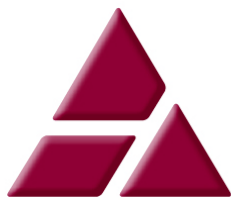


Energy Wholesale Market Review

Week Ending 9th May 2014



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Contents

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



Headlines

Spot power and gas prices hit four-year lows this week as bearish fundamentals of low demand and increasing supplies characterised the market. Day-ahead gas fell to 45.7p/th, its lowest level since October 2010, as LNG and continental deliveries continued. This trend extended along the curve, as high storage levels suppressed long-term contracts, the annual October 14 baseload power contract declined 2.4% to settle at £49.9/MWh. In contrast, day-ahead power was up 1.1% for the week, but also fell to a four-year low of £38.4/MWh on Wednesday. Lower prices affected spark spreads, with the annual October 14 clean spark spread down 8% to £3.6/MWh with power prices falling faster than gas. The annual October 14 clean dark spread decreased 4.2% to £17.9/MWh. Commodities showed similar trends, as Brent crude oil declined 0.6% to \$107.9/bl and API 2 coal prices dropped 0.8%.

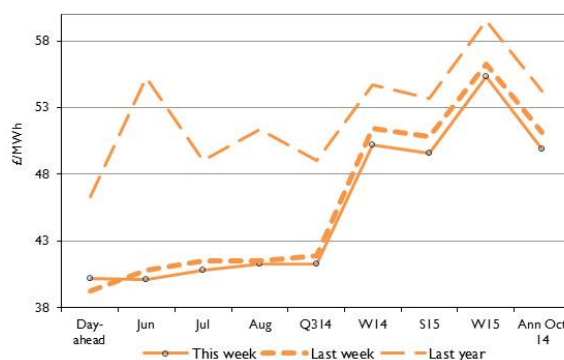
Baseload electricity

- Long-term power contracts fell across the board this week.
- Annual October 14 baseload dropped 2.4% to £49.9/MWh
- The day-ahead contract rose 1.1% with lower wind output and increasing demand towards the end of the week. However, the contract hit a four-year low of £38.4/MWh on Wednesday with increased forecast wind output.

Annual October contract



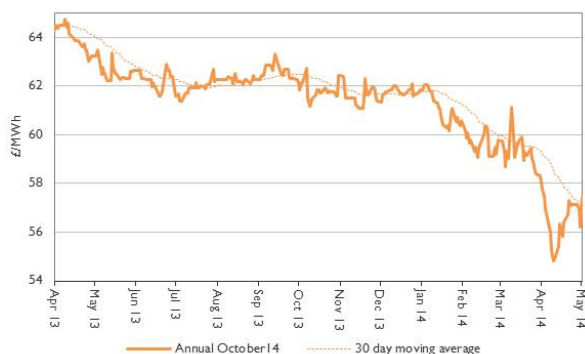
Forward curve comparison



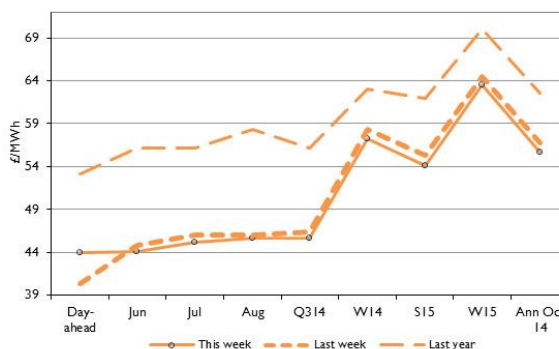
Peak electricity

- Most peak power contracts decreased as demand remained below seasonal averages.
- The annual October 2014 peak power contract fell 1.9% to settle at £55.7/MWh.
- In contrast, day-ahead peak electricity climbed 8.8% week on week as colder temperature predictions were expected to raise demand for the weekend.
- The contract is now 1.9% below last month and 17% lower than last year's value.

