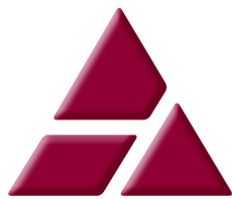


Energy Wholesale Market Review

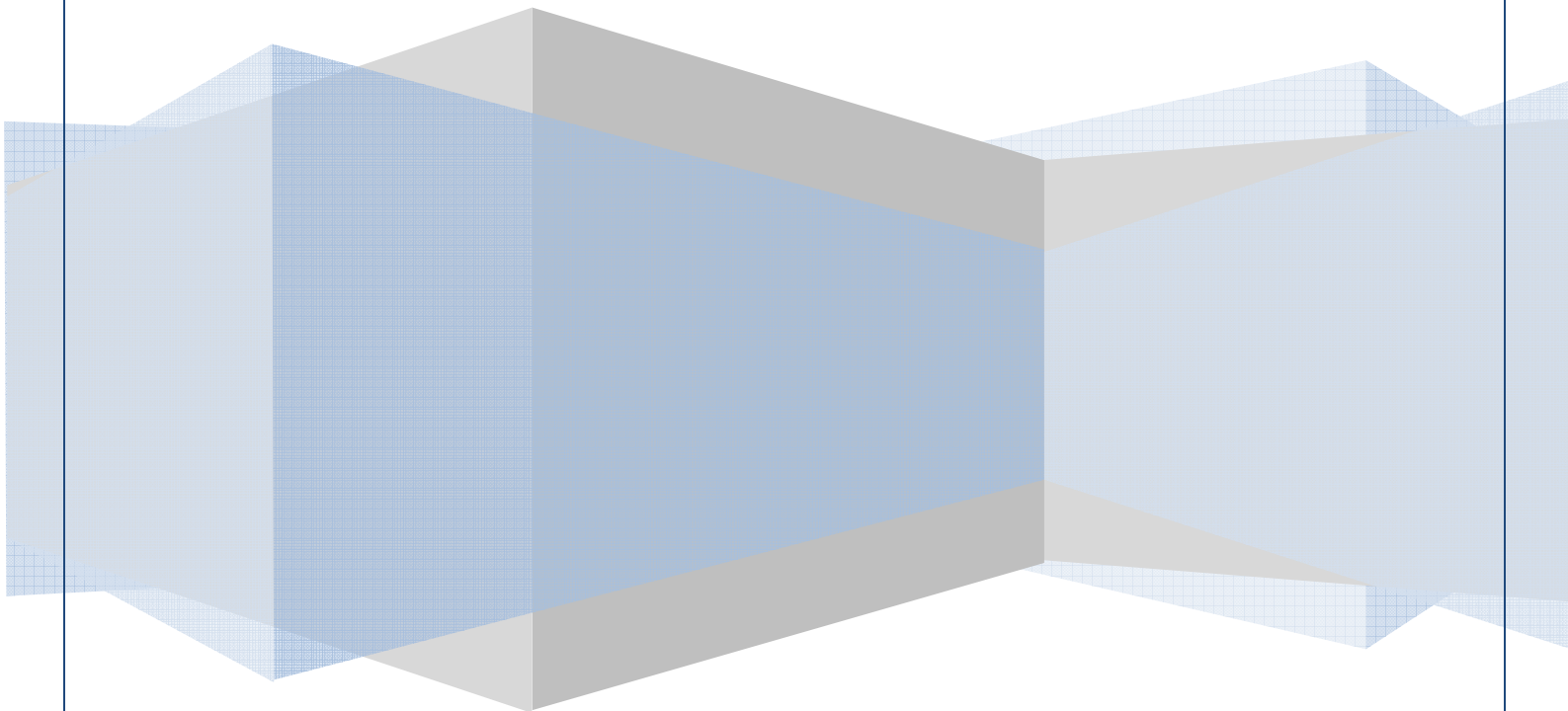
Week Ending 2nd October 2015



edw technology

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

Phone: +44 (0)8448 802 489
Email: info@edwtech.com
Website: edwtech.com





Contents

Baseload electricity	3
Peak electricity	3
Seasonal power prices	4
Supplier hedging strategies	4
Wholesale price snapshot	5
About EDW Technology Limited	6



Headlines 02/10/2015

Seasonal gas and power prices fell to record lows this week as contracts moved into the new trading year. The annual April 16 gas contract dropped 2.2% to 40.9p/th, a fresh low, as falls in oil prices and a continued healthy supply outlook weighed on prices. Annual April 16 power followed its gas counterpart down, slipping 1.4% to £42.0/MWh. Spot power and gas contracts also decreased, with day-ahead gas subsiding 3.7% to 39.5p/th amid numerous LNG tankers scheduled to arrive in the first six days of October. Day-ahead power tumbled 7.6% to £39.4/MWh, a five-week low, as the return of multiple power stations after outages boosted supply margins. Brent crude oil declined 0.4% to average \$48.2/bl, as global demand concerns continued. API 2 coal slipped 2.7% to average \$48.6/t, as a sluggish Chinese economy pulled prices even lower. In contrast, EU ETS carbon prices gained 0.2% to average €8.1/t.

