

Energy Wholesale Market Review

Week Ending 20th September 2013



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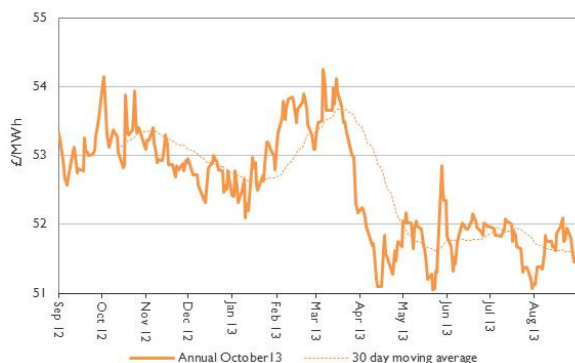
Headlines

Long-term power and gas prices fell this week following decreases in oil. Annual October 13 power dipped 0.8% to £51.6/MWh while its gas counterpart fell 1.5% to 66.6p/th. Day-ahead power contracts continued to rise week-on-week as a result of nuclear outages, low wind generation and a steady climb in coal contracts. Day-ahead baseload power increased 8.6% to a four-month high of £51.0/MWh on Wednesday 18 September. The annual clean spark spread rose 27% to £1.6/MWh as gas prices fell further than power, while the clean dark spread fell 1.1% to £22.2/MWh with rising coal contracts. As Libyan oil production increased, month-ahead Brent crude oil dropped 2.7% to a weekly average of \$109.8/bl. The contract reached a five-week low of \$108.3/bl on Wednesday. On the same day, carbon prices rose to an eight-month high of €5.8/t following a pause in allowance allocation.

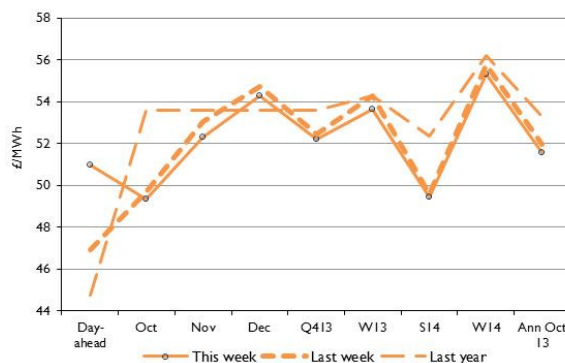
Baseload electricity

- Following the decrease in oil prices, winter 13 power fell 1.2% to £53.7/MWh.
- Annual October 13 baseload dropped to £51.6/MWh, 0.8% lower than the previous week.
- Day-ahead power saw an 8.6% rise to £51.0/MWh.
- The contract was driven by low nuclear and wind output throughout the week, and an increase in coal prices.

Annual October contract



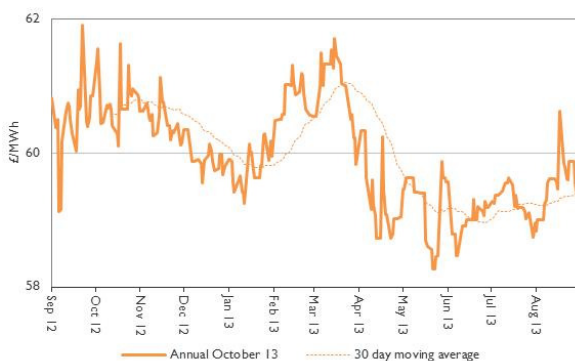
Forward curve comparison



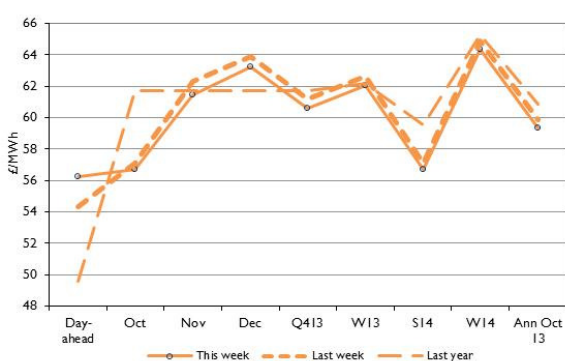
Peak electricity

- Seasonal peak power contracts decreased week-on-week.
- The annual October 2013 peak power contract fell by 0.9% to £59.4/MWh.
- In contrast, day-ahead peak electricity increased 3.5% to £56.3/MWh with low wind generation.
- The contract is now 6.1% higher than last month and 14% above last year.

