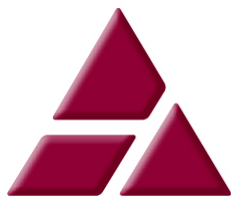


# Energy Wholesale Market Review

Week Ending 29<sup>th</sup> May 2015



**edw** technology

**EDW House, Radian Court, Knowlhill, Milton Keynes, MK5 8PJ.**

**Phone:** +44 (0)8448 802 489  
**Email:** [info@edwtech.com](mailto:info@edwtech.com)  
**Website:** [edwtech.com](http://edwtech.com)



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## Headlines 29/05/2015

The annual October 15 power contract was unchanged this week at £44.0/MWh but the corresponding gas contract slipped 0.2% to 45.8p/th with the gas supply outlook remaining healthy. Power contracts in the forward quarter increased, with the day-ahead contract up 4.5% to £41.0/MWh as a result of lower wind generation and higher demand on Friday. The day-ahead gas contract rose 1.4% to 43.2p/th as unplanned outages on Norwegian gas fields restricted supply and temperatures stayed below the seasonal norm. Exports of gas to Europe continued this week as GB, Belgian, and Dutch prices remain converged. The clean dark spread was 3.2% less at £8.4/MWh due to a gain in the coal price on Friday. The clean spark spread was 1.3% wider this week at £3.9/MWh as a result of the reduction in the annual gas contract. Brent crude oil decreased 2.2% to average \$64.0/bl across the week as the market remains oversupplied.

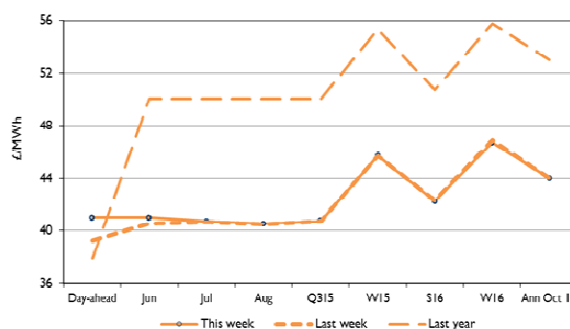
## Baseload electricity

- Annual October 15 power remained unchanged from last week at £44.0/MWh. The contract is 1.9% less than its price a month ago (£44.8/MWh) and 17.0% below its price last year (£53.0/MWh).
- Power contracts in the forward quarter increased this week as a result of lower wind generation and an upturn in demand on Friday. Contracts after winter 16 showed losses.
- The day-ahead contract rose 4.5% this week to £41.0/MWh and is now the same price as last month.

### Annual October contract



### Forward curve comparison



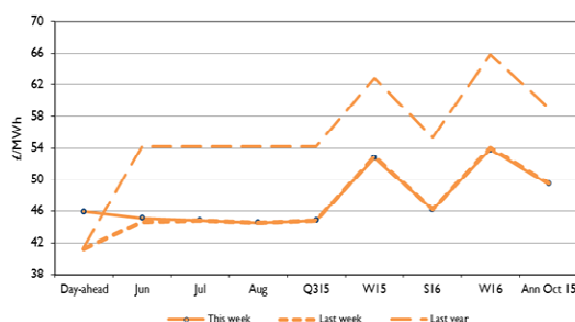
## Peak electricity

- The annual October 15 peak contract reduced by 0.2% this week to £49.5/MWh. The contract is 1.5% below its price last month (£50.2/MWh) and 16.3% below its price last year (£59.1/MWh).
- Peak power contracts in the forward quarter rose this week, but most seasonal contracts declined.
- Day-ahead peak power was 11.1% higher at £45.9/MWh and is now 6.0% above its level a month ago.