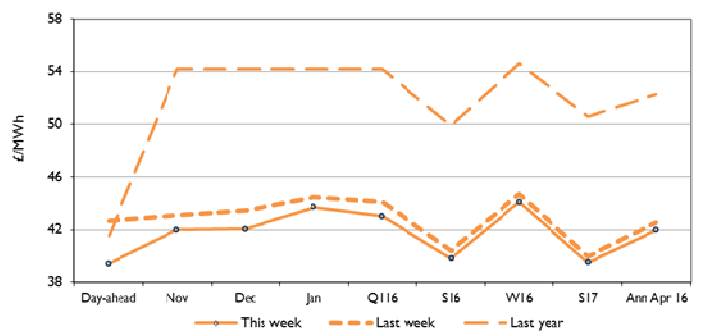
Baseload electricity

- Annual April 16 power declined 1.4% to £42.0/MWh this week, a record low for the contract.
- Decreasing gas and coal prices continued to weigh on the contract.
- Falls came despite tighter supply margins expected next year, with the potential closure of numerous coal power stations.
- All power contracts decreased this week.
- Day-ahead power tumbled 7.6% to £39.4/MWh, a five-week low, as milder temperatures and lower gas prices weighed on the contracts.
- In addition, numerous power stations returned from outages, including the 595MW Torness Unit 2 and the 585MW Hartlepool Unit 2 nuclear reactors.

Annual October contract



Forward curve comparison



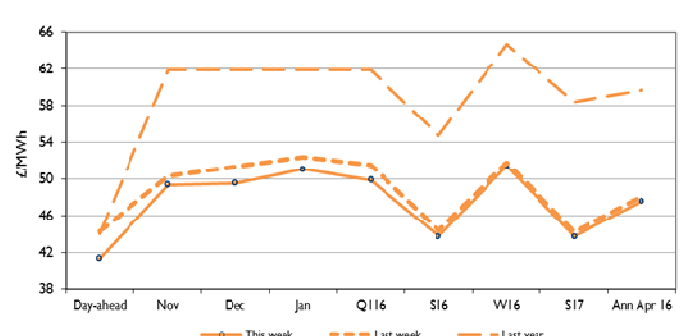
Peak electricity

- The annual April 16 peak power contract slipped 1.1% this week to £47.6/MWh, a fresh low for the contract.
- The contract followed its corresponding baseload power counterpart and gas prices down.
- The contract is now 20.3% under its value last year (£59.7/MWh).
- All peak power contracts decreased this week.
- Summer 16 peak power was down 1.5% to £43.8/MWh, a record low for the contract.
- Day-ahead peak power tumbled 6.7% to a five-week low of £41.4/MWh, despite a gain in average peak power demand.

