

# Energy Wholesale Market Review

Week Ending 1<sup>st</sup> November 2013



**edw** technology

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## Contents

<b>Baseload electricity.....</b>	<b>3</b>
<b>Peak electricity.....</b>	<b>3</b>
<b>Seasonal power prices.....</b>	<b>4</b>
<b>Supplier hedging strategies .....</b>	<b>4</b>
<b>Wholesale price snapshot .....</b>	<b>5</b>



## Headlines

Most long-term prices fell this week following decreases in oil and coal. Annual April 14 baseload power dropped 0.2% to £52.1/MWh while its gas counterpart fell 0.3% to 66.5p/th. Day-ahead power prices climbed 12% to £52.8/MWh week-on-week due to a rise in demand and lower nuclear capacity. Despite colder temperatures, day-ahead gas remained at 66.5p/th with a 10% rise in gas supplies. The annual clean spark spread fell 2% to £2.4/MWh on higher carbon prices. The annual clean dark spread rose 0.8% to £19.7/MWh on the back of falling coal contracts. Month-ahead Brent crude oil dropped 0.3% to a weekly average of \$108.4/bl due to rising US oil inventories. On Thursday, carbon prices increased to €5.1/t after news that the EU will vote on carbon backloading in December. The contract rose 2.5% to a weekly average of €4.9/t.

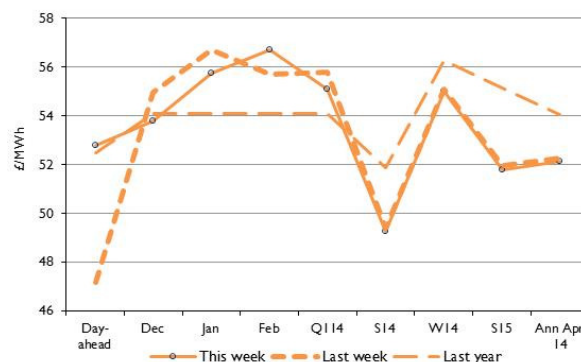
## Baseload electricity

- Long-term power fell with commodities this week. Summer 14 power dropped 0.3% to £49.3/MWh.
- Annual April 14 baseload dropped 0.2% to £52.1/MWh but was 0.8% higher than last month's value of £51.73/MWh.
- Day-ahead baseload power climbed 12% to £52.8/MWh compared to last week after monthly contracts moved forward to December.
- The contract was driven by a rise in demand and lower nuclear capacity after Dungeness was taken offline following the storm on Monday.

Annual October contract



Forward curve comparison



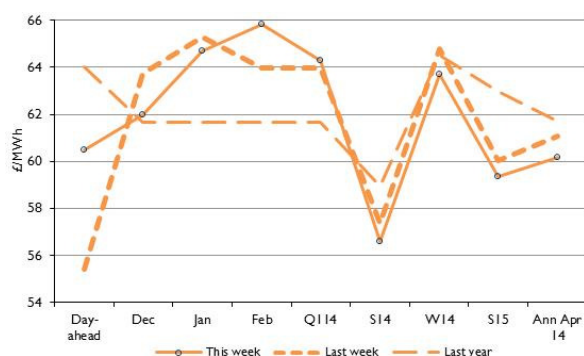
## Peak electricity

- Most seasonal peak power contracts fell week-on-week following decreases in commodities.
- The annual April 2014 peak power contract dropped 1.5% to £60.2/MWh.
- Day-ahead peak electricity rose 9.2% to £60.5/MWh with a rise in more expensive gas in the fuel mix.
- The contract is now 14.6% higher than last month and 5% below last year.

Annual October contract



Forward curve comparison





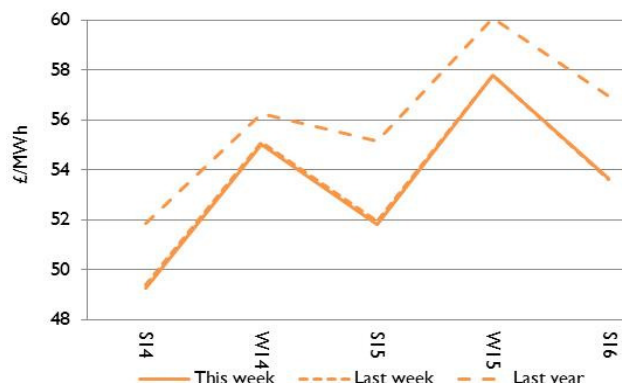
## Seasonal power prices

### Seasonal power contracts



- On average, winter power contracts fell 0.1% over the week. Winter 14 power dipped 0.2% to £55.0/MWh.
- Summer power contracts decreased 0.2% on average over the week. Summer 14 power dropped 0.3% to £49.3/MWh.

### Seasonal power curve

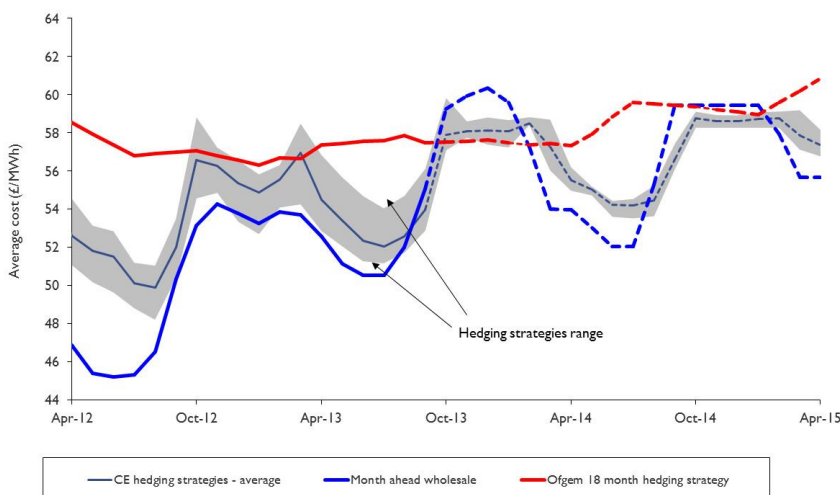


- The summer 14 power contract is now 0.7% lower than last month's level of £48.9/MWh.
- The power contract is now lower than the price in 2012, falling 5.0% from £51.9/MWh.

## 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. 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. On 21 October, RWE npower raised its prices by 10.4% and Scottish Power subsequently announced an average increase of 8.5% in gas prices and 9% in electricity on 24 October.

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.





## Wholesale price snapshot

Key market indicators:

01/11/2013

	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 1 Nov 13	66.50	66.53	52.80	52.13	N/A	N/A	82.55	4.85	109.21
Last week 25 Oct 13	66.50	66.70	47.15	52.25	N/A	N/A	84.60	4.70	106.79
Last month 4 Oct 13	64.00	66.13	47.60	51.73	111.84	114.90	82.25	5.19	108.95
Last year 2 Nov 12	65.00	66.25	52.50	54.05	0.00	111.73	93.40	8.20	107.76
Year-on-year % change	2%	0%	1%	(4%)	N/A	N/A	(12%)	(41%)	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	65.15	40.00	50.67	108.72	80.00	80.70	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
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## 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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