Energy Wholesale Market Review

Week Ending 13th March 2015

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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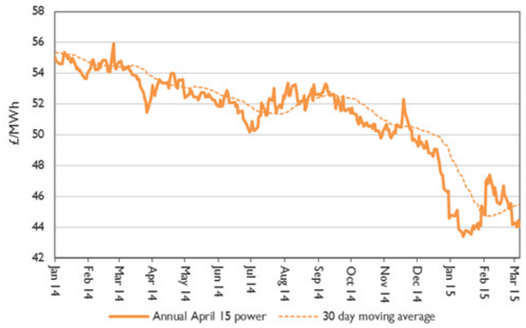
Headlines

Despite falling commodity prices, UK gas and power climbed this week as a result of higher demand forecasts. Day-ahead gas increased 5% to 47.3p/th and its power counterpart followed by climbing 5.6% to £41.7/MWh. in contrast; annual April 15 baseload power dropped 0.2% after the winter 15 contract slipped following a reduction in concerns about security of supply. The recovery in the oil market came to a halt this week as the US dollar strengthened against other currencies and reports indicated production continues despite low prices and US storage is approaching capacity. EU ETS carbon allowances are now at five month lows after rumours that the EU presidency will propose to weaken the market stability reserve. Coal prices have fallen after the Chinese government said it would implement policies to curb coal consumption.

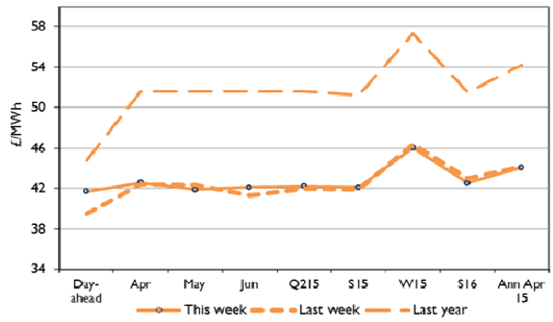
Baseload electricity

- Annual April 15 power decreased 0.2% to £44.1/MWh. The contract is 18.8% below its level last year (£54.3/MWh).
- Day-ahead power was up 5.6% from last week to £41.7/MWh.
- Most contracts followed their gas counterparts higher. The summer 15 contract gained 0.5% to £42.1/MWh.

Annual April contract



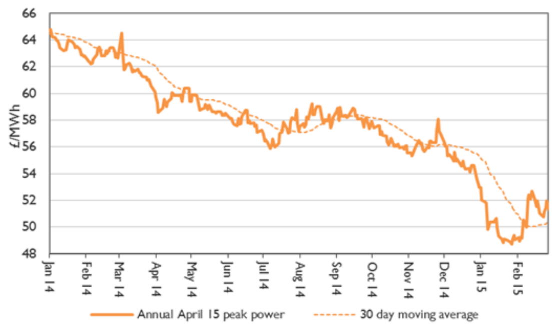
Forward curve comparison



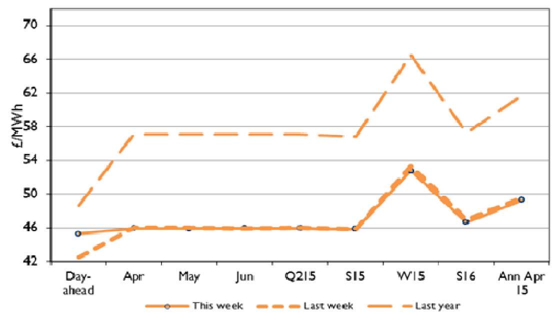
Peak electricity

- The annual April 15 peak contract fell 0.5% to £49.3/MWh. The contract is 20.0% below last year's level of £61.7/MWh.
- Day-ahead peak power gained 6.6% this week to £45.3/MWh.
- All changes along the curve were slight, with the month-ahead contract dropping £0.10/MWh to £45.95/MWh and the summer 15 contract rising £0.05/MWh to £45.85/MWh.

Annual April contract

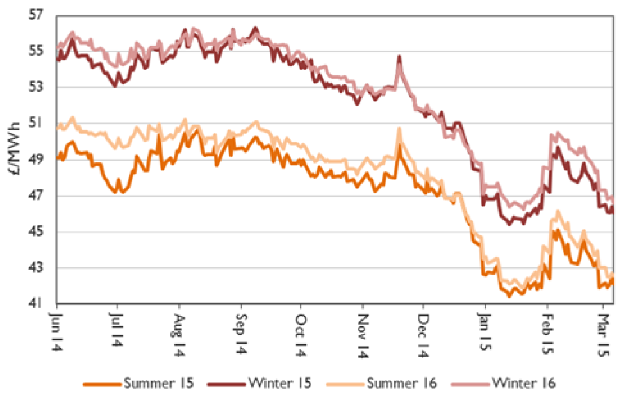


Forward curve comparison



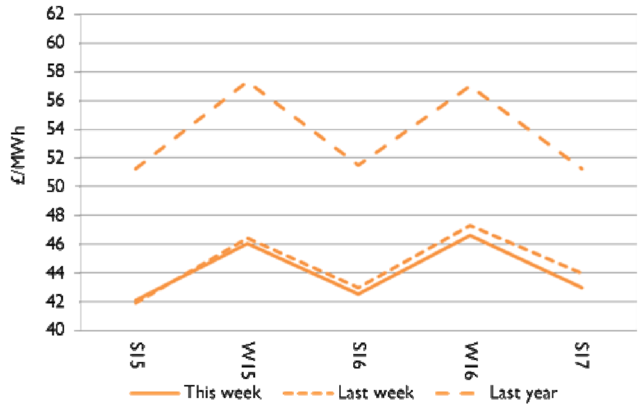
Seasonal power prices

Seasonal power contracts



- The summer 15 contract increased this week, but all other seasonal contracts fell.
- The winter 16 contract lost 1.5% this week, finishing on £46.60/MWh. The contract is 18.2% lower than last year.

