



Energy Wholesale Market Review

Week Ending 6th March 2015



edw technology

EDW House, Radian Court, Knowlhill, 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
About EDW Technology Limited.....	6



Headlines

Gas prices fell across the board this week, as lower gas for power demand, milder temperature predictions and reduced security of supply fears influenced the market. The annual April 2015 gas contract dropped 7.7% to a six-week low of 46.2p/th. Reductions fed through into the power market, which was also influenced by high wind generation. Day-ahead power dropped 6.9% to £39.5/MWh, a four week low, while the annual April 15 contract decreased 4.4% to £44.2/MWh. In contrast, oil and coal prices continued their recent resurgence. Month-ahead Brent crude oil prices increased 1.3% to \$61.1/bl, with rises driven by security of supply risks in Libya and Iraq. However, EU ETS carbon prices were down 7.2% this week to average €6.9/t. Prices dropped as traders realised proposed market reforms would not be confirmed for some time.

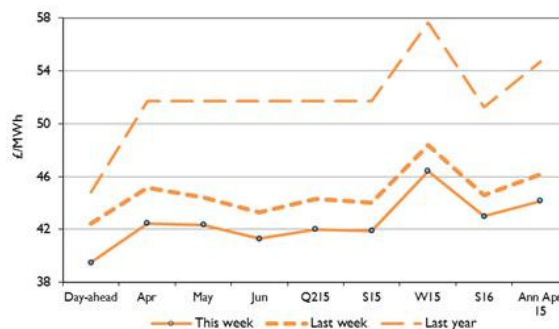
Baseload electricity

- Annual April 15 power decreased 4.4% to £44.2/MWh, its lowest level in four weeks. the contract is now 19% below its level last year (£54.7/MWh).
- Day-ahead power was down 6.9% to £39.5/MWh, a four week low following high wind output across the week.
- Along the curve, contracts followed their gas counterparts lower. The Summer 16 power contract is now 8.9% above the day-ahead market.

Annual April contract



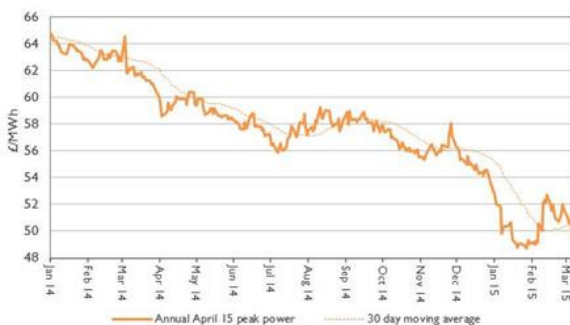
Forward curve comparison



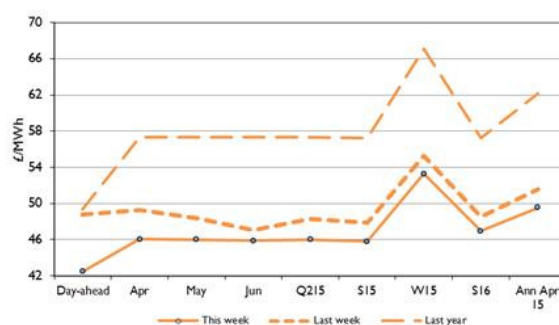
Peak electricity

- The annual April 15 peak contract fell 3.9% to £49.6/MWh. The contract is 20.3% below last year's level of £62.2/MWh.
- Day-ahead peak power dropped 12.9% this week to £42.5/MWh, a two-month low.
- Month-ahead peak power dropped 6.5% to £46.1/MWh, while summer 15 peak power fell 4.3% to £45.8/MWh, 20% below its level last year.