Annual October contract



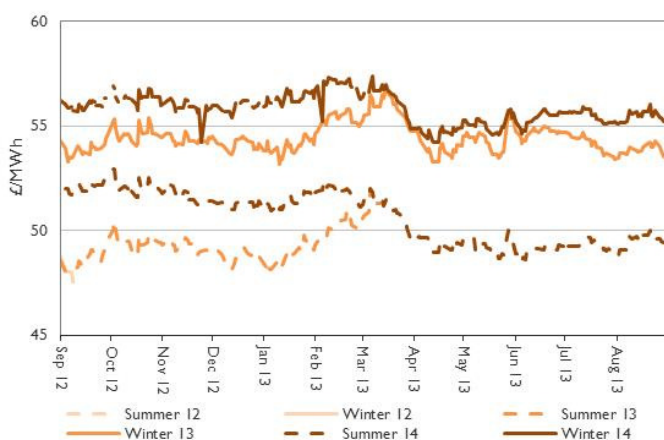
Forward curve comparison





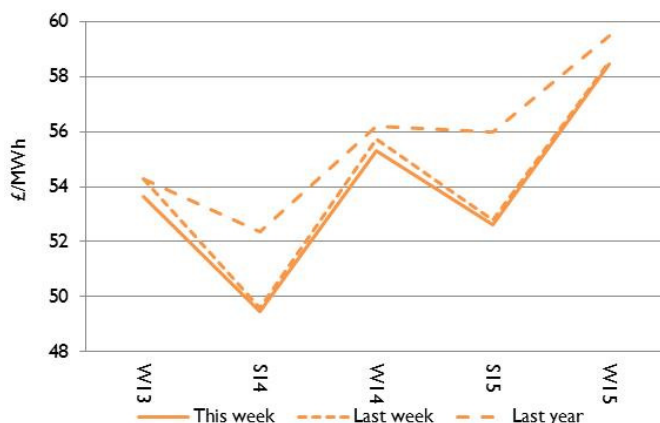
Seasonal power prices

Seasonal power contracts



- Overall this week, winter power contracts decreased 0.7% on average. Winter 13 electricity fell 1.2% to £53.7/MWh.
- Summer power contracts also fell, with a slight average decrease of 0.3% from last week. Summer 14 power dropped by 0.3%, falling to £49.5/MWh.

Seasonal power curve



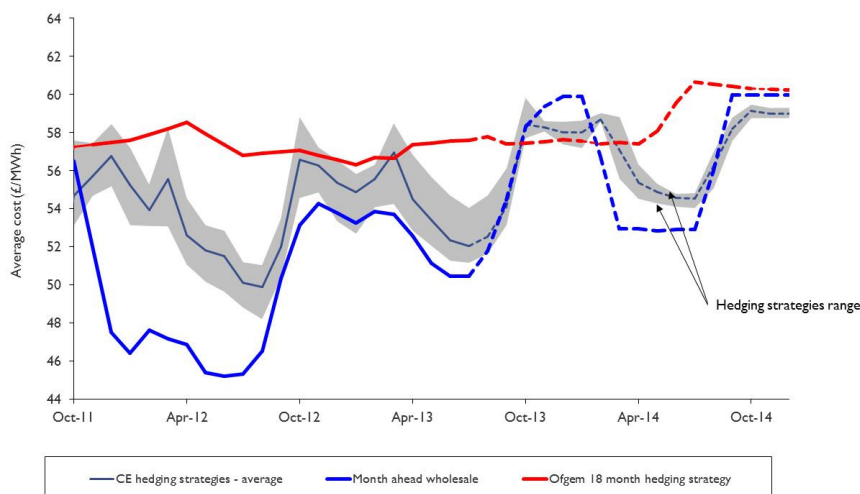
- The winter 13 power contract is now 0.1% lower than last month's level of £53.7/MWh.
- Winter 13 power is now 1.2% below the price in 2012, which was £54.3/MWh.

Supplier hedging strategies

Good weather and reductions in coal prices helped annual gas and power contracts drop over August annual power contracts rose 0.8% while the gas equivalent was up 1.5%. Suppliers' cost-based notional hedging strategies have increased as a result of more expensive autumn and winter contracts. Prices are likely to continue to increase in September as demand rises. Electricity and gas 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:

20/09/2013

	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 20 Sep 13	65.85	66.58	51.00	51.55	110.27	113.77	84.60	5.37	108.94
Last week 13 Sep 13	67.80	67.60	46.95	51.95	111.42	113.53	84.35	5.48	112.33
Last month 23 Aug 13	64.50	67.29	46.85	51.38	112.16	116.97	83.60	4.53	109.88
Last year 21 Sep 12	61.25	65.80	44.75	53.33	105.66	112.53	99.10	7.53	110.95
Year-on-year % change	8%	1%	14%	(3%)	4%	1.1%	(15%)	(29%)	(2%)
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>	120	72	88	55	113	121	105	10	120
	115		84	54	112	119	100	9	116
	110		80	53	111	117	95	8	112
	105		76	52	110	115	90	7	108
	100		72	51	109	113	85	6	104
	95		68	50	108	111	80	5	100
	90		64					4	96
	85							3	
	80							2	
	75								



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 80 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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