

Energy Wholesale Market Review

Week Ending 6th February 2015



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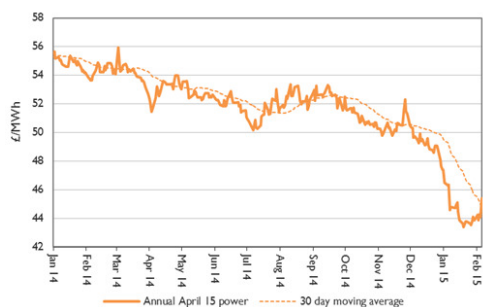
Headlines

Seasonal gas contracts continued to increase this week as commodity markets reversed recent falls. Long-term gas contracts were up across the board, with the annual April 15 gas contract gaining 4.9% this week to 48.3p/th. Its baseload power counterpart followed higher, rising 3.5% to £45.4/MWh as increases in gas prices continued to influence. Short-term gas contracts continued to increase, as colder temperatures outweighed the return of Norwegian gas sites to the system. Day-ahead gas climbed 3.2% to 49.3p/th but day-ahead power dropped 0.5% to £42.5/MWh after last week's sharp increases. In commodities, API 2 coal prices reversed recent bearish trends, averaging \$61.5/t over the week, up 4.4%. Brent crude oil prices gained 15.1% this week on speculation that producers may be preparing to cut output. Prices were also influenced by news that 94 US oil rigs were taken offline during the week.

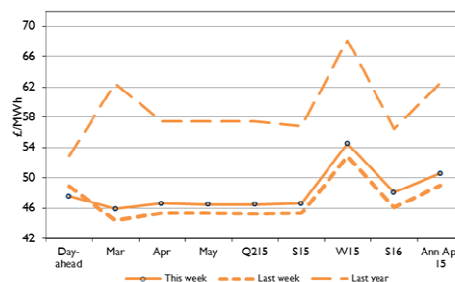
Baseload electricity

- Annual April 15 power rose 3.5% to £45.4/MWh this week as increases in gas prices continued to influence. Prices are now over 15.8% below levels seen a year ago.
- Near-term baseload power contracts increased this week due to an unplanned outage at a nuclear site. Day-ahead power was up 12.1% to £42.7/MWh. Month-ahead power climbed 3.7% to £40.7/MWh.
- Contracts along the curve saw little changes despite the increases in gas prices and the day-ahead market. The Summer 16 power contract is now 0.9% below the day-ahead market.

Annual April contract



Forward curve comparison



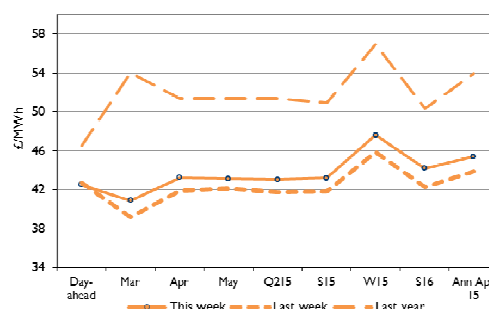
Peak electricity

- The annual April 15 peak contract gained 3.1% to £50.6/MWh. The contract is now 0.3 higher than last month but 19% below last year's level of £62.5/MWh.
- Month-ahead peak power increased 3.5% over the week to £45.9/MWh. April 15 peak power rose 2.8% to £46.6/MWh. The month-ahead peak contract is 3.5% up on last month.

