

Energy Wholesale Market Review

Week Ending 17th July 2015



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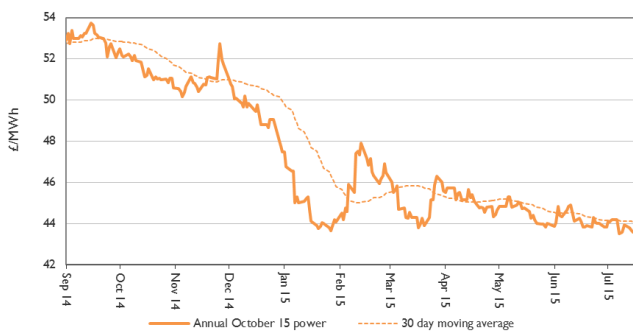
Headlines 17/07/2015

Oil, coal, gas and power contracts all saw decreases this week, with seasonal power and gas contracts reaching record-lows. The winter 15 power contract fell 1.1% to £45.25/MWh, the lowest price since the contract began. Its gas counterpart also dropped to a record low, as winter 15 gas fell 2.1% to 46.8p/th. This was despite storage worries as gas injections at Rough continue to slow. The day-ahead gas contract fell 2.1% to 43.8p/th as the system became more comfortably supplied with UKCS deliveries toward the end of the week. In contrast, day-ahead power rose 0.4% to £42.7/MWh with unplanned outages at Aberthaw and Staythorpe on Friday. Brent crude oil lost 0.9% this week, averaging \$57.5/bl, following an Iranian nuclear deal sealed on Monday. EU ETS carbon prices have climbed 3.5% this week, averaging €7.7/t. Carbon reached a five-month high of €7.8/t on Wednesday afternoon.

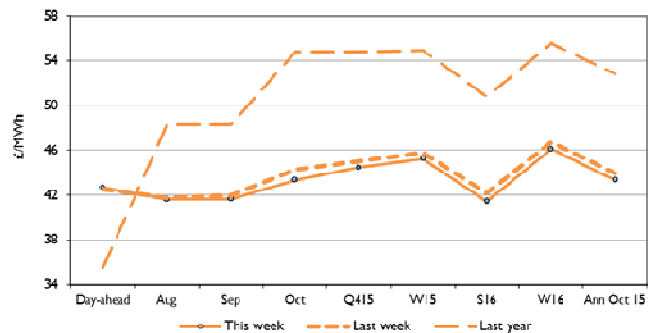
Baseload electricity

- Annual October 15 power was 1.4% lower this week at £43.4/MWh, and is 1.3% below its level last month (£43.9/MWh).
- The contract is now at its lowest price to date, following coal, oil and gas contracts.
- Most power contracts followed their gas counterparts lower, averaging a 1.1% fall across all contracts.
- However, the day-ahead contract rose 0.4% to £42.7/MWh following unplanned outages at Aberthaw and Staythorpe and slightly lower forecast wind generation.

Annual October contract



Forward curve comparison



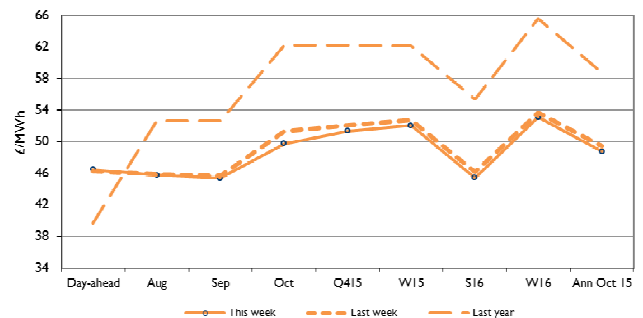
Peak electricity

- The annual October 15 peak contract slipped 1.4% to £48.8/MWh. The contract is now 17% under its level last year (£58.8/MWh).
- The majority of contracts along the peak forward curve were down this week.
- Winter 15 peak power dropped 1.3% to £52.1/MWh. The contract is now 16% less than its level last year (£62.2/MWh).

