Energy Wholesale Market Review

Week Ending 22nd November 2013

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

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

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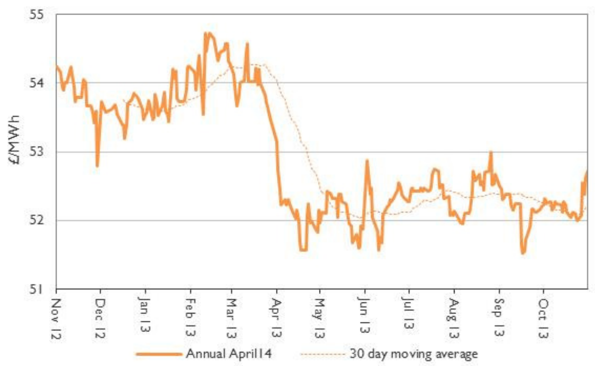
Headlines

Long-term power contracts fell this week following decreases in gas, as the system has coped well with colder temperatures. Annual April 14 baseload power dipped 0.5% to £52.5/MWh while its gas counterpart decreased 0.1% to 67.3p/th. In contrast, day-ahead power prices rose 5.6% to £56.4/MWh week-on-week. The contract reached a seven-month high of £56.4/MWh on Friday due to higher demand, reduced nuclear capacity and a fall in wind generation. The annual clean spark spread fell 7% to £2.3/MWh as power fell faster than gas. The annual clean dark spread dipped 1.3% to £20.6/MWh as power fell while coal remained stable. Month-ahead Brent crude oil prices rose 1.4% to a weekly average of $108.2/bl on supply concerns. The contract reached a monthly high of $109.8/bl on Friday on the back of falling US unemployment data and rising demand for oil.

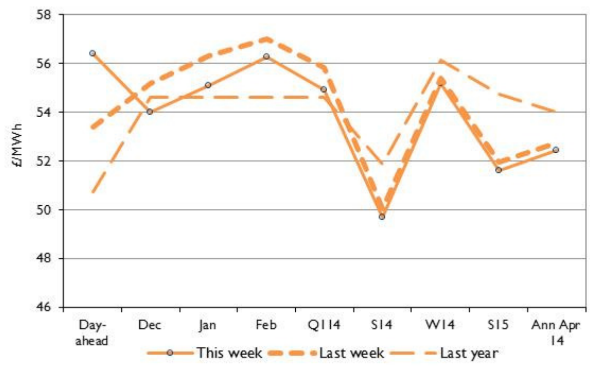
Baseload electricity

- Baseload power contracts fell with gas this week. Summer 14 power was down 0.7% to £49.7/MWh.
- Annual April 14 baseload dropped 0.5% to £52.5/MWh but is now 0.4% higher than last month's value of £52.3/MWh.
- Day-ahead baseload power increased 5.6% compared to last week to £56.4/MWh, and is now 19.6% higher than last month.
- The contract rose with higher gas prices and a fall in nuclear and wind generation at the end of the week

Annual April contract



Forward curve comparison



Peak electricity

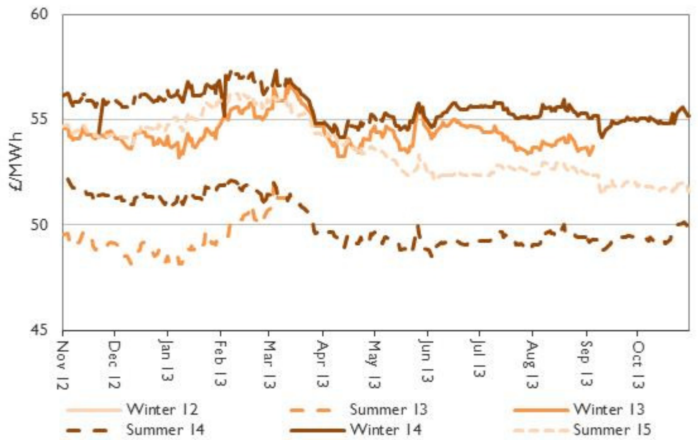
- Most seasonal peak power contracts fell week-on-week following decreases in gas.
- The annual April 2014 peak power contract dropped 0.3% to £60.6/MWh.
- In contrast, day-ahead peak electricity climbed 5.9% to £64.4/MWh as colder temperatures resulted in higher demand.
- The contract is now 16.2% higher than last month and 5% above last year's value.

Annual April contract

Forward curve comparison

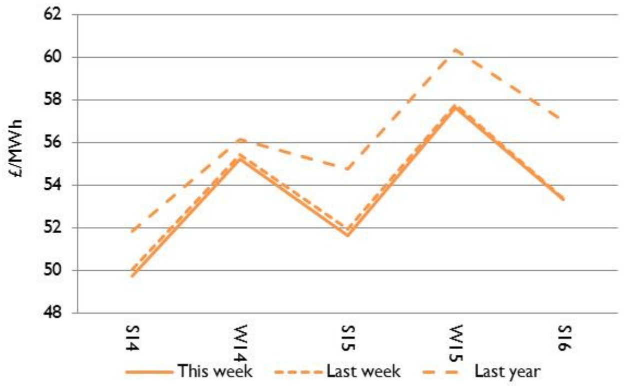
Seasonal power prices

Seasonal power contracts



- On average, winter power contracts fell 0.3% over the week. Winter 14 power dipped 0.4% to £55.2/MWh.
- Summer power contracts decreased 0.5% on average over the week. Summer 14 power fell 0.7% to £49.7/MWh.

