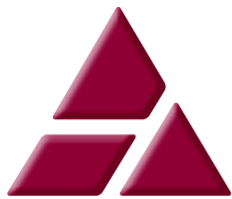


Energy Wholesale Market Review

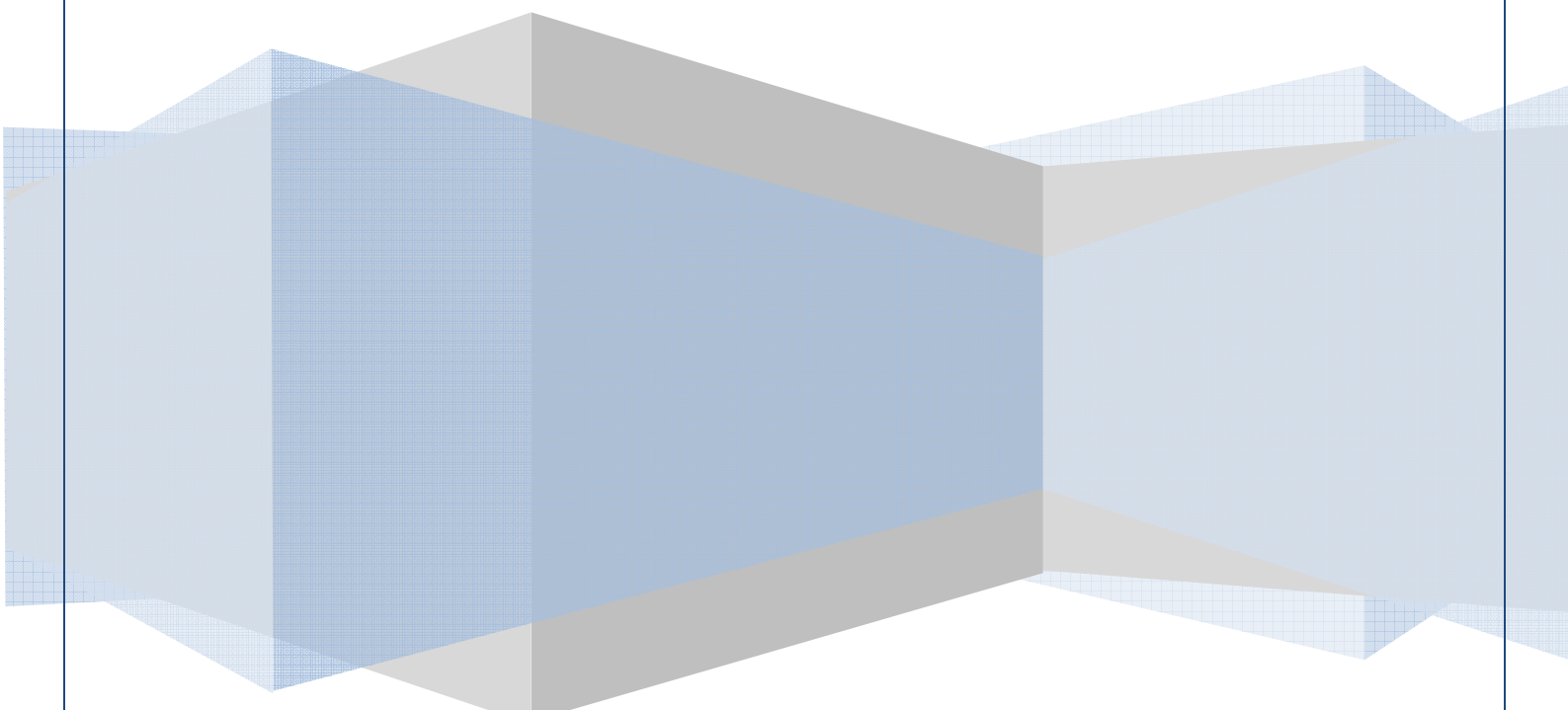
Week Ending 9th October 2015



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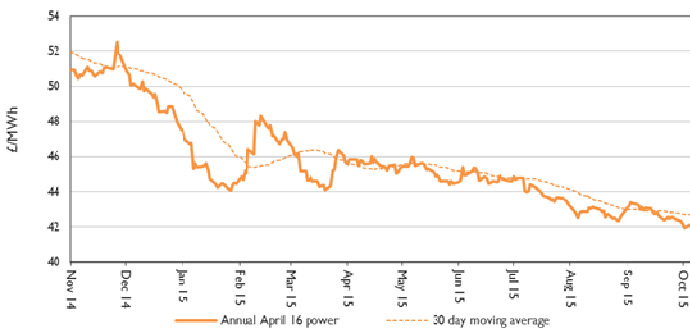
Headlines 09/10/2015

Power and commodity prices were driven upward this week, with higher demand and lower supplies a common theme. Gas contracts rose across the board following a boost in oil prices, with annual April 16 gas increasing 2.7% to 42.0p/th. The annual April 16 power contract followed its gas counterpart higher, lifting 1.7% to £42.7/MWh, also supported by a rise in coal prices. Day-ahead gas jumped 5.4% to 41.6p/th, as increasing gas demand left the system undersupplied for much of the week. Day-ahead power followed higher, gaining 7.9% to £42.5/MWh, as unplanned outages at coal-fired power plants and maintenance on the French interconnector tightened supplies. Brent crude oil surged 6.1% to average \$51.2/bl, reaching a ten-week high of \$53.6/bl on Friday, as data showed falling US production levels and Russia indicated they may be willing to reconsider their output strategy. API 2 coal prices lifted 1% to average \$49.1/t on prospects of rising demand.

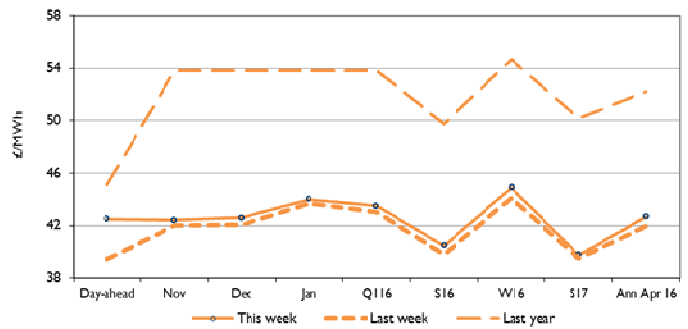
