Energy Wholesale Market Review

Week Ending 29th November 2013

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Contents

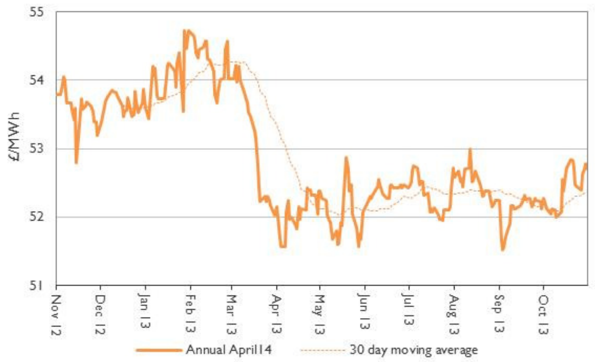
Headlines

Long-term power contracts rose this week following increases in gas, oil and carbon. Annual April 14 baseload power climbed 0.5% to £52.7/MWh while its gas counterpart increased 0.4% to 67.6p/th. Day-ahead power prices rose 2.7% to £56.0/MWh week-on-week. The contract reached a seven-month high of £58.3/MWh on Wednesday due to lower supplies and rising demand. The annual clean spark spread remained at last week's level of £2.3/MWh as power and gas moved upwards. The annual clean dark spread rose 0.8% to £20.8/MWh as power rose faster than coal. Month-ahead Brent crude oil rose 2.2% to a weekly average of $110.6/bl on the back of concerns about supply security in Libya and positive US economic data. Oil rose to an almost seven-week high of $111.4/bl on Thursday on the back of supply concerns while winter demand rises.

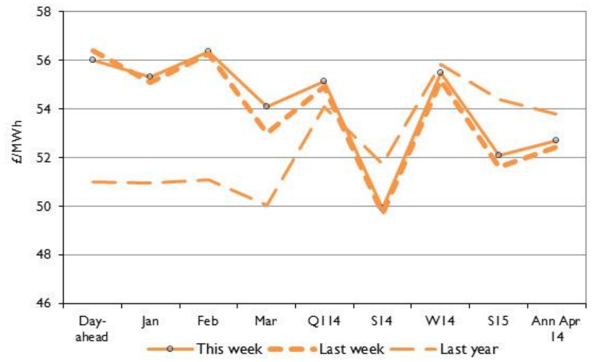
Baseload electricity

- Baseload power contracts rose with gas, coal and carbon this week. Summer 14 power increased 0.4% to £49.9/MWh.
- Annual April 14 baseload climbed 0.5% to £52.7/MWh and is now 0.5% higher than last month's value of £52.1/MWh.
- Day-ahead baseload power increased 2.7% to £56.0/MWh, compared to last week and is now 7.5% higher than last month.
- The contract rose as a result of reduced nuclear and wind generation. The direction was supported by power exports to France at the end of the week.

Annual April contract



Forward curve comparison

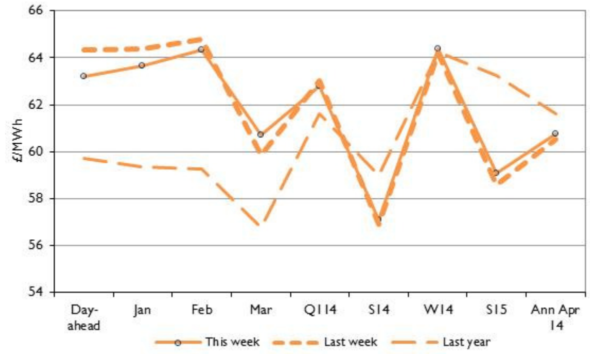


Peak electricity

- Most seasonal peak power contracts rose week-on-week following decreases in gas.
- The annual April 2014 peak power contract increased 0.3% to £60.8/MWh.
- In contrast, day-ahead peak electricity dropped 1.8% to £63.2/MWh as relatively less expensive coal contributed up to 42% of the fuel mix.
- The contract is now 4.5% higher than last month and 6% above last year's value.