Annual October contract



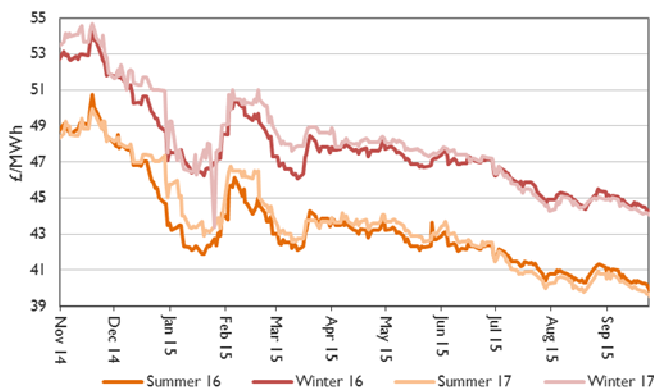
Forward curve comparison



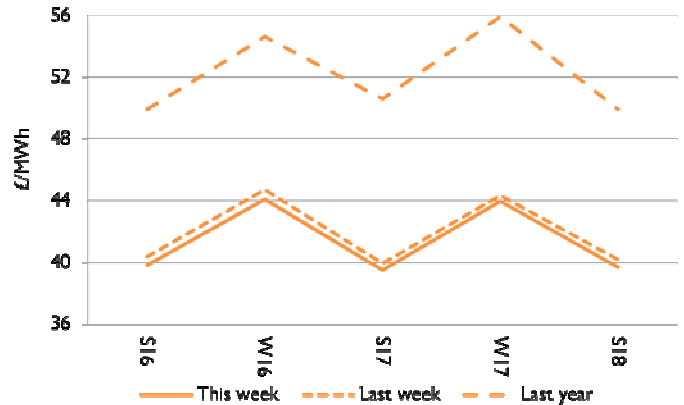


Seasonal power prices

Seasonal power contracts



Seasonal power curve



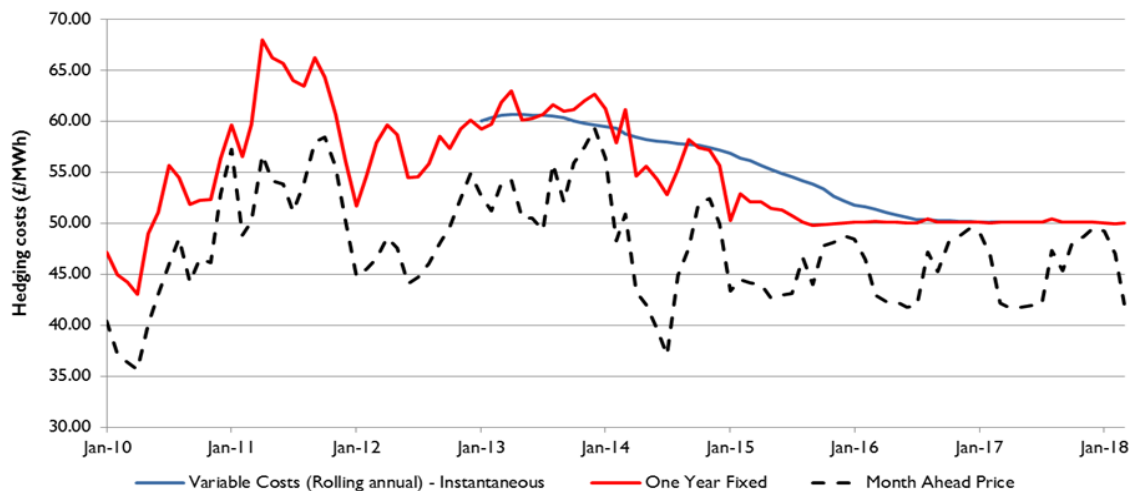
- Seasonal power contracts decreased to record lows this week, following coal and gas contracts lower.
- Summer 16 power slipped 1.5% to £39.8/MWh, a new low for the contract.
- Falls came despite tighter supply margins expected in the coming seasons, with the potential closure of numerous coal fired power station next spring.
- Drops in seasonal contracts averaged 1.2%.
- Winter 16 power slid 1.3% to £44.1/MWh, and is now 19.2% below its value last year (£54.6/MWh).
- Summer 17 power slid 1.1% to £39.5/MWh, while winter 17 fell 0.8% to £44.0/MWh.
- Some backwardation has remained in the market.

Supplier hedging strategies

The annual October 15 power contract averaged £42.4/MWh in August, down 2.6% from the July average of £43.5/MWh. Decreasing prices were driven by a decline in its correspond in gas contract and continued falls in coal prices. Annual October 15 gas fell 5.4% to 42.2p/th in August, while coal prices decreased 7.0% to average \$53.8/t.

There were 31 price changes to fixed domestic dual-fuel tariffs in August. Of these, 20 were reductions and 11 were increases. Some notable tariff rises were seen at npower (+5.9%), First Utility (+1.3%, +2.7% and +8.9%) and Scottish Power (+2.1%). Notable decreases were in tariffs belonging to npower (-2.2%), Peterborough Energy (-3.4%), Southend Energy (-3.4%), Extra Energy (-4.6%), First Utility (-4.2%) and British Gas (-2.4%).

Decreased annual power and gas contracts have allowed suppliers to offer a greater number of 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 supplier tariffs are likely to be hedged in the longer-term.





Wholesale price snapshot

Key market indicators:

02/10/2015

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	2 Oct 15	39.45	40.87	39.40	41.95	48.15	8.13	47.85
Last week	25 Sep 15	40.95	41.78	42.65	42.55	49.75	7.99	48.29
Last month	4 Sep 15	41.80	43.45	42.96	43.35	52.80	8.15	50.61
Last year	3 Oct 14	51.00	59.78	41.50	52.25	74.70	5.78	92.22
Year-on-year % change		(23%)	(32%)	(5%)	(20%)	(36%)	41%	(48%)
Year high		60.20	59.74	56.30	52.75	74.70	8.36	92.77
Year low		37.35	40.54	36.00	41.48	48.15	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.



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

Copyright © 2015 EDW Technology Limited. All rights reserved.

No part of this publication may be reproduced, transmitted, transcribed, stored in a retrieval system, or translated into any language, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior written permission from EDW Technology Limited.

All copyright, confidential information, patents, design rights and all other intellectual property rights of whatsoever nature contained herein are and shall remain the sole and exclusive property of EDW Technology Limited. The information furnished herein is believed to be accurate and reliable. However, no responsibility is assumed by EDW Technology Limited for its use, or for any infringements of patents or other rights of third parties resulting from its use.