Annual April contract



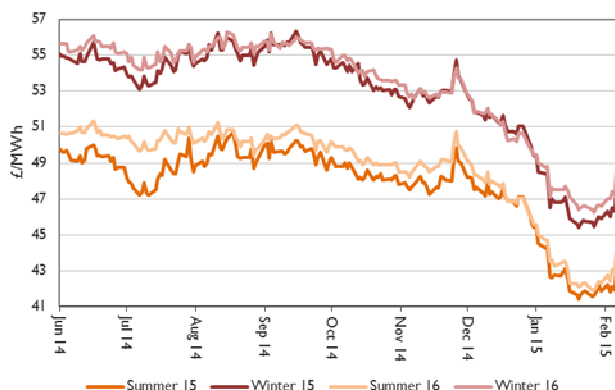
Forward curve comparison



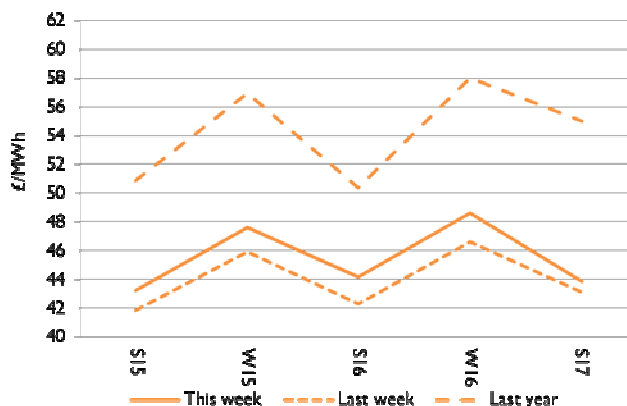


Seasonal power prices

Seasonal power contracts



Seasonal power curve



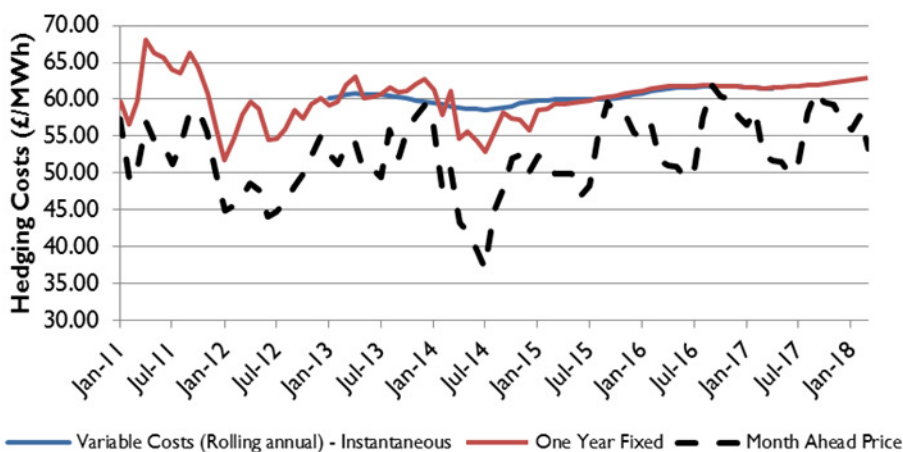
- Seasonal power contracts followed their gas counterparts higher this week.
- The Summer 15 contract ended the week 3.2% higher, remaining at £43.2/MWh, down 15.1% on levels seen a year ago.
- Winter contracts also climbed, as the winter 15 contract gained 3.7% to £47.6/MWh. The contract is now 16.4% down on last year.
- Increases in seasonal power contracts were due to increases in commodity markets this week.

Supplier hedging strategies

Long-term gas contracts were impacted by continued sharp falls in Brent crude oil prices, which dropped as OPEC maintained production levels throughout December, despite falling demand. This left the market in a continued state of oversupply. The GB supply picture remained strong, with gas storage above 90% for the month, owing to below average gas demand and the attractiveness of the NBP to LNG suppliers. Summer 15 gas dropped 3.4% to average 50.1p/th. The annual April contract fell 4.1% to average 53.4p/th.

In December long-term power prices followed the continued falls in oil, coal and gas. The return of nuclear power plant for the rest of the winter demand season also boosted supply margins. Summer 2015 power dropped 1.6% month-on-month to average £47.1/MWh. Annual April 2015 power was down 2.2% to average £49.2/MWh.

December saw the continuation of lower prices, meaning a number of suppliers were able to reduce their fixed price tariff offerings over the month. All of the Big Six have been able to offer price discounts, as have some of the smaller suppliers including OVO Energy and Spark Energy. Some of the larger suppliers were able to offer up to 3% discounts, with E.ON, British Gas, Scottish Power and nPower all reducing their standard variable gas tariffs by at least 3.5%. Short hedged suppliers are now feeling the benefits of lower prices traded over November and December.





Wholesale price snapshot

Key market indicators:

06/02/2015

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	6 Feb 15	49.30	48.28	42.50	45.40	63.50	7.02	58.06
Last week	30 Jan 15	47.75	46.03	42.70	43.88	59.25	7.05	48.91
Last month	9 Jan 15	46.10	47.12	37.30	44.78	59.50	6.79	50.59
Last year	7 Feb 14	60.60	63.70	46.50	53.93	83.00	6.55	107.20
Year-on-year % change		(19%)	(24%)	(9%)	(16%)	(23%)	7%	(46%)
Year high		67.50	65.98	56.30	55.95	87.30	7.42	115.20
Year low		34.70	45.48	34.00	43.88	59.00	4.27	45.98

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 14 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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