Annual October contract



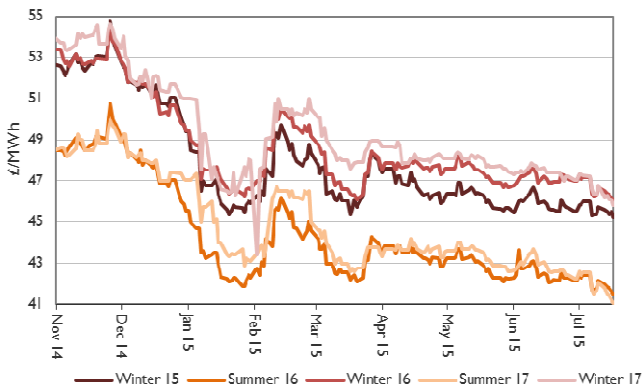
Forward curve comparison



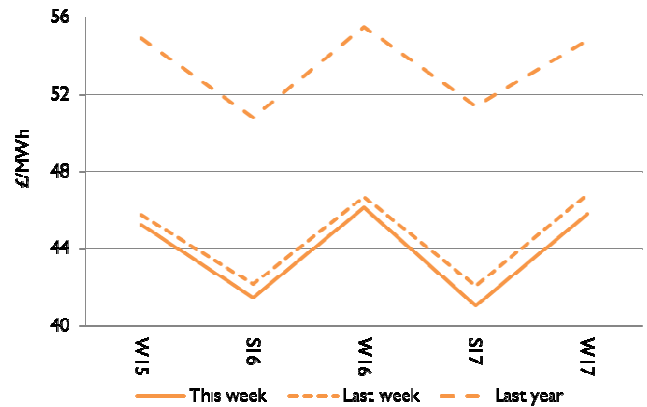


Seasonal power prices

Seasonal power contracts



Seasonal power curve



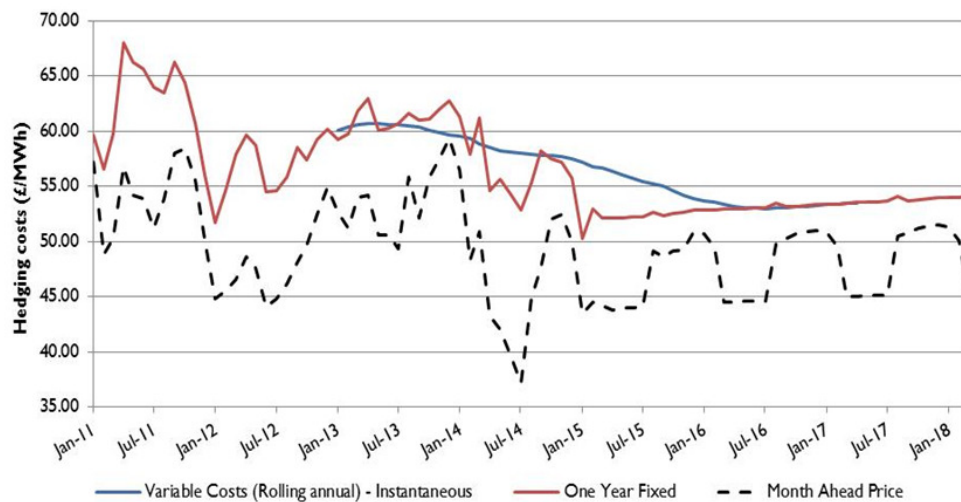
- Coal, oil and gas contracts continued to fall this week, which fed through to seasonal power contracts, with falls averaging 1.1%.
- Winter 15 power fell 1.1% to £45.25/MWh, a record low for the contract.
- The summer 16 contract decreased 1.7% to £41.45/MWh and is now 18.4% under its level last year (£50.8/MWh).
- Winter 16 contract lost 1.3% to £46.1/MWh, a record low. The contract is now 17% below its level last year (£55.5/MWh).

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:

17/07/2015

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	17 Jul 15	43.75	44.41	42.66	43.35	57.70	7.66	57.04
Last week	10 Jul 15	44.70	45.53	42.50	43.95	58.50	7.58	59.19
Last month	19 Jun 15	43.40	45.65	42.65	43.90	58.85	7.45	63.57
Last year	18 Jul 14	38.25	60.23	35.53	52.85	78.00	6.14	108.40
Year-on-year % change		14%	(26%)	20%	(18%)	(26%)	25%	(47%)
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.

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