Annual October contract



Forward curve comparison





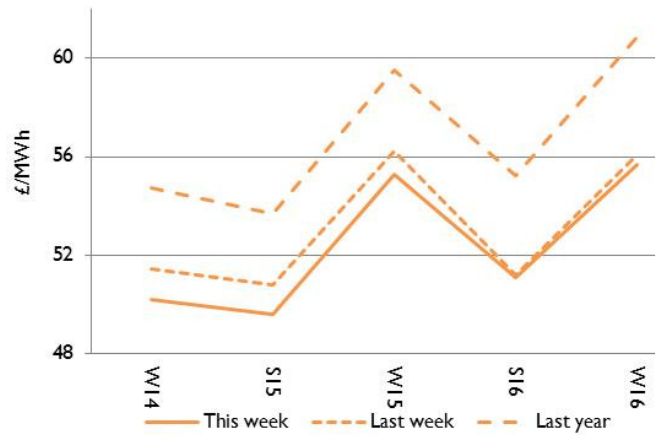
Seasonal power prices

Seasonal power contracts



- Seasonal power contracts followed their gas counterparts lower. Winter power contracts were down 1.3% over the week with winter 14 power dropping 2.4% to £50.2/MWh, falling to a four-week low of £49.60/MWh on Thursday.
- Summer power contracts were down 1.6% on average over the week.

Seasonal power curve

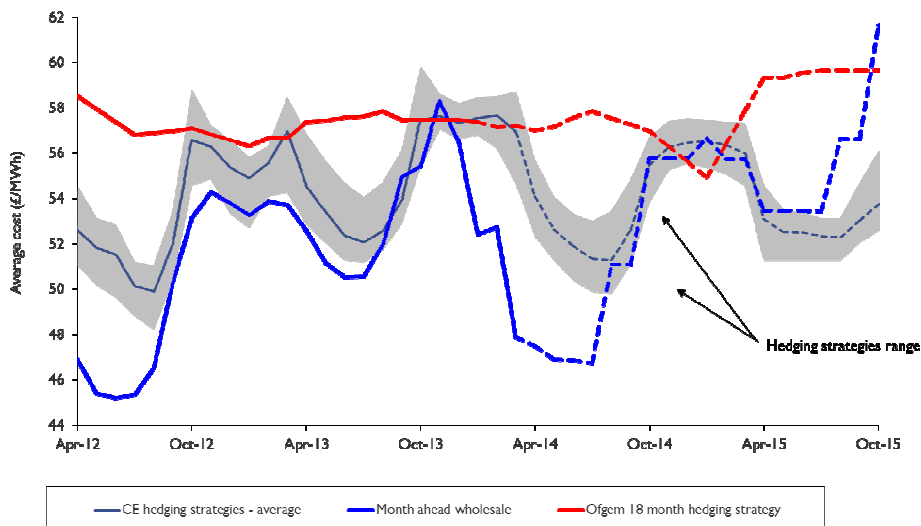


- Summer 15 power declined 2.4% to £49.6/MWh.
- The contract is now 3.4% below last month and 7.6% lower than last year's level.

Supplier hedging strategies

On 26 March SSE revealed it would be freezing domestic gas and electricity prices at their current levels until 2016, announcing 500 job cuts and shelving four planned offshore wind farm developments to pay for the costs. A day later, Ofgem announced its intention to refer the energy market for a Competition and Markets Authority (CMA) investigation. Ofgem also announced it had updated its supply market indicators.

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:

09/05/2014

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	9 May 14	46.75	59.10	40.20	49.90	82.10	5.21	108.64
Last week	2 May 14	46.25	60.30	39.30	51.13	82.75	5.43	108.08
Last month	11 Apr 14	52.35	60.50	41.65	50.70	81.00	5.30	107.30
Last year	10 May 13	63.85	66.40	46.35	54.23	92.35	3.80	104.20
Year-on-year % change		(27%)	(11%)	(13%)	(8%)	(11%)	37%	4%
Year high		71.95	68.93	58.30	52.66	92.70	7.22	116.17
Year low		45.70	58.38	38.35	46.45	80.00	3.18	100.05

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 13 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 85 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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