

Energy Wholesale Market Review

Week Ending 15th November 2013



edw technology

EDW House, Radian Court, Knowhill, Milton Keynes, MK5 8PJ.

Phone: +44 (0)8448 802 489
Email: info@edwtech.com
Website: edwtech.com



Contents

Baseload electricity	3
Peak electricity	3
Seasonal power prices	4
Supplier hedging strategies	4
Wholesale price snapshot	5



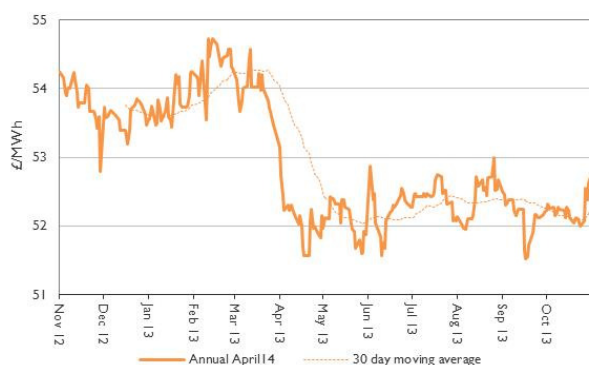
Headlines

Most prices rose this week following increases in gas contracts. Annual April 14 baseload power climbed 1.4% to £52.7/MWh while its gas counterpart increased 1.7% to 67.4p/th. Day-ahead power prices climbed 11% to £53.4/MWh week-on-week. The contract reached a seven-month high of £53.4/MWh on Friday due to higher gas prices and a fall in wind speeds at the end of the week. The annual clean spark spread remained at least week's level of £2.5/MWh as gas and power increased. The annual clean dark spread increased 7% to £20.9/MWh as coal and carbon fell while power rose. Month-ahead Brent crude oil climbed 1.5% to a weekly average of \$106.7/bl on supply disruption in Libya and expectations that the US would continue economic stimulus. Carbon prices fell 2.7% to a weekly average of €4.6/t ahead of mid-month auctions by the European Investment Bank.

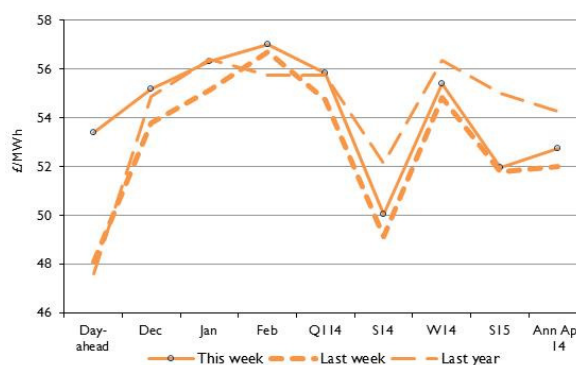
Baseload electricity

- Baseload power contracts increased with gas this week, but the rise was limited by falling coal prices. Summer 14 power was up 1.8% to £50.1/MWh.
- Annual April 14 baseload climbed 1.4% to £52.7/MWh and is now 0.9% higher than last month's value of £52.3/MWh.
- Day-ahead baseload power increased 11% compared to last week to £53.4/MWh, and is now 11.9% lower than last month.
- The contract was driven upwards by higher gas prices combined with a fall in nuclear and wind generation towards the end of the week.

Annual April contract



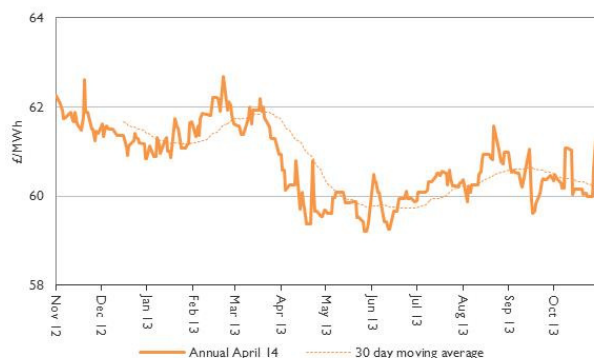
Forward curve comparison



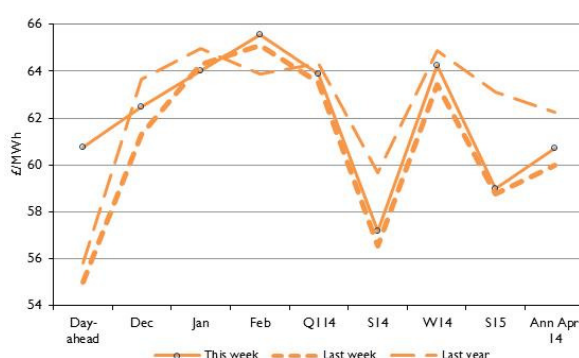
Peak electricity

- Most seasonal peak power contracts rose week-on-week following increases in gas.
- The annual April 2014 peak power contract increased 1.2% to £60.7/MWh.
- Day-ahead peak electricity rose 10.5% to £60.8/MWh as colder temperatures resulted in higher demand.
- The contract is now 13.8% higher than last month and 9% above last year's value.