Baseload electricity

- Annual April 16 power increased 1.7% to £42.7/MWh, as prices followed gas and coal prices upward.
- In addition, tighter supply margins expected next year, with the potential closure of the Eggborough and Longannet coal-fired power plants, have helped to support recent prices.
- The contract is now 1% under its value a month ago (£43.1/MWh).
- All power contracts experienced gains this week.
- Day-ahead power surged 7.9% to £42.5/MWh, as higher demand lifted the contract.
- Furthermore, two 485 MW coal-fired power units at SSE's Fiddlers Ferry site suffered unplanned outages early in the week, and maintenance on the French interconnector reduced power supplies.

Annual October contract



Forward curve comparison



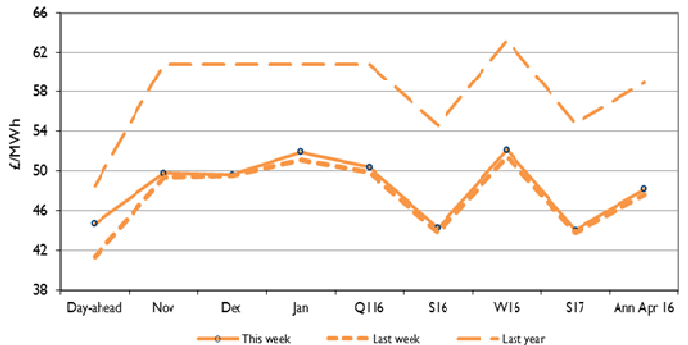
Peak electricity

- The annual April 16 peak power contract rose 1.2% this week to £48.2/MWh.
- A rise in its corresponding baseload power contract (+1.7%) pushed the contract up.
- The contract is now 18.2% under its value last year (£58.9/MWh).
- All peak power contracts climbed this week.
- Summer 16 peak power was up 1.0% to £44.3/MWh.
- Day-ahead peak power surged 8% to a three-week high of £44.7/MWh, following a 5.1% gain in average daily peak power demand.

