

Energy Wholesale Market Review

Week Ending 18th October 2013



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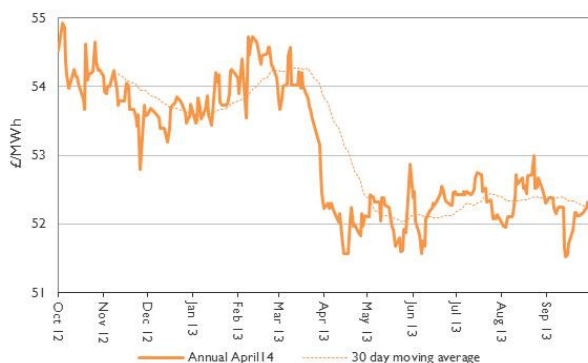
Headlines

Long-term gas and power prices moved in opposite directions this week. Annual April 14 baseload power increased 0.2% to £52.3/MWh following a rise in carbon. Meanwhile, its gas counterpart dipped 0.2% to 66.5p/th on improved supplies. The annual clean spark spread rose 2% to £2.4/MWh as power climbed while gas prices fell. The clean dark spread fell 3.3% to £19.2/MWh as a result of an increase carbon prices. Month-ahead Brent crude oil climbed 0.4% to a weekly average of \$110.4/bl following news of the US Budget resolution. Continuing oversupply pulled down coal to a new three-year low of \$80.7/t, but the contract rose towards the end of the week to \$83.0/t as demand from China increased. Carbon prices rose to a two-week high on Thursday after the German chancellor supported backloading proposals. This week, British Gas became the second of the Big Six to raise its domestic tariffs this winter. Average gas prices are expected to increase by 8.4%, with a rise of 10.4% on electricity.

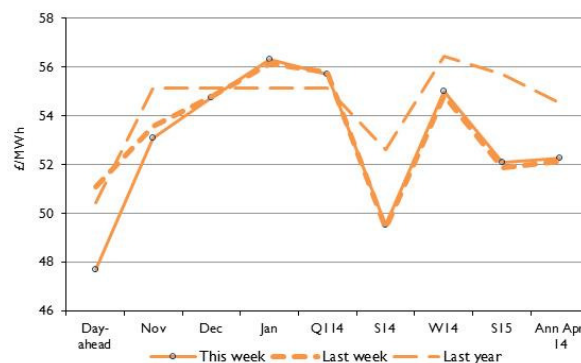
Baseload electricity

- Long-term power contracts rose over the week, following increases in the price of carbon. Summer 14 power climbed 0.2% to £49.5/MWh.
- Annual April 14 baseload power rose 0.2% to £52.3/MWh.
- Falling gas and coal prices pulled down day-ahead power by 6.7% to £47.7/MWh.
- Despite colder weather, the contract dropped as a result of higher forecast wind speeds for the next few days.

Annual October contract



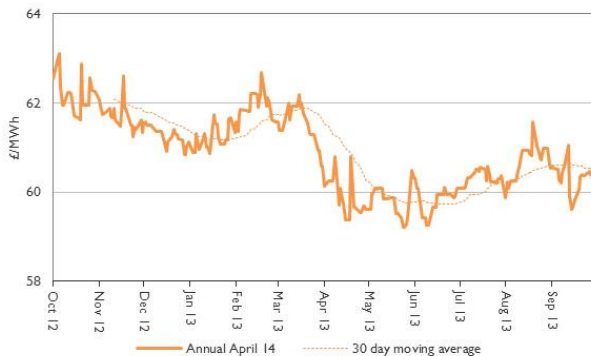
Forward curve comparison



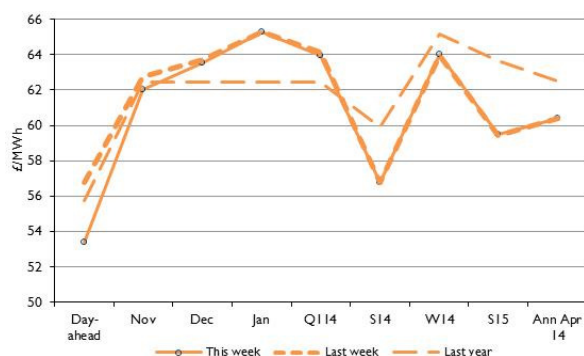
Peak electricity

- Some seasonal peak power contracts rose week-on-week.
- The annual April 2014 peak power contract remained at last week's value of £60.4/MWh.
- Day-ahead peak electricity dropped 5.9% to £53.4/MWh with lower coal prices.
- The contract is now 5.1% lower than last month and 4% below last year.

