

Energy Wholesale Market Review

Week Ending 6th September 2013



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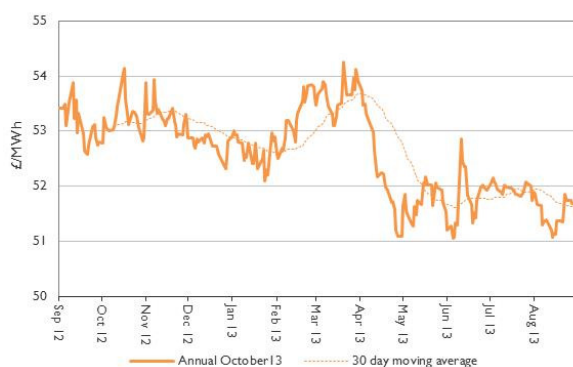
Headlines

Power prices generally rose this week following increases in carbon and oil. Annual October 13 power increased 0.7% to £51.8/MWh but annual October gas fell 0.1% to 67.6p/th. Short-term power prices dropped to a nine-month low of £42.2/MWh at the end of the week. The contract was driven by increases in wind generation to 3.7GW, lower-than-expected demand and a high percentage of coal power generation in the fuel mix. The price of carbon also increased, rising 9% to €4.9/t after the EU Commission announced a cut to the free CO₂ permit quota for industry by up to 12% on Friday 6 September. Despite the rise, the annual clean spark spread increased 9% to £1.4/MWh, following increases in long-term power contracts. It remains 69% lower than last year's value. The annual clean dark spread fell 0.1% to £22.8MWh. Month-ahead Brent crude continued to climb, rising with supply disruptions in Libya and concerns over the potential US military strike in Syria. It reached \$115.4/bl on Friday.

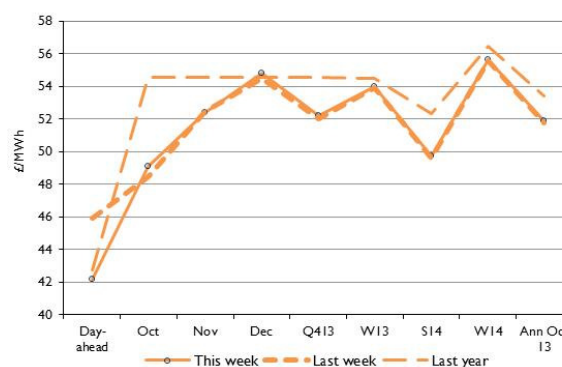
Baseload electricity

- Most long-term baseload power contracts rose slightly 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 an 8.1% fall to £42.2/MWh.
- The biggest decrease occurred on Friday 6 September as a result of rising wind generation and lower-than-expected demand.

Annual October contract



Forward curve comparison



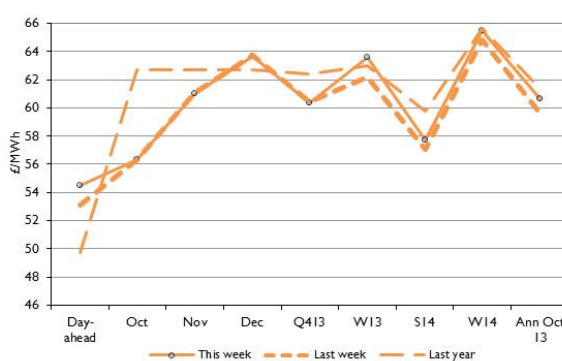
Peak electricity

- Most long-term peak power contracts rose this week following the rise in baseload power.
- The annual October 2013 peak power contract increased by 1.7% to £60.6/MWh.
- Day-ahead peak electricity climbed 2.6% to £54.5/MWh following increases in its gas equivalent.
- However, the contract is 0.9% lower than last month but is 10% higher than last year.