Annual October contract



Forward curve comparison



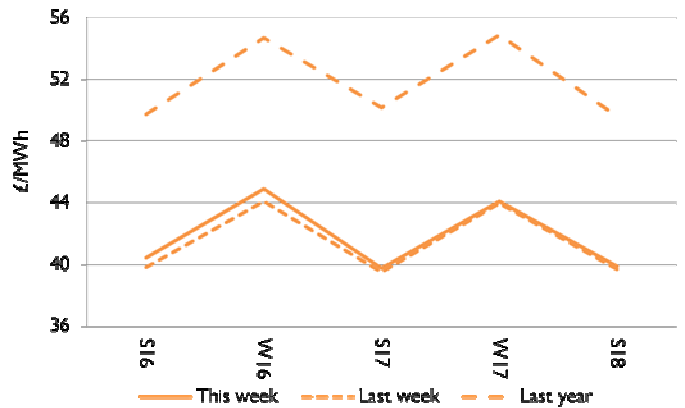


Seasonal power prices

Seasonal power contracts



Seasonal power curve



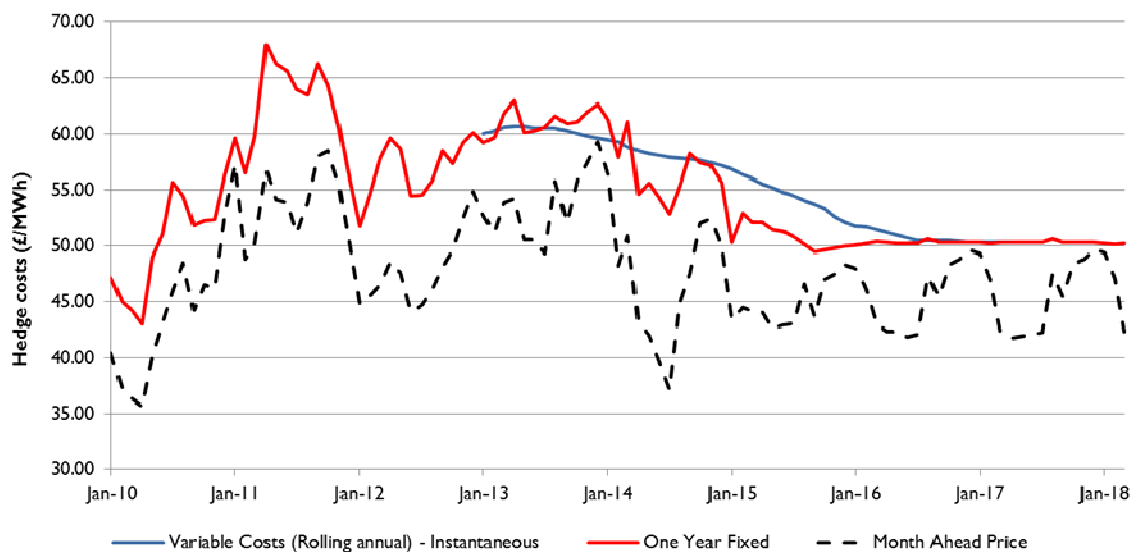
- All seasonal power contracts increased this week, following coal and gas contracts higher.
- Summer 16 power rose 1.6% to £40.5/MWh, and is now 1.5% under its value a month ago (£41.1/MWh).
- The potential closure of numerous