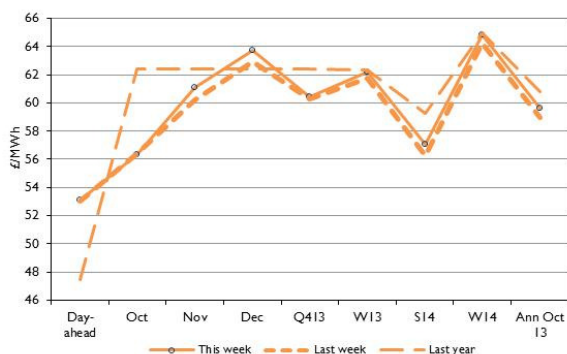
Peak electricity

- Most peak power contracts rose this week following increases in gas prices.
- The annual October 2013 peak power contract increased by 1.0% to £59.6/MWh.
- Day-ahead peak electricity climbed 0.2% to £53.1/MWh.
- However, the contract is 6.4% lower than last month but is 12% higher than last year.

Annual October contract



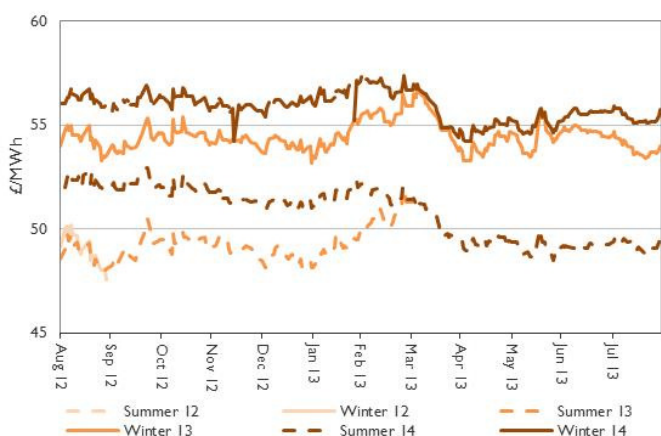
Forward curve comparison





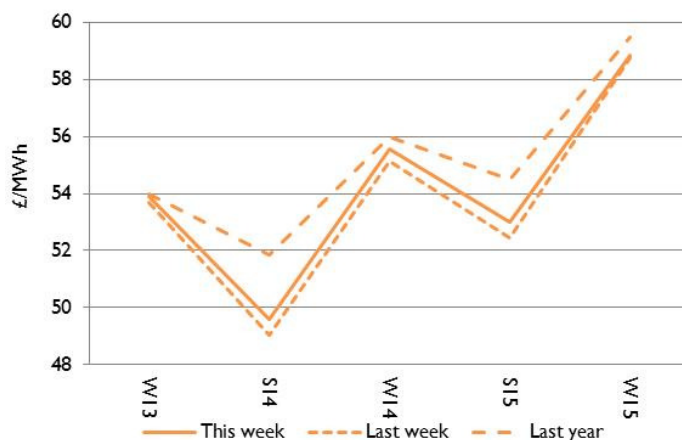
Seasonal power prices

Seasonal power contracts



- Winter power contracts increased by 0.4% overall this week compared to last week on average. Winter 13 electricity also rose 0.4% to £53.9/MWh.
- On average summer power contracts climbed 1.1%. Summer 14 increased by the same percentage, rising to £49.6/MWh.

Seasonal power curve



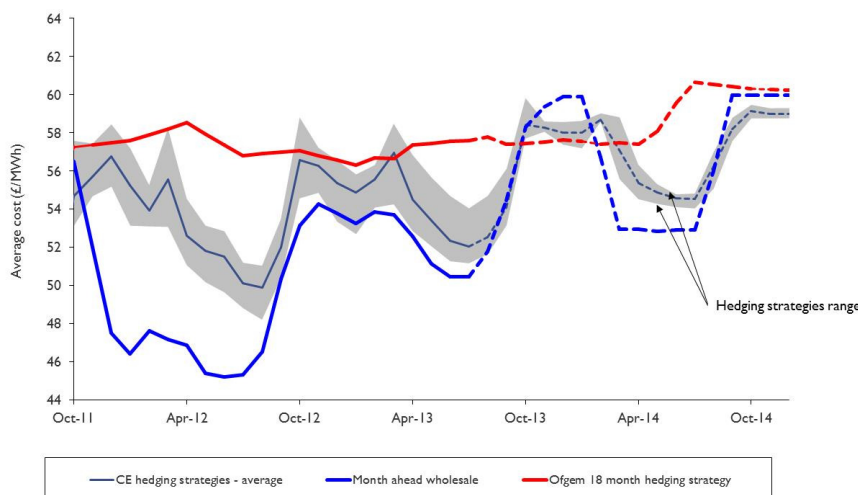
- The winter 13 power contract is now 2.1% higher last month's level of £52.8/MWh.
- Winter 13 power is now 0.7% below the price in 2012, which was £54.0/MWh.

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:

30/08/2013

	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 30 Aug 13	63.60	67.68	45.90	51.75	113.53	117.14	82.60	4.60	114.71
Last week 23 Aug 13	64.50	67.29	46.85	51.38	111.42	116.97	83.60	4.53	109.88
Last month 2 Aug 13	65.95	68.58	47.00	52.06	112.98	118.12	83.70	4.37	109.71
Last year 31 Aug 12	57.00	65.90	41.85	52.93	104.97	111.60	99.00	7.61	113.09
Year-on-year % change	12%	3%	10%	(2%)	8%	5.0%	(17%)	(40%)	1%
Year high	118.00	71.15	86.00	54.25	112.85	120.54	103.50	9.05	118.81
Year low	54.75	64.30	40.00	50.63	108.72	111.51	82.40	2.70	97.70
<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 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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