Annual April contract

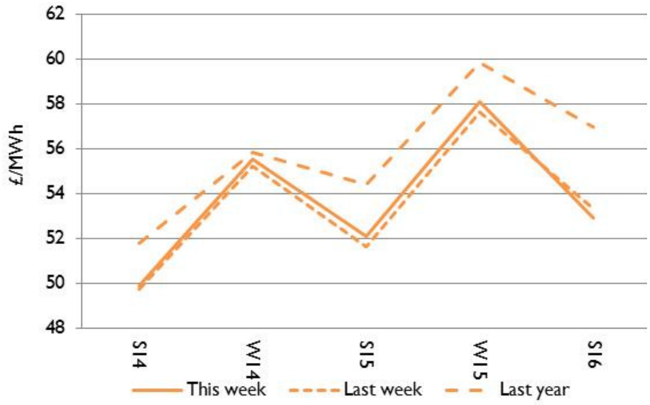
Forward curve comparison



Seasonal power prices

Seasonal power contracts

Seasonal power curve

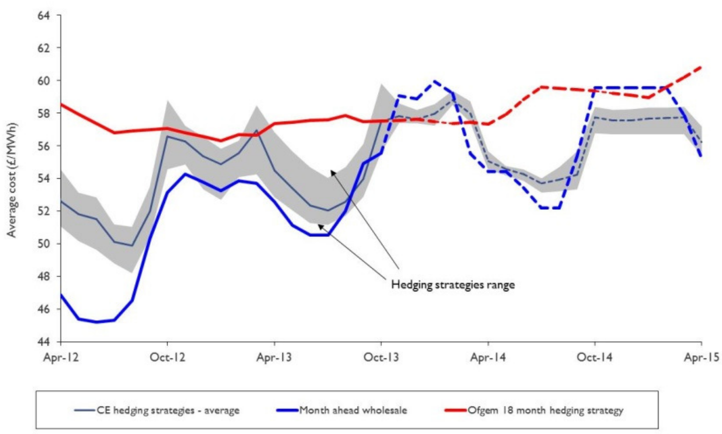


- On average, winter power contracts rose 0.7% over the week. Winter 14 power climbed 0.5% to £55.5/MWh.
- Summer power contracts increased 0.2% on average over the week. Summer 14 power rose 0.4% to £49.9/MWh.
- The summer 14 power contract increased 1.3% from last month's level of £49.3/MWh.
- The power contract is now lower than the price in 2012, falling 3.6% from £49.7/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 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 approac

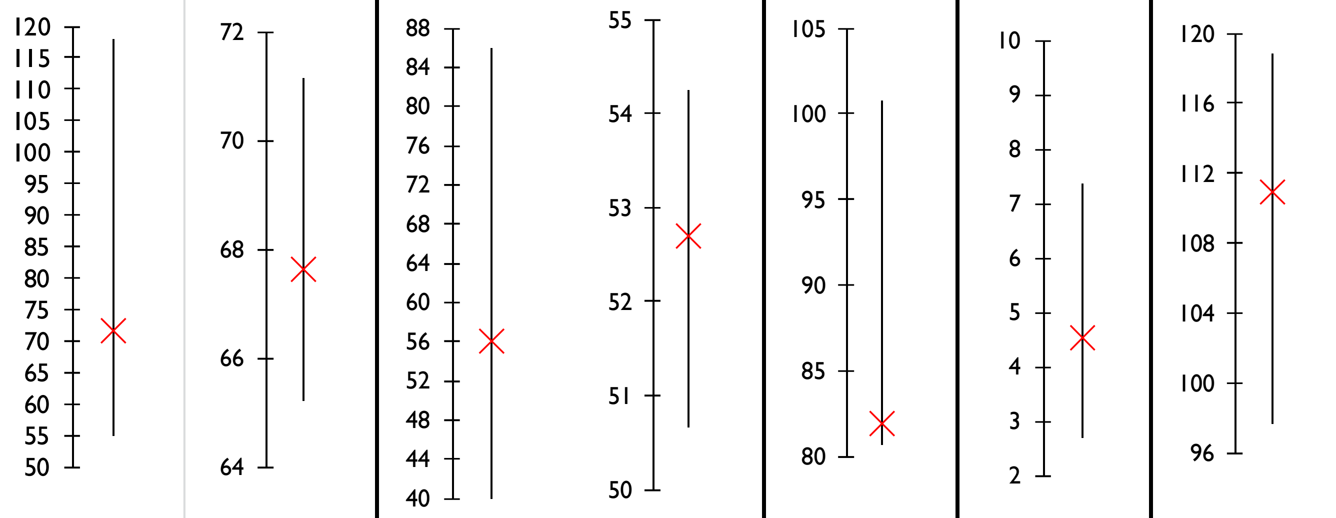


Wholesale price snapshot

Key market indicators: **29/11/2013**

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	($/t)	(€/t)	($/bl)
This week	29 Nov 13	71.50	67.63	56.00	52.70	81.85	4.54	110.88
Last week	22 Nov 13	69.65	67.33	56.40	52.45	82.00	4.43	109.77
Last month	1 Nov 13	66.50	66.53	52.80	52.13	82.55	4.85	109.21
Last year	30 Nov 12	67.50	66.89	51.00	53.80	97.10	6.59	110.32
Year-on-year % change		6%	1%	10%	(2%)	(16%)	(31%)	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.

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