



Energy Wholesale Market Review

Week Ending 14th August 2015



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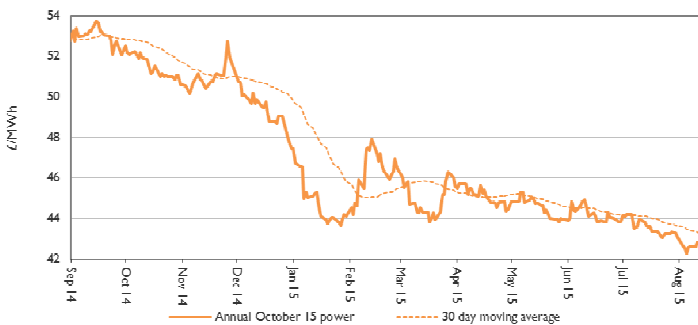
Headlines 14/08/2015

Front season gas and power contracts experienced small losses this week alongside declining oil and coal prices. Winter 15 gas dropped 0.7% to 44.5p/th, as increased storage injections boosted the winter supply outlook and falls in prompt prices fed through to the forward curve. Day-ahead gas decreased 0.4% to 40.7p/th with greater LNG deliveries and UKCS supplies. The contract hit a one-year low of 40.5p/th on Thursday. Winter 15 power lowered 0.2% to £44.4/MWh, influenced by its gas counterpart and a decline in coal prices. However, day-ahead power was unchanged at £42.0/MWh. Brent crude oil fell 1.2% to average \$49.5/t, hitting a six-month low of \$49.2/bl on Friday, as a significant depreciation of the Chinese yuan lowered expected demand. Coal prices dipped 2.2% to \$54.4/t, reaching a low of \$54.0/t on Thursday, the lowest price on our records since January 2006. EU ETS carbon lifted 1.7% this week to average €8.02/t, and rose to a high of €8.21/t on Thursday.

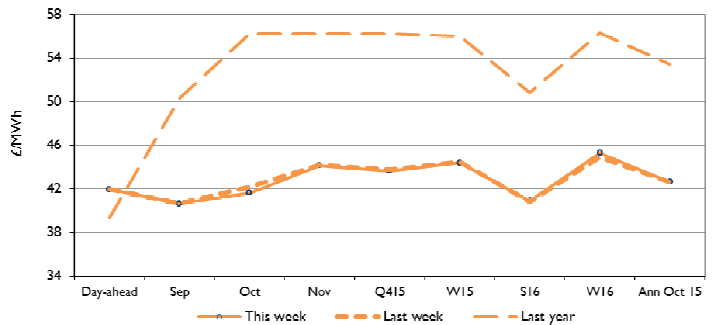
Baseload electricity

- Annual October 15 power was unchanged at £42.7/MWh, The contract is now 1.6% below its level last month (£44.4/MWh).
- This was despite a decline in its corresponding gas contract and lower coal prices.
- Contracts were relatively stable this week, with most contracts showing minor decreases.
- The day-ahead contract was unchanged at £42.0/MWh. Lower coal and gas prices were offset by a decline in wind generation and increased demand.

Annual October contract



Forward curve comparison



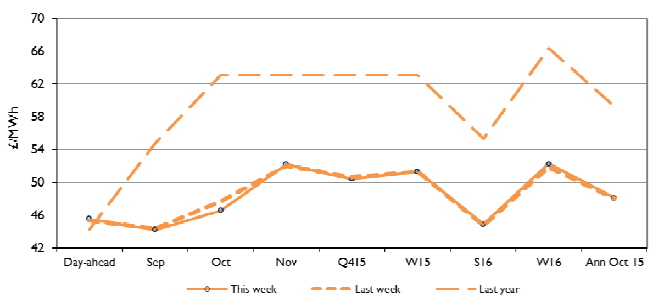
Peak electricity

- The annual October 15 peak power contract was steady this week, remaining at £48.1/MWh.
- The contract was influenced by its corresponding baseload power contract, which also remained unchanged.
- Peak power contracts along the forward curve showed mixed changes this week.
- October 15 peak power saw the greatest fall, decreasing 2.3% to £46.6/MWh.
- In contrast, day-ahead peak power lifted 0.3% to £45.6/MWh, with average peak demand lifting 5.4%.