Annual April contract



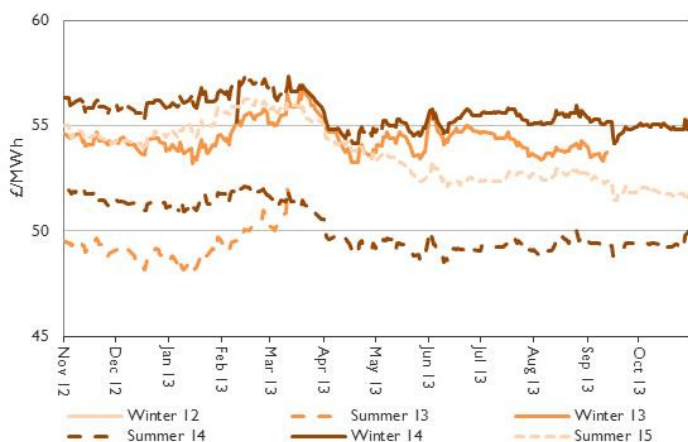
Forward curve comparison





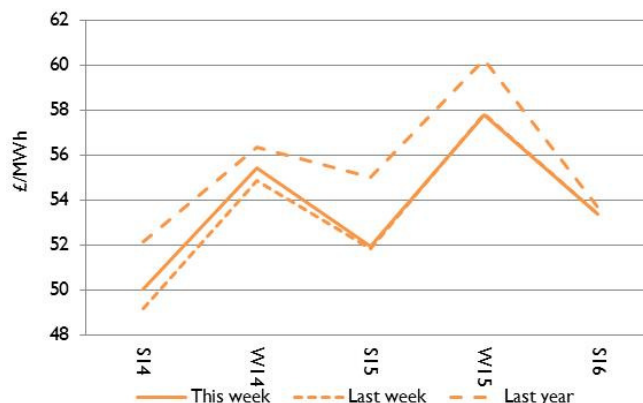
Seasonal power prices

Seasonal power contracts



- On average, winter power contracts rose 0.5% over the week. Winter 14 power increased 1% to £55.4/MWh.
- Summer power contracts climbed 0.7% on average over the week. Summer 14 power rose 1.8% to £50.1/MWh.

Seasonal power curve

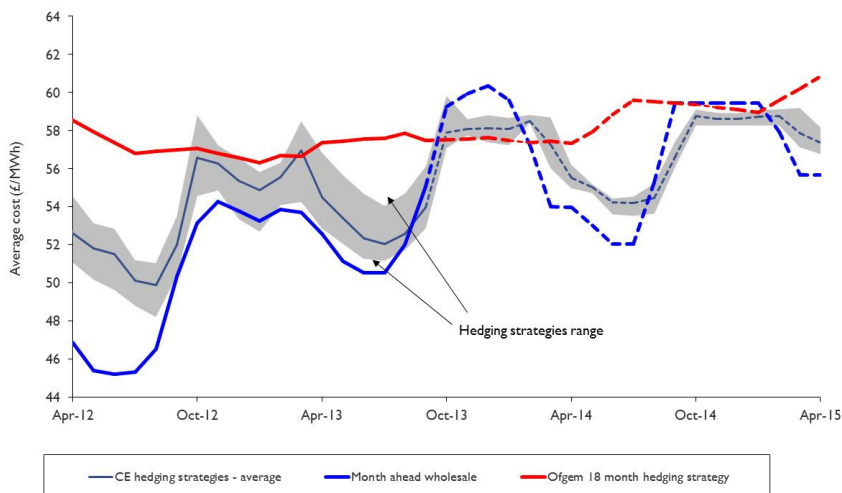


- The summer 14 power contract increased 1.1% from last month's level of £49.5/MWh.
- The power contract is now lower than the price in 2012, falling 4% from £52.2/MWh.

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:

15/11/2013

	Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
	Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week 15 Nov 13	69.50	67.40	53.40	52.73	81.35	4.53	108.30
Last week 8 Nov 13	65.25	66.25	48.10	52.00	82.80	4.75	103.40
Last month 18 Oct 13	64.00	66.52	47.70	52.26	83.00	5.21	109.28
Last year 16 Nov 12	65.50	66.85	47.60	54.25	96.60	6.95	108.25
Year-on-year % change	6%	1%	12%	(3%)	(16%)	(35%)	0%
Year high	118.00	71.15	86.00	54.25	100.70	7.38	118.81
Year low	54.75	65.23	40.00	50.67	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	105	10	120
	115		84		100	9	116
	110		80	54	95	8	112
	105		76	53	90	7	108
	100		72	52	85	6	104
	95		68	51	80	5	100
	90		64	50	75	4	96
85		60		70	3		
80		56		65	2		
75		52		60			
70		48		55			
65		44		50			
60		40					
55							
50							



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.

EDW Technology Limited

EDW House

Radian Court

Knowlhill

Milton Keynes

MK5 8PJ

UK

Tel: +44 (0) 8448 802 489

Fax: +44 (0) 8448 802 487

Website: www.edwtech.com

Copyright © 2013 EDW Technology Limited. All rights reserved.

No part of this publication may be reproduced, transmitted, transcribed, stored in a retrieval system, or translated into any language, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior written permission from EDW Technology Limited.

All copyright, confidential information, patents, design rights and all other intellectual property rights of whatsoever nature contained herein are and shall remain the sole and exclusive property of EDW Technology Limited. The information furnished herein is believed to be accurate and reliable. However, no responsibility is assumed by EDW Technology Limited for its use, or for any infringements of patents or other rights of third parties resulting from its use.