Annual October contract



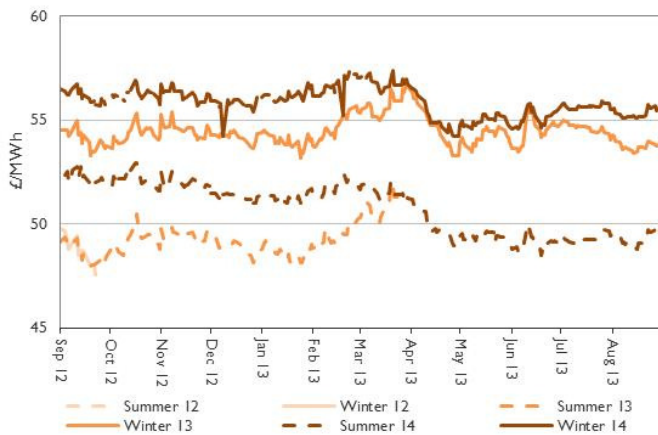
Forward curve comparison





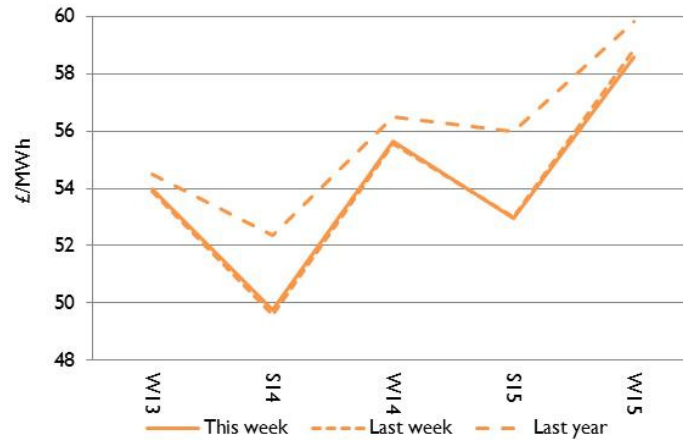
Seasonal power prices

Seasonal power contracts



- Overall this week, winter power contracts remained the same as last week on average. Winter 13 electricity also rose 0.2% to £54.0/MWh.
- On average summer power contracts climbed 0.1%. Summer 14 increased by 0.3%, rising to £49.8/MWh.

Seasonal power curve



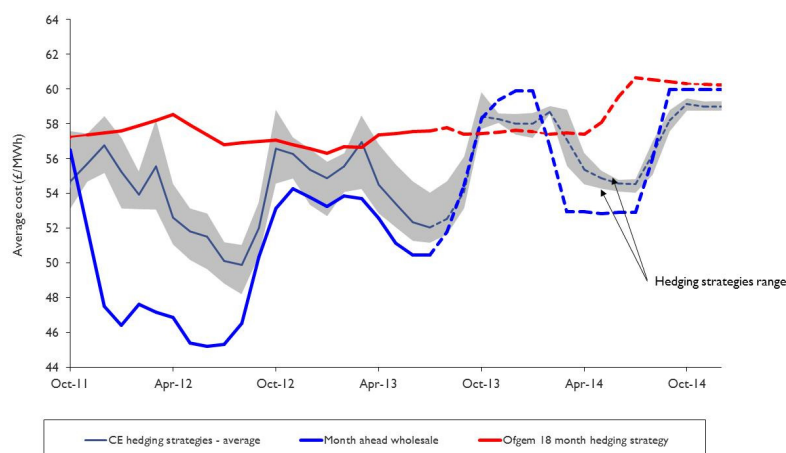
- The winter 13 power contract has remained the same as last month's level of £54.0/MWh.
- Winter 13 power is now 0.9% below the price in 2012, which was £54.5/MWh.

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:

06/09/2013

	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 6 Sep 13	64.80	67.58	42.20	51.88	110.98	114.31	83.00	4.94	115.40
Last week 30 Aug 13	63.60	67.68	45.90	51.75	111.42	117.14	82.60	4.60	114.71
Last month 9 Aug 13	66.25	67.97	46.20	51.68	111.86	116.71	82.50	4.56	106.96
Last year 7 Sep 12	60.50	66.53	42.75	53.43	105.66	112.49	100.25	8.25	113.84
Year-on-year % change	7%	2%	(1%)	(3%)	5%	1.6%	(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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