



Energy Wholesale Market Review

Week Ending 10th July 2015



edw technology

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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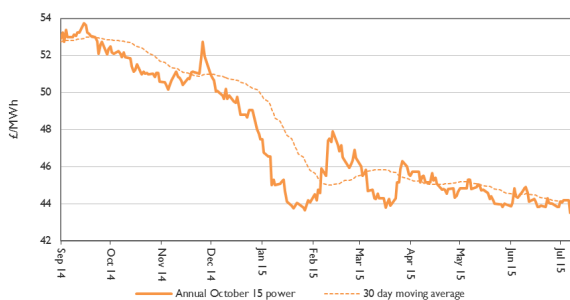
Headlines 10/07/2015

Seasonal power contracts fell to record-lows this week following decreases in oil, coal and gas prices. The winter 15 power contract dropped to £47.4/MWh on 7 July, its lowest recorded level. The contract followed its gas counterpart lower, with winter 15 gas falling 0.7% to 47.8p/th. The annual October 15 power contract is now at £44.0/MWh, 14.7% below its value last year. In contrast, shorter-term gas and power contracts rose as an undersupplied gas system, following unplanned outages, pushed prices higher. The day-ahead gas contract climbed 2.3% to 44.7p/th, a five-week high. Brent crude oil decreased 7.4% this week to average \$58.0/bl as a reduction in the Chinese stock market and the potential lifting of Iranian export sanctions held down prices. On Wednesday 8 July, the European Parliament approved the Market Stability Reserve. Carbon prices responded by climbing 0.6% during the week to average €7.5/t, although they remain low.

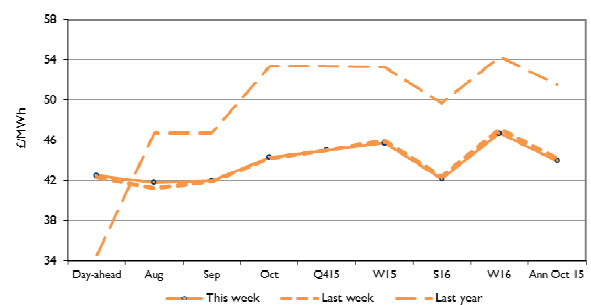
Baseload electricity

- Annual October 15 power was 0.6% lower this week at £44.0/MWh. The contract is now 0.4% below its level last month (£44.1/MWh) and 14% below its level last year (£51.5/MWh).
- The day-ahead power contract followed its gas counterpart higher, rising 0.5% to £42.5/MWh. This was despite a 15% rise in wind generation.
- All other power contracts to Q415 rose this week.
- The forward curve remains relatively flat compared to last year, with a comfortable supply picture influencing longer-term contracts.

Annual October contract



Forward curve comparison



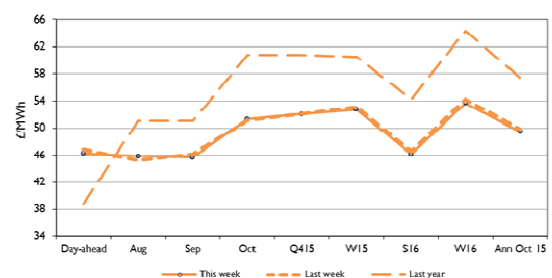
Peak electricity

- The annual October 15 peak contract dropped 0.8% to £49.5/MWh. The contract is now 0.6% under its level last month (£49.8/MWh).
- Most contracts along the peak forward curve were down this week.
- Day-ahead peak power lost 1.2% this week to £46.3/MWh as peak power demand was down 0.9%.
- Winter 15 peak power fell 0.7% to £52.8/MWh. The contract is now 0.3% less than its level last month (£52.9/MWh).