Annual October contract



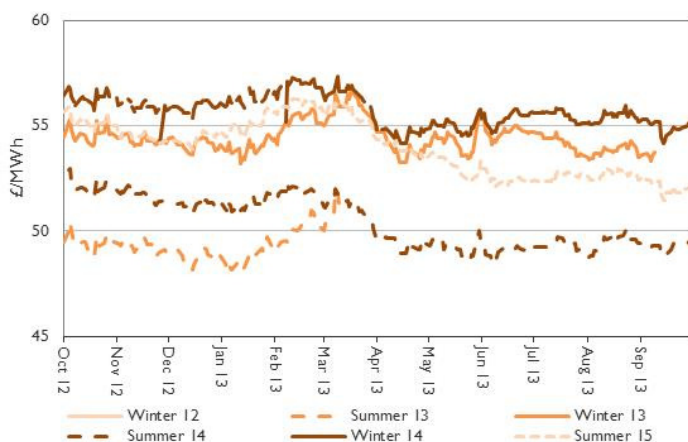
Forward curve comparison





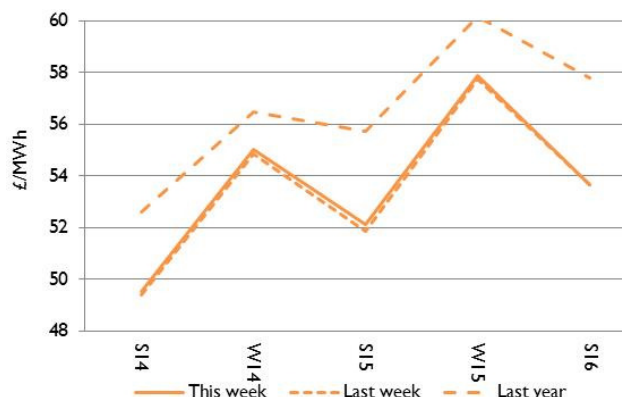
Seasonal power prices

Seasonal power contracts



- On average, winter power contracts rose 0.2% over the week. Winter 14 climbed 0.3% to £55.0/MWh.
- Summer power contracts also increased, with an average rise of 0.2% from last week. Summer 14 power climbed 0.2% to £49.5/MWh.

Seasonal power curve

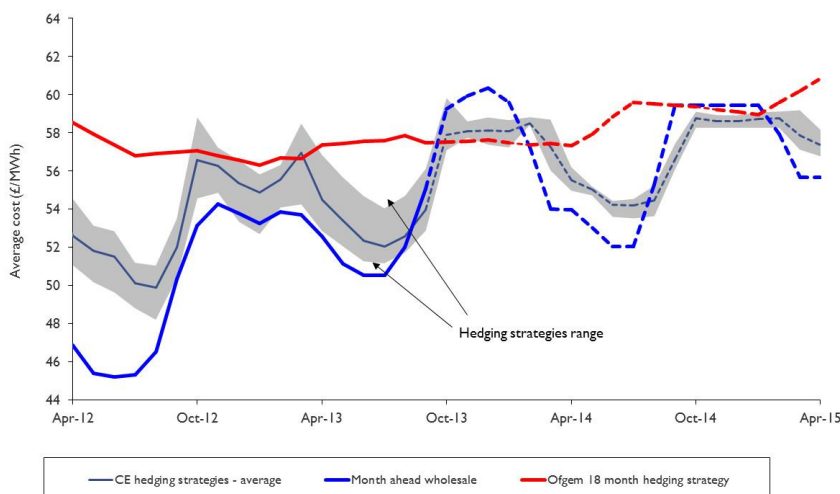


- The summer 14 power contract is now 0.1% lower than last month's level of £49.4/MWh.
- The power contract is now lower than the price in 2012, falling 5.9% from £52.6/MWh.

Supplier hedging strategies

Despite a fall in monthly average gas prices during September the annual power contract increased 0.3% to a monthly average of £52.5/MWh as a result of rising carbon prices. Higher priced winter contracts are beginning to feed into retail prices and electricity and gas prices for this winter are expected to be 5% higher than last year. On 10 October SSE was the first of the Big Six to increase its tariffs. The company lifted both its gas and electricity tariffs by 8.2% on average. SSE said wholesale prices had increased as a result of greater global competition for gas supplies and the cold snap in March pushing up prices for gas. British Gas followed on 17 October with an average increase of 9.2%. The company cited network charges, wholesale energy prices and environmental and social obligations as reasons for the change.

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.





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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