

Energy Wholesale Market Review

Week Ending 28th August 2015



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Headlines 28/08/2015

Power and gas prices were turbulent this week, with contracts on the near-curve rising, while further-out contracts experienced falls. Winter 15 gas fell to a contract low of 43.1p/th on Monday, influenced by declining oil prices, but ended the week up 0.4% at 43.9p/th. Day-ahead gas lifted 2.1% to 38.8p/th as lower temperatures increased demand. Winter 15 power also fell to a contract low on Monday at £43.6/MWh, following large drops in coal and gas prices, but finished the week 0.3% higher at £44.0/MWh. Day-ahead power rose with its gas counterpart, lifting 1.1% to £39.1/MWh. Brent crude oil slipped 7.0% to average \$44.5/bl, reaching a low of \$43.4/bl on Monday, the lowest price since March 2009. Prices initially fell due to a large drop in the Chinese stock market, but recovered to \$47.7/bl on Friday. API coal fell 1.8% to average \$52.1/t, hitting its lowest level in over a decade on Monday at \$51.6/t. Global stock markets were the key driver of commodity prices this week.

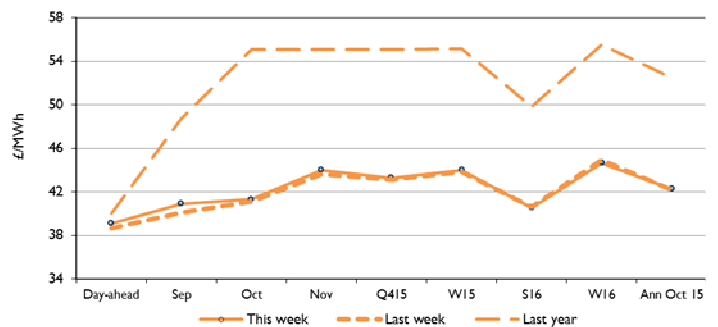
Baseload electricity

- Annual October 15 power increased 0.1% to £42.3/MWh this week, and is now 1.9% below its level last month (£43.1/MWh).
- The contract saw an initial fall early in the week, following gas and coal prices down, before rising back close to last week's levels.
- Most power contracts along the forward curve made gains this week.
- Day-ahead power lifted 1.1% to £39.1/MWh, following its gas counterpart higher. Lower forecast wind generation on Friday increased prices further.

Annual October contract



Forward curve comparison



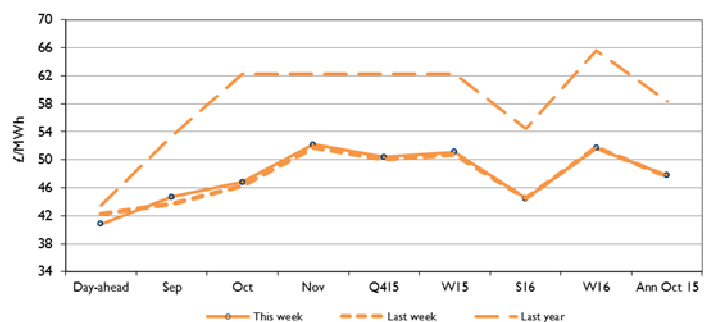
Peak electricity

- The annual October 15 peak power contract gained 0.3% this week to £47.8/MWh.
- The contract followed its corresponding baseload power contract higher (+0.4%).
- The contract is now 18.1% below its level last year (£58.4/MWh).
- Peak power contracts showed variable changes this week.
- Day-ahead peak power fell 3.4% to £40.8/MWh, a one-year low, despite average peak demand lifting 1.2%.
- Winter 15 peak power increased 1.1% to £51.1/MWh.

