

Energy Wholesale Market Review

Week Ending 17th April 2015



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Headlines

The annual October 15 power contract dropped 0.2% to £45.1/MWh this week and the annual October 15 gas contract decreased 0.4% to 47.6p/th. The day-ahead power contract was up 0.9% this week at £44.2/MWh, having been influenced by low wind generation. Other contracts along the forward curve to winter 15 were down following drops in gas prices. Temperatures were 18% above the seasonal norm this week, reducing system demand, and this led to a 4.3% decline in the day-ahead gas contract to 45.8p/th. Gas supply to the market is ample at present and this is likely to continue, with more LNG deliveries to the UK scheduled over the next month. The month-ahead gas contract was 2.3% lower this week at 44.9p/th. In commodities, Brent crude oil ended the week at \$63.5/bl, a four-month high. Coal prices recovered from a five-year low last week and climbed 1.6% to average \$56.9/t over the week, but the market remains oversupplied.

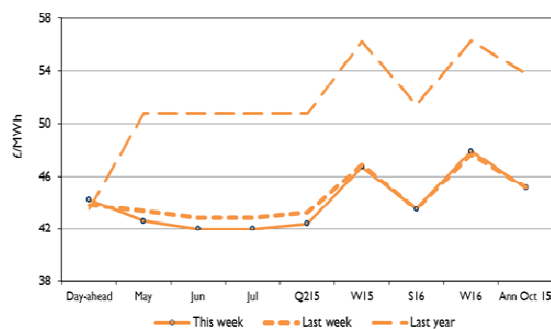
Baseload electricity

- Annual October 15 power dropped 0.2% to £45.1/MWh. The contract is now 16.2% below its level last year (£53.8/MWh).
- Day-ahead power was up 0.9% week-on-week to £44.2/MWh, influenced by low wind generation towards the end of the week.
- Other contracts along the forward curve to winter 15 fell with drops in gas contracts. The month-ahead contract was 1.7% lower at £42.6/MWh.

Annual October contract



Forward curve comparison



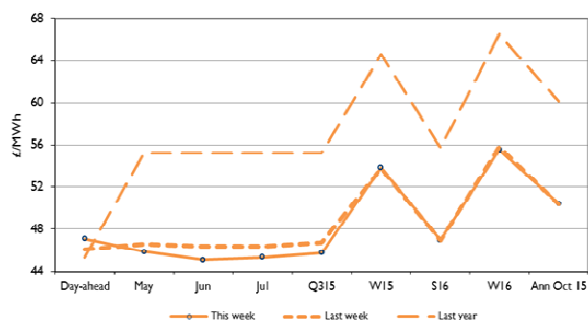
Peak electricity

- The annual October 15 peak contract climbed 0.1% this week to £50.4/MWh.
- Day-ahead peak power increased 2.2% this week to £47.1/MWh.
- Trends along the forward curve were mixed. The month-ahead contract decreased 1.5% to £45.9/MWh. The winter 15 contract was 0.2% more at £53.9/MWh.