Annual October contract



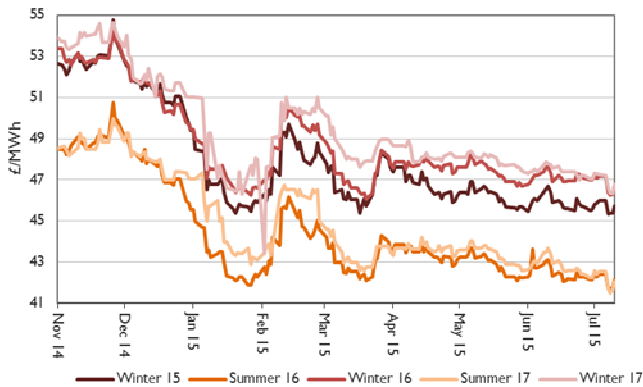
Forward curve comparison





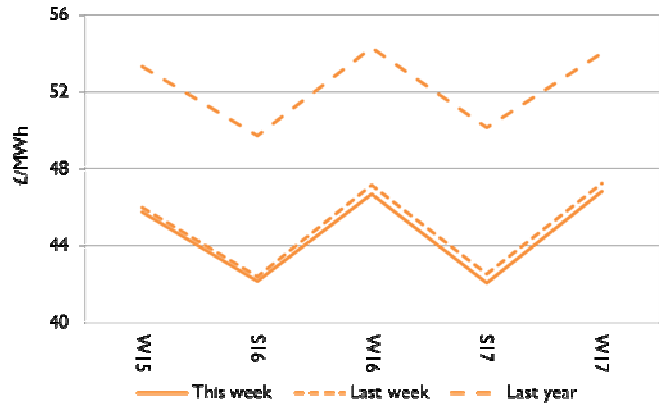
Seasonal power prices

Seasonal power contracts



- Falling coal, oil and gas contracts fed through to the power market this week, with falls averaging 0.8%.
- Winter 15 power fell 0.5% to £45.8/MWh, dropped to a record low of £45.4/MWh on 7 July.

Seasonal power curve



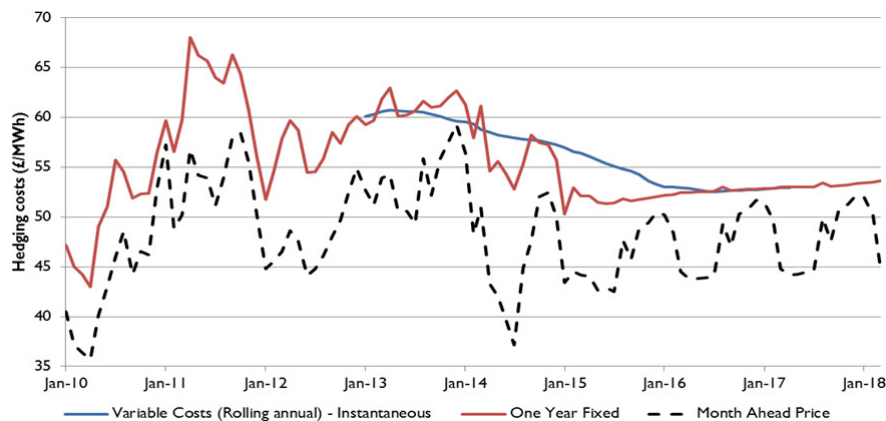
- The summer 16 contract decreased 0.6% to £42.2/MWh. The contract is now 15.2% under its level last year (£49.7/MWh).
- The winter 16 contract lost 1.0% to £46.7/MWh. The contract is now 14% below its level last year (£54.3/MWh).

Supplier hedging strategies

The annual October 15 power contract averaged £44.2/MWh in June, a fall of 0.9% from the May average of £44.6/MWh. The price slide was led by a decline in the corresponding annual gas contract, with annual October 15 gas down 1.5% to 46.0p/th in June. The effect of the lower gas price on the power contract was dampened by a climb in the coal price, which was up 1.6% month-on-month to average \$58.5/tonne in June.

There were 23 price changes to fixed domestic dual-fuel tariffs in June. Of these, 16 were reductions and seven were increases. Tariff rises were seen at First Utility (+1.6%), EDF (+0.1% and +4.0%), iSupply (+1.0% and +0.8%), Scottish Power (+0.5%), and Sainsbury's (+1.5%). Decreases were in tariffs belonging to British Gas (-1.7%), Ovo (-2.0% to -2.2%), Fairer Power (-3.2%), Peterborough Energy (-1.8%), Southend Energy (-2.3% and -2.4%), Woodland Trust (-2.0% and -2.1%), First Utility (-2.4%), Zog (-0.5%), Green Star (-1.0%), and Sainsburys (-1.7% and -2.1%).

The reductions seen in annual power and gas contracts have allowed some suppliers to offer lower fixed term deals. Those now offering lower prices, are more likely to be shorter-hedged, and therefore able to pass on any contract price reductions through their tariffs. Other suppliers are likely to be hedged across a longer-term.





Wholesale price snapshot

Key market indicators:

10/07/2015

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	10 Jul 15	44.70	45.53	42.50	43.95	58.50	7.58	59.19
Last week	3 Jul 15	43.70	45.94	42.30	44.20	59.25	7.45	61.67
Last month	12 Jun 15	43.35	45.91	42.20	44.13	58.10	7.57	64.76
Last year	11 Jul 14	34.70	58.25	34.60	51.50	77.65	5.72	108.00
Year-on-year % change		29%	(22%)	23%	(15%)	(25%)	33%	(45%)
Year high		60.20	61.16	56.30	53.75	80.60	7.75	108.40
Year low		34.70	44.92	34.00	43.53	55.40	5.66	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

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