Seasonal power curve



- The summer 15 contract gained 0.5% this week to £42.1/MWh. The contract is 17.9% down on last year.

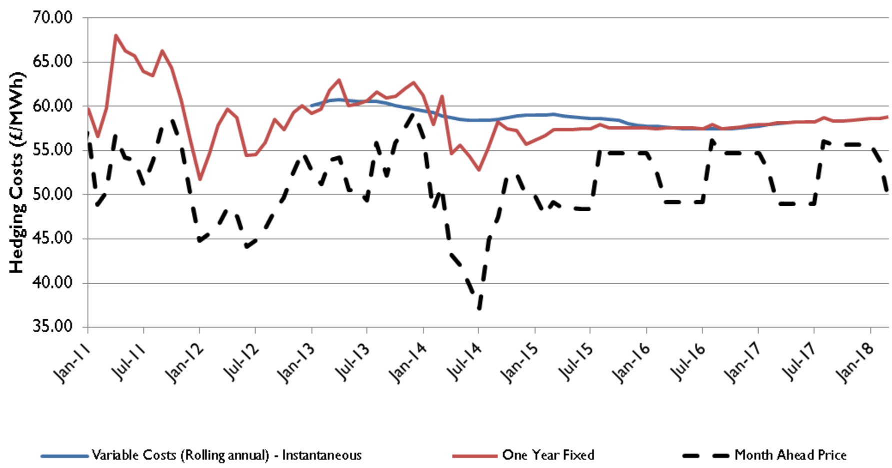
Supplier hedging strategies

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.

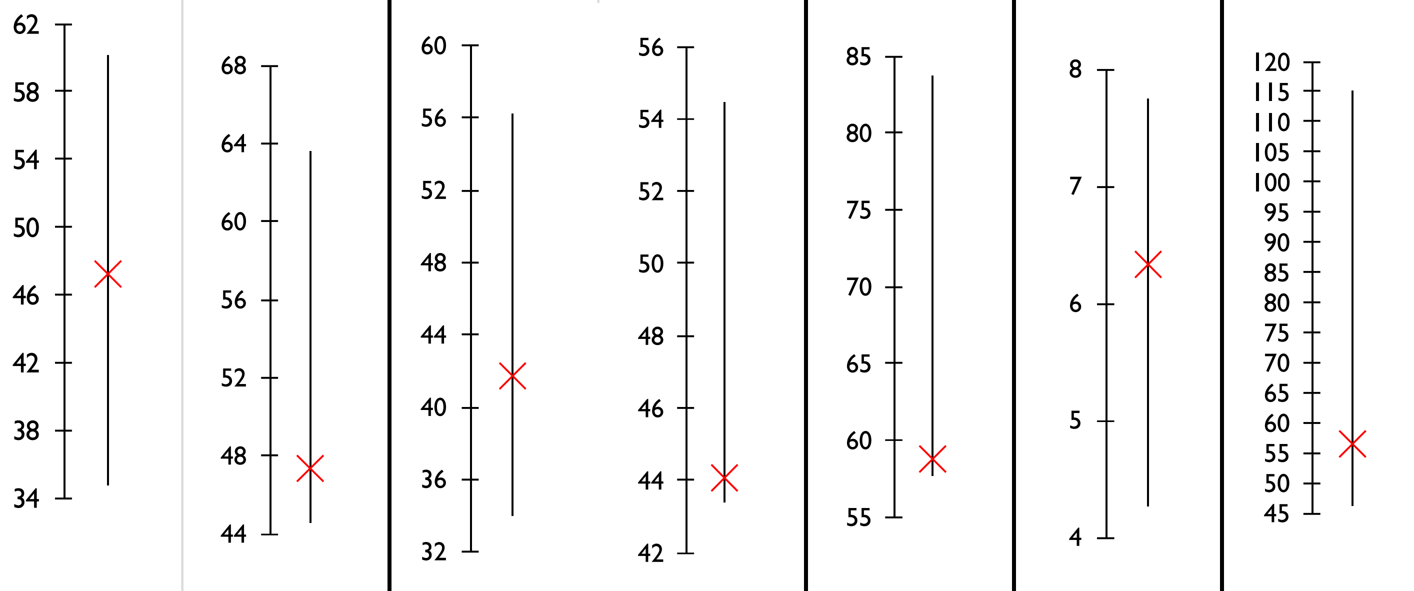


Wholesale price snapshot

Key market indicators: **13/03/2015**

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	($/t)	(€/t)	($/bl)
This week	13 Mar 15	47.25	47.35	41.70	44.08	58.70	6.33	56.56
Last week	6 Mar 15	45.00	46.62	39.50	44.15	60.25	6.77	61.03
Last month	13 Feb 15	54.75	51.77	44.00	47.40	63.50	7.44	60.03
Last year	14 Mar 14	57.50	63.25	44.75	54.28	80.80	6.43	107.59
Year-on-year % change		(18%)	(25%)	(7%)	(19%)	(27%)	(2%)	(47%)
Year high		60.20	63.58	56.30	54.48	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