Seasonal power curve

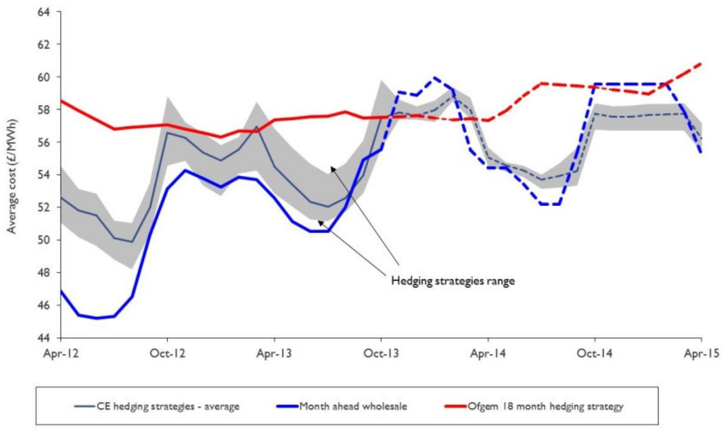


- The summer 14 power contract increased 0.6% from last month's level of £49.4/MWh.
- The power contract is now lower than the price in 2012, falling 4.1% from £50.1/MWh.

Supplier hedging strategies

The annual April 14 gas contract dropped 0.9% in October to an average of 66.58p/th and the annual april 14 baseload power contract followed y dipping 0.7% to £52.1/MWh. Higher priced winter contracts are feeding 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. EDF announced a price rise of 3.9% on 12th November.

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

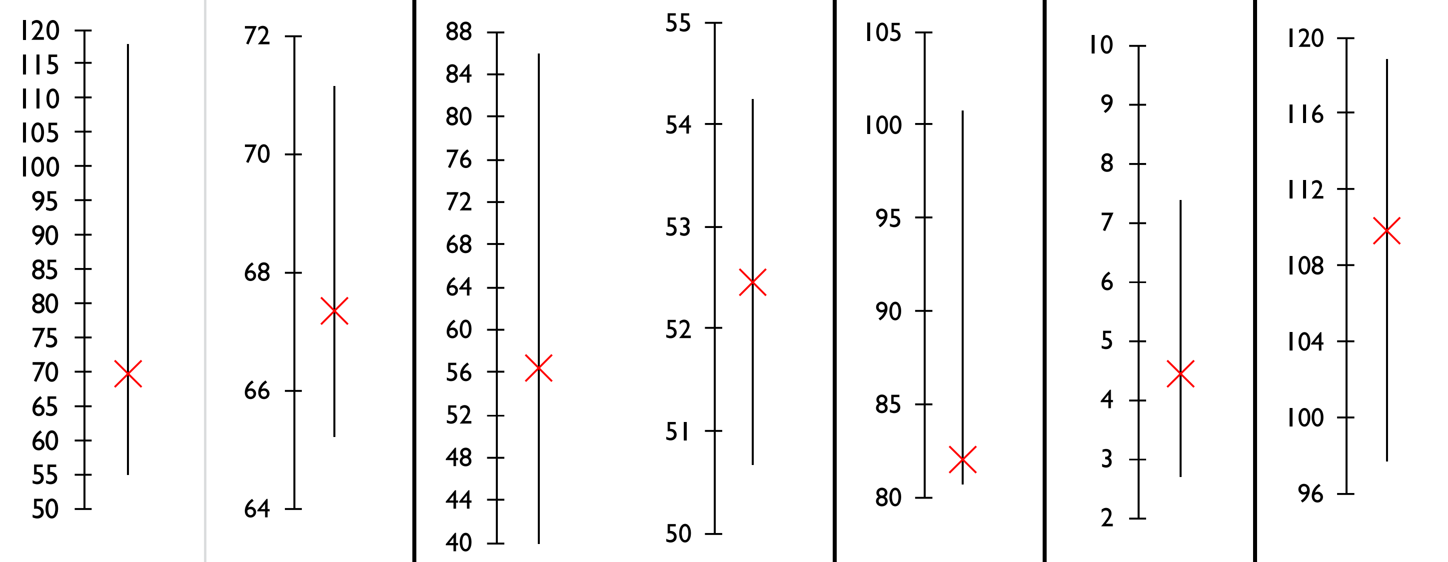


Wholesale price snapshot

Key market indicators: 22/11/2013

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	($/t)	(€/t)	($/bl)
This week	22 Nov 13	69.65	67.33	56.40	52.45	82.00	4.43	109.77
Last week	15 Nov 13	69.50	67.40	53.40	52.73	81.35	4.53	108.30
Last month	25 Oct 13	66.50	66.70	47.15	52.25	84.60	4.70	106.79
Last year	23 Nov 12	67.75	67.15	50.75	54.00	96.30	6.72	110.55
Year-on-year % change		3%	0%	11%	(3%)	(15%)	(34%)	(1%)
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

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.



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

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