Annual October contract



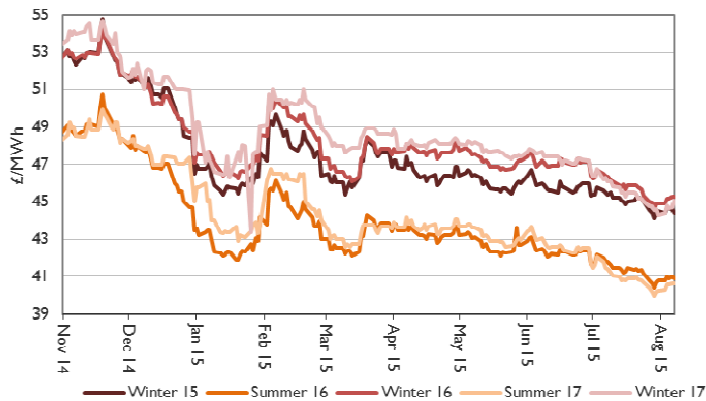
Forward curve comparison



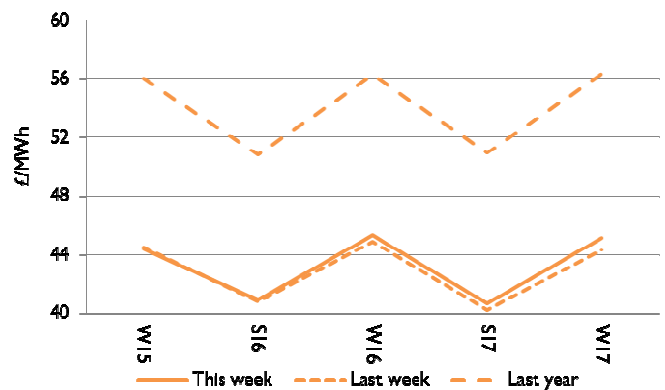


Seasonal power prices

Seasonal power contracts



Seasonal power curve



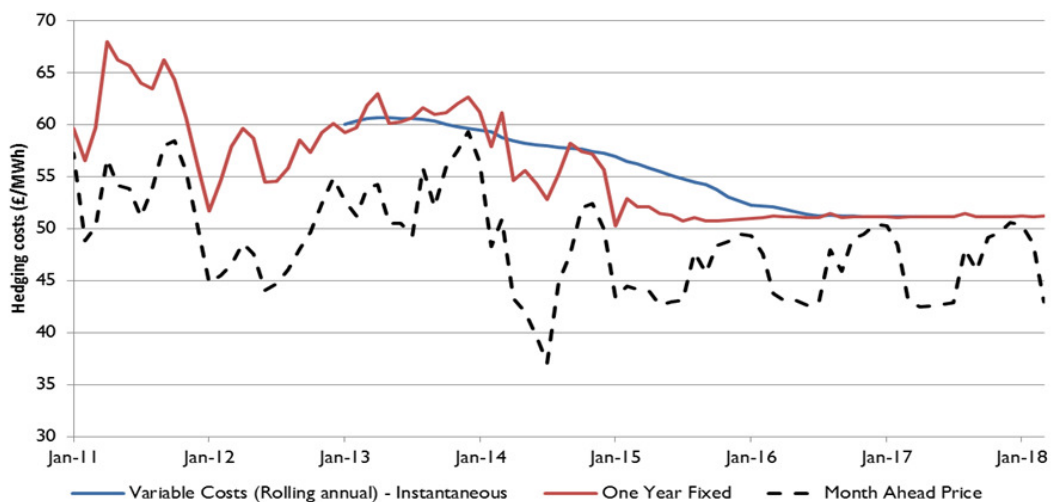
- Most seasonal power contracts experienced small gains this week, with the exception of the winter 15 contract.
- The contract fell 0.2% to £44.4/MWh, influenced by falling oil and coal prices.
- Summer 16 power gained 0.2% this week to £40.9/MWh and is now 19.6% below its level last year (£50.9/MWh).
- Winter 16 power followed its gas counterpart upwards, lifting 0.9% to £45.3/MWh.
- Seasonal contracts saw an average rise of 0.7%.

Supplier hedging strategies

The annual October 15 power contract averaged £43.6/MWh in July, down 1.4% from the June average of £44.2/MWh. The fall owed to a decline in the corresponding annual gas contract and a decreased coal price. Annual October 15 gas was down 2.7% to 44.7p/th in July. Coal prices were down 1.1% in July to average \$57.9/t.

There were 20 price changes to fixed domestic dual-fuel tariffs in July. Of these, 15 were reductions and five were increases. Tariff rises were seen at GoEffortless (+4.5% and +6.0%), Scottish Power (+3.2%), First Utility (+0.4%), and Green Star (+0.3%). Decreases were in tariffs belonging to British Gas (-2.4%), Flow (-9.5%), Extra (-1.3%), iSupply (-0.3% and -0.3%), Green Star (-2.6% and -0.6%), First Utility (-1.3%, -3.5% and -0.2%), M&S (-2.1%), npower (-5.4%), GnERGY (-0.7%), Scottish Power (-0.4%) and Sainsburys (-2.8%).

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:

14/08/2015

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	14 Aug 15	40.65	42.47	41.95	42.65	54.15	8.19	49.20
Last week	7 Aug 15	40.80	42.66	42.00	42.65	55.25	7.80	49.49
Last month	17 Jul 15	43.75	44.41	42.66	43.35	57.70	7.66	57.04
Last year	15 Aug 14	42.75	61.16	39.40	53.43	79.75	6.22	102.14
Year-on-year % change		(5%)	(31%)	6%	(20%)	(32%)	32%	(52%)
Year high		60.20	61.16	56.30	53.73	80.00	8.21	103.02
Year low		40.63	42.16	36.00	42.25	54.00	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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