

Energy Wholesale Market Review

Week Ending 10th April 2015



edw technology

EDW House, Radian Court, Knowhill, 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

All gas and power contracts decreased this week. Temperatures were above seasonal-norms and this resulted in lower gas demand: national system demand was down 15.1% and regional system demand was down 28.1% week-on-week. This pushed day-ahead gas prices down 1.0% to 47.8p/th. The annual October 15 gas contract slipped 1.3% to 47.8p/th. Day-ahead power was down 4.8% from last week to £43.8/MWh despite an 80% drop in wind generation from last week. All other power contracts along the forward curve followed their gas counterparts. The annual October 15 power contract declined 1.2% to £45.2/MWh. In commodities, Brent crude oil climbed 2.3% to average \$57.2/bl after a US Energy Information Administration report raised its worldwide oil demand predictions. Coal prices continued their fall and hit a new five-year low of \$55.4/t on Wednesday.

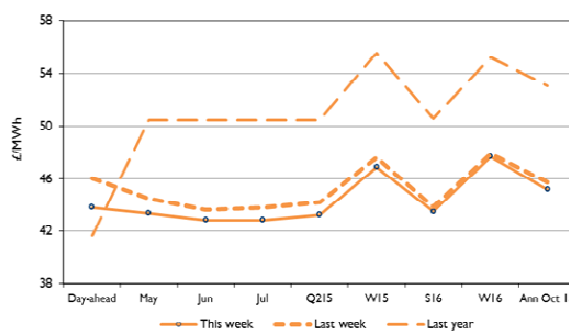
Baseload electricity

- Annual October 15 power dropped 1.2% to £45.2/MWh, under the influence of its gas counterpart. The contract is now 14.9% below its level last year (£53.1/MWh).
- Day-ahead power dropped 4.8% week-on-week to £43.8/MWh. This was despite a drop in wind generation of 80% week-on-week.
- All other contracts along the curve fell, following drops in gas contracts. The month-ahead contract was 2.6% lower at £43.4/MWh. The winter 15 contract slipped 1.6% to £46.9/MWh.

Annual October contract



Forward curve comparison



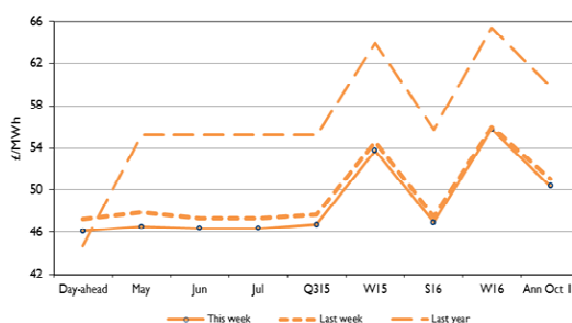
Peak electricity

- The annual October 15 peak contract dropped 1.3% to £50.4/MWh this week. The contract is 15.9% below its price last year.
- Day-ahead peak power lost 2.4% this week to £46.1/MWh.
- All contracts along the curve were lower. The month-ahead contract was 2.8% less at £46.6/MWh and the winter 15 contract decreased 1.5% to £53.8/MWh.

Annual April contract



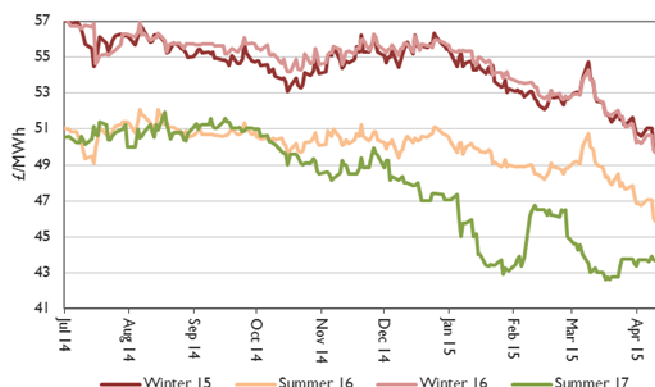
Forward curve comparison



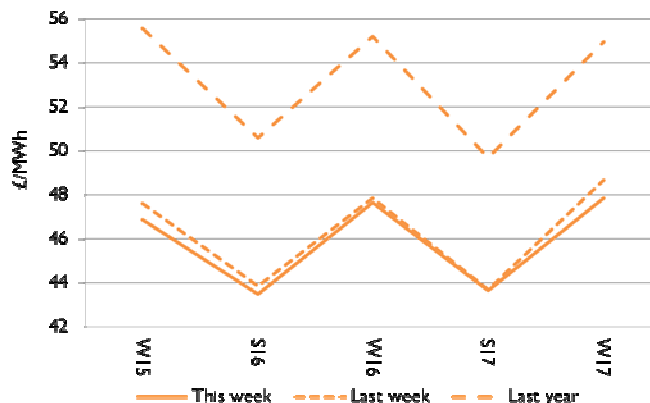


Seasonal power prices

Seasonal power contracts



Seasonal power curve



- All power contracts dropped this week under the influence of gas contracts, which saw falls.
 - The winter 15 contract was 1.6% lower this week at £46.85/MWh, and is now 15.7% under its level last year.
 - The summer 16 contract slipped 0.8% this week and is now 14.0% below its level last year.

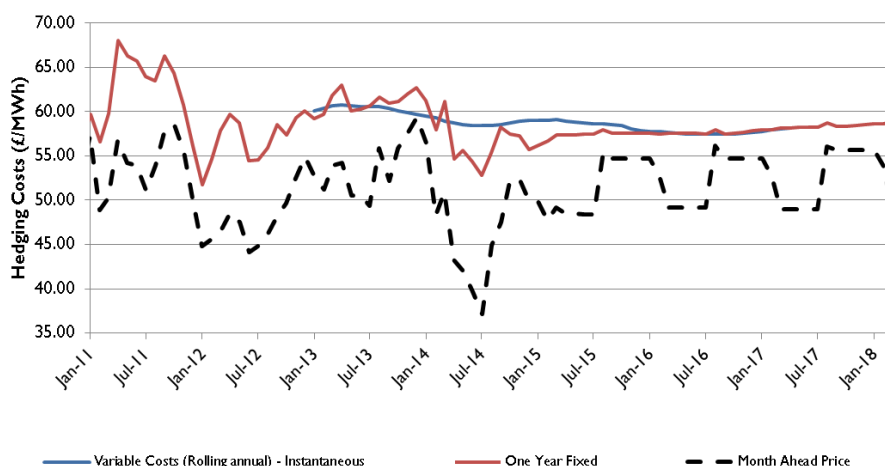
Supplier hedging strategies

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:

10/04/2015

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	10 Apr 15	47.80	47.82	43.80	45.18	56.00	6.96	56.33
Last week	3 Apr 15	48.30	48.47	46.00	45.73	56.50	7.20	56.97
Last month	13 Mar 15	47.25	47.33	41.70	44.30	58.70	6.33	56.56
Last year	11 Apr 14	52.35	60.68	41.65	53.08	81.00	5.30	107.30
Year-on-year % change		(9%)	(21%)	5%	(15%)	(31%)	31%	(48%)
Year high		60.20	62.55	56.30	54.42	83.70	7.75	115.20
Year low		34.70	45.04	34.00	43.68	55.40	4.68	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 © 2014 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.