Annual April contract



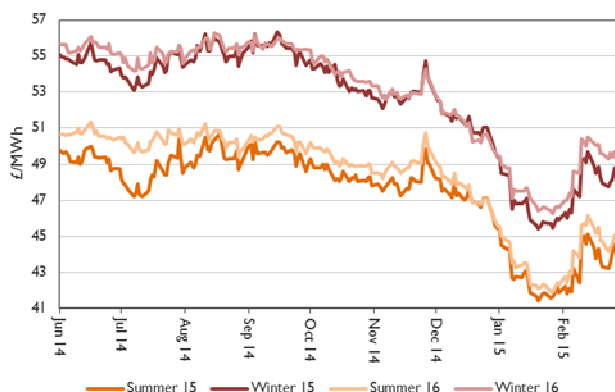
Forward curve comparison



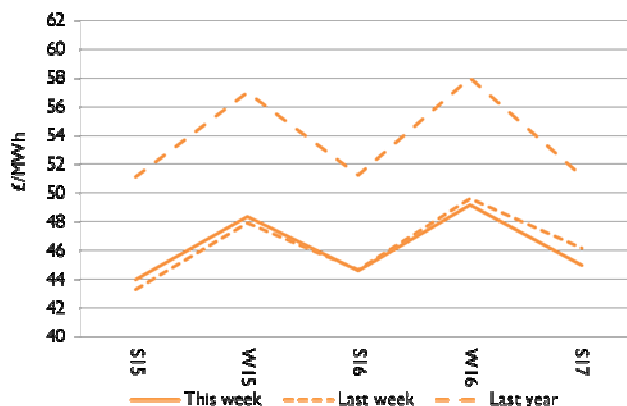


Seasonal power prices

Seasonal power contracts



Seasonal power curve



- Most seasonal power contracts followed their gas counterparts lower this week.
- The Summer 15 contract ended the week 4.8% higher, at £41.9/MWh, its lowest level in four weeks.
- Winter contracts also fell, as the winter 15 contract lost 4.0% to £46.4/MWh. The contract is now 19.5% down on last year.

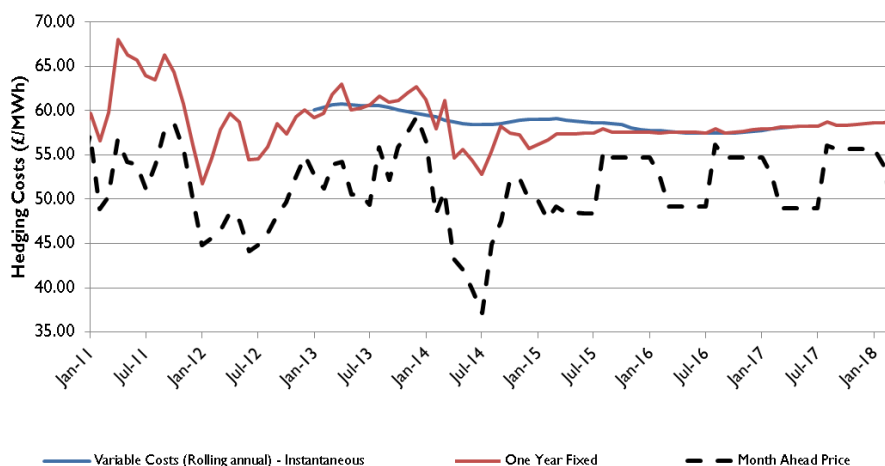
Supplier hedging strategies

With oil prices recovering from their recent lows, gas and power prices also saw gains. The annual summer 15 gas prices have now climbed 2% from their recent low of 46.0p/th. Annual baseload power contracts have also increased 9% from the recent low of £43.6/MWh.

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%.

The Big Six are unlikely to decrease their electricity tariffs as a result of the increase in the Carbon price support rate which is due to take effect from April 2015. This will increase the cost of generation from their thermal power stations, by around £3/MWh for gas-fired power stations and £8/MWh for coal fired power stations.

With power and gas prices recovering shorter-hedged suppliers are likely to now withdraw their lowest tariffs from the market.





Wholesale price snapshot

Key market indicators:

06/03/2015

	Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
	Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week 6 Mar 15	45.00	46.62	39.50	44.15	60.25	6.77	61.03
Last week 27 Feb 15	52.70	50.48	42.45	46.18	63.40	7.05	61.42
Last month 6 Feb 15	49.30	48.28	42.50	45.40	63.50	7.02	58.06
Last year 7 Mar 14	58.05	63.50	44.80	54.68	80.80	6.86	108.50
Year-on-year % change	(22%)	(27%)	(12%)	(19%)	(25%)	(1%)	(44%)
Year high	60.20	63.73	56.30	54.80	83.70	7.75	115.20
Year low	34.70	44.56	34.00	43.40	57.70	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.

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 © 2015 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.