Annual April contract



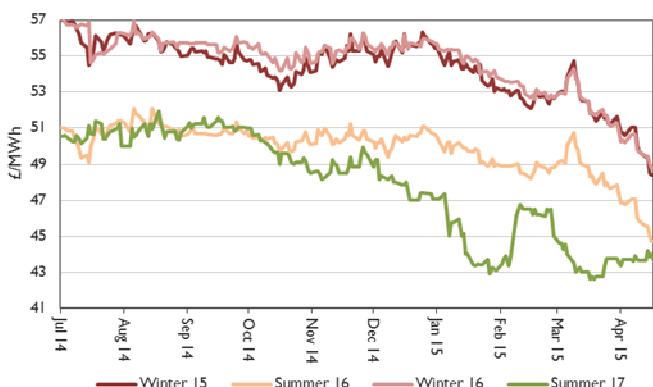
Forward curve comparison





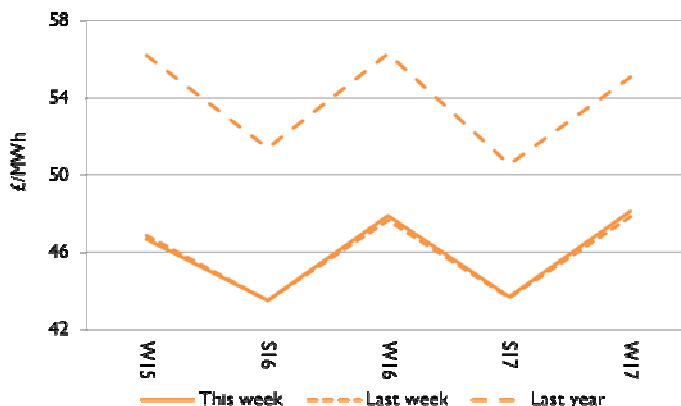
Seasonal power prices

Seasonal power contracts



- The winter 15 contract declined this week and the summer 16 contract was unchanged.
- Other seasonal contracts increased with rises in gas prices.

Seasonal power curve



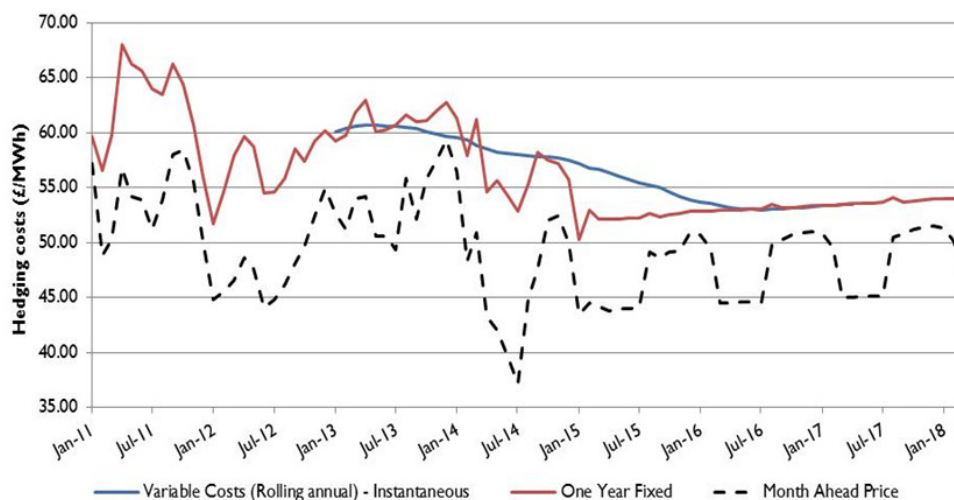
- The winter 15 contract slipped 0.3% this week to £46.7/MWh, and is now 16.9% under its level last year.
- The winter 16 contract rose 0.5% this week to £47.9/MWh and is now 14.9% below its level last year.

Supplier hedging strategies

The annual October 15 power contract increased 2.3% in March, driven by rises in gas and carbon prices. The corresponding annual gas contract climbed 3.2% and carbon prices were up 2.5% over the same period. Power prices gained despite a decline in coal prices of 6.9%.

Some small suppliers put their prices up in March, with fixed tariff increases seen at Ovo (+5.2%), Green Star (+3.2%), and First Utility (+1.5%), among others. Activity in the Big Six was mixed, with npower (+2.6%) and Scottish Power (+3.4%) setting their prices higher, but EDF Energy and SSE announced decreases of 5.3% and 5.5% respectively.

With power and gas prices showing gains in the month, the suppliers seen to be adjusting their prices accordingly are likely to be shorter-hedged. Longer-hedged suppliers are more likely to weather short periods of rising prices.





Wholesale price snapshot

Key market indicators:

17/04/2015

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	17 Apr 15	45.75	47.62	44.20	45.10	57.60	6.89	63.45
Last week	10 Apr 15	47.80	47.82	43.80	45.18	56.00	6.96	56.33
Last month	20 Mar 15	46.50	46.76	41.20	43.93	56.90	6.73	53.90
Last year	18 Apr 14	51.00	62.50	43.50	53.80	82.40	5.47	109.60
Year-on-year % change		(10%)	(24%)	2%	(16%)	(30%)	26%	(42%)
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.

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