

Energy Wholesale Market Review

Week Ending 20th March 2015



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Headlines

All gas contracts fell this week as the system remained comfortably supplied. The annual April 15 gas contract declined 1.3% over the week to 46.7p/th. Lower gas prices and weak commodities led to reductions in all power contracts. Annual April 15 power was down 0.9% at £43.7/MWh. The day-ahead power contract ended the week 1.2% lower at £41.2/MWh despite low wind generation. Week-on-week wind generation dropped 67% to 206GWh. Coal prices hit a five-year low of \$56.9/t on Friday because of falling demand in the US and China, with subdued prices expected to last until at least the end of 2016. Month-ahead Brent crude oil prices were 6.0% lower this week, averaging \$54.1/bl, as traders await the conclusions of US-Iran nuclear negotiations. Any deal could result in the lifting of Iranian export sanctions, adding its oil production to an already oversupplied market.

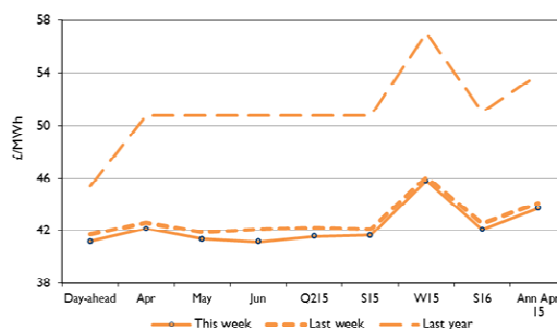
Baseload electricity

- Annual April 15 power decreased 0.9% over the week to £43.7/MWh. The contract is 18.9% below its level last year (£53.9/MWh).
- Day-ahead power was down 1.2% from last week at £41.2/MWh. This is 9.0% below prices last year.
- All contracts along the curve were lower, under the influence of their gas counterparts and a weak commodity outlook.

Annual April contract



Forward curve comparison



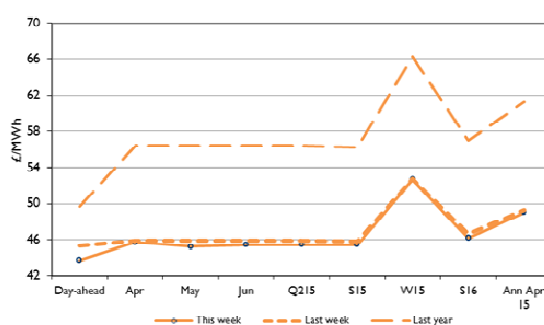
Peak electricity

- The annual April 15 peak contract fell 0.5% to £49.1/MWh. The contract is 20.0% below last year's level of £61.3/MWh.
- Day-ahead peak power lost 3.5% this week to £43.7/MWh.
- All contracts along the curve declined, with the month-ahead contract down 0.4% to £45.8/MWh and the summer 15 contract 0.9% less at £45.5/MWh.

Annual April contract



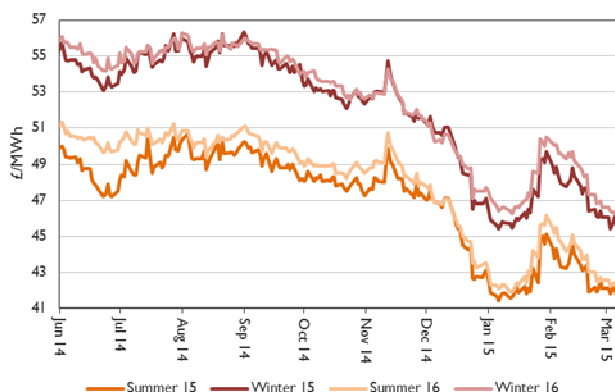
Forward curve comparison



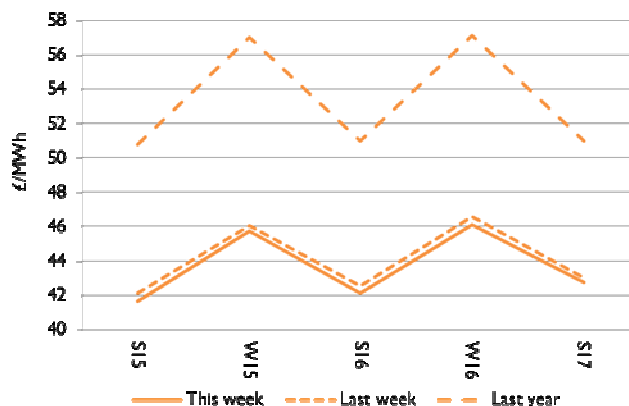


Seasonal power prices

Seasonal power contracts



Seasonal power curve



- All seasonal contracts fell this week following lower gas prices and weak commodity outlooks.
- The summer 15 contract lost 1.1% this week, ending on £41.7/MWh. The contract is 17.9% down on last year.
- The summer 16 contract also decreased 1.1% this week, finishing on £42.1/MWh. The contract is 17.5% lower than last year.

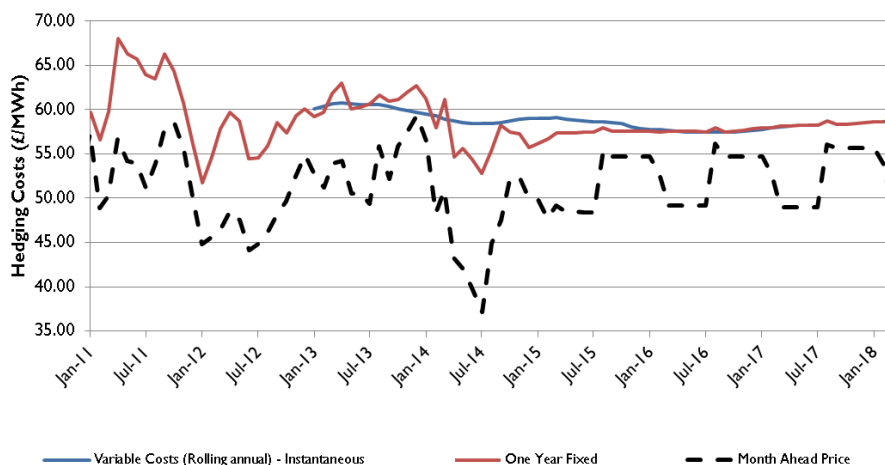
Supplier hedging strategies

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:

20/03/2015

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	20 Mar 15	46.50	46.73	41.20	43.70	56.90	6.73	53.90
Last week	13 Mar 15	47.25	47.35	41.70	44.08	58.70	6.33	56.56
Last month	20 Feb 15	49.75	49.38	42.50	45.63	61.25	7.38	59.96
Last year	21 Mar 14	56.25	62.53	45.40	53.88	81.00	6.13	106.47
Year-on-year % change		(17%)	(25%)	(9%)	(19%)	(30%)	10%	(49%)
Year high		60.20	62.53	56.30	53.98	83.70	7.75	115.20
Year low		34.70	44.56	34.00	43.40	56.90	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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