### Annual October contract



### Forward curve comparison



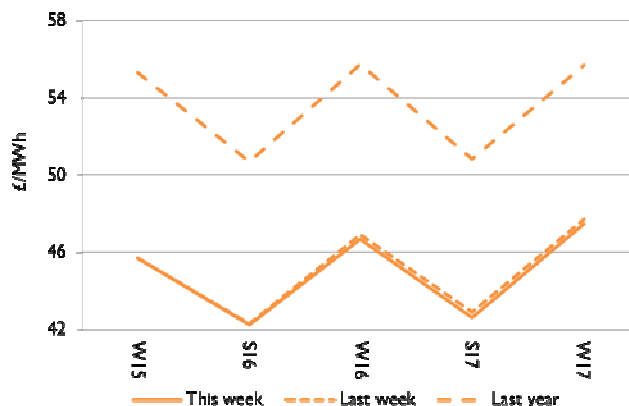


## Seasonal power prices

### Seasonal power contracts



### Seasonal power curve



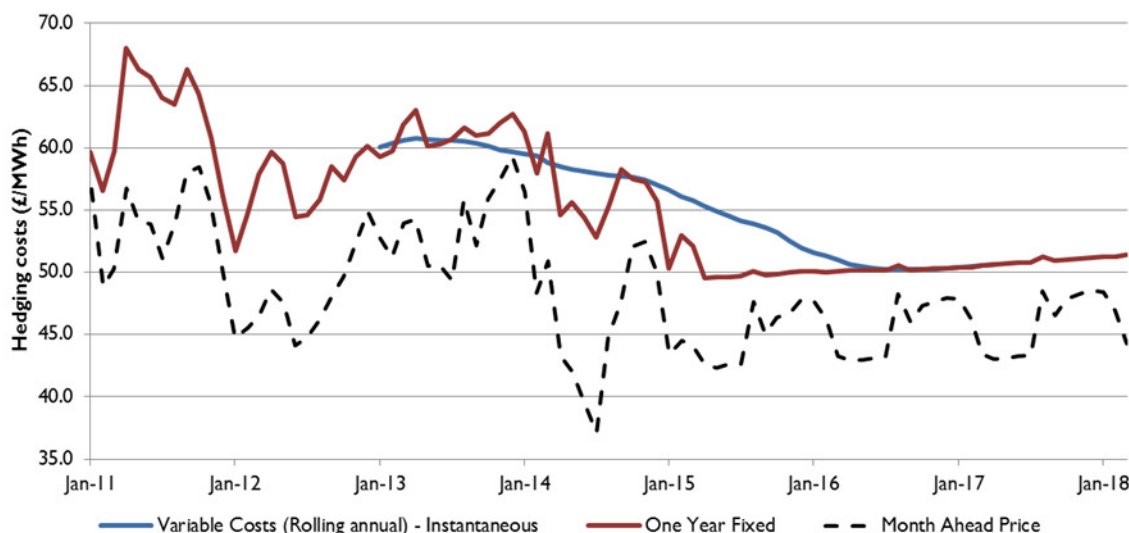
- The winter 15 contract was unchanged this week at £45.7/MWh but other seasonal contracts had slight reductions with their gas counterparts.
- The summer 16 contract slipped 0.1% this week to £42.3/MWh and is now 2.3% below its level last month (£43.3/MWh).
- The winter 16 contract was down 0.4% at £46.7/MWh and is now 1.9% under its level last month (£47.6/MWh).

## Supplier hedging strategies

The annual October 15 power contract was relatively stable in April, with an overall increase of just 0.3%. A decrease in the annual gas contract (-3.1%) was offset by gains in coal and carbon prices (up 2.5% and 6.5% respectively).

Most suppliers reduced their fixed tariffs in April, with lower prices seen at LoCO2 (-9.7%), Extra Energy (-1.6%), Scottish Power (-4.0%), nPower (-0.5%), First Utility (-1.1%), and Ovo (-3.4%). The only supplier to increase their tariffs was Green Star Energy (+1.5%).

The reduction in gas prices has allowed suppliers to offer lower fixed term deals. Those offering lower prices on fixed term deals are likely to be shorter hedged, while flat variable tariffs are likely to be hedged in the longer-term.





## Wholesale price snapshot

Key market indicators:

29/05/2015

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	29 May 15	43.20	45.76	41.00	43.98	57.25	7.30	63.21
Last week	22 May 15	42.60	45.86	39.25	44.00	56.80	7.32	65.96
Last month	1 May 15	44.55	47.03	41.00	44.83	58.60	7.51	66.38
Last year	30 May 14	42.25	60.83	37.90	53.00	82.45	5.19	109.95
Year-on-year % change		2%	(25%)	8%	(17%)	(31%)	41%	(43%)
Year high		60.20	61.20	56.30	53.75	82.45	7.75	115.20
Year low		34.70	45.04	34.00	43.68	55.40	5.02	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](http://www.edwtech.com)

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