Annual October contract



Forward curve comparison



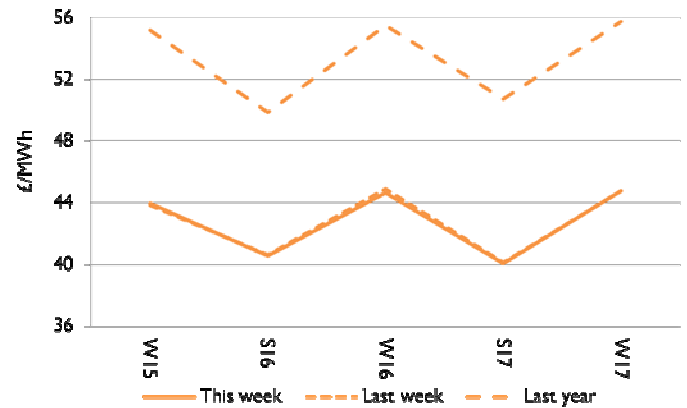


Seasonal power prices

Seasonal power contracts



Seasonal power curve



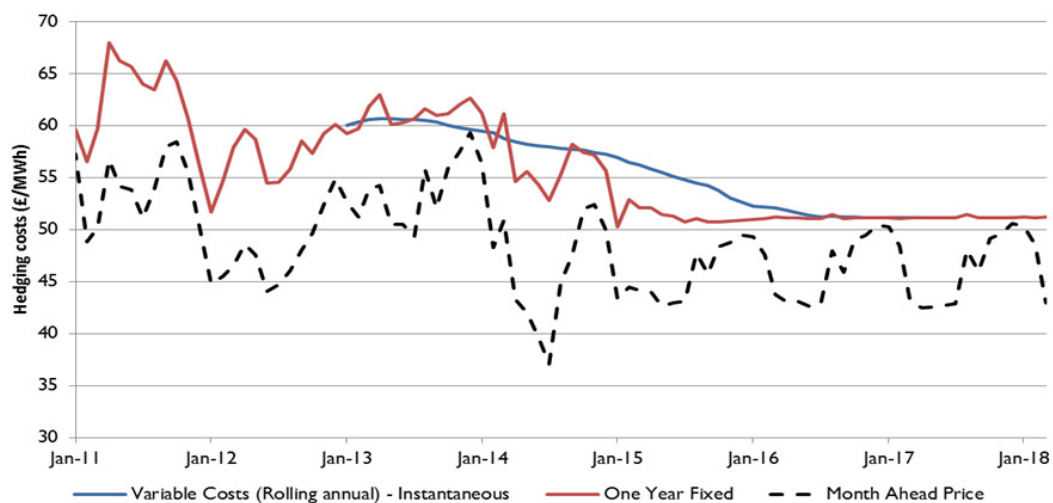
- All seasonal contracts decreased this week, with the exception of winter 15.
- All contracts experienced large falls early in the week before making later recoveries.
- Winter 15 power initially fell to a record low of £43.6/MWh on Monday, before rising, ending the week up 0.3% at £44.0/MWh.
- Summer 16 power lost 0.1% this week to £40.6/MWh and is now 18.7% below its level last year (£49.9/MWh).
- Winter 16 power fell 0.6% to £44.7/MWh, 19.5% under its value last year (£55.5/MWh).

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:

28/08/2015

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	28 Aug 15	38.80	41.91	39.13	42.28	53.15	8.09	47.66
Last week	21 Aug 15	38.00	41.75	38.70	42.23	52.60	8.36	46.37
Last month	31 Jul 15	43.65	43.66	40.76	43.08	56.45	7.87	52.62
Last year	29 Aug 14	44.75	59.69	40.00	52.53	78.75	6.43	102.84
Year-on-year % change		(13%)	(30%)	(2%)	(20%)	(33%)	26%	(54%)
Year high		60.20	61.10	56.30	53.73	79.00	8.36	103.02
Year low		37.35	41.18	36.00	41.98	51.60	5.66	43.33

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.

Market	Unit	Year Low	Year High	Current Price (28 Aug 15)
Gas	p/th	37.35	60.20	38.80
Electricity	£/MWh	36.00	56.30	39.13
Coal	\$/t	51.60	79.00	53.15
Carbon	€/t	5.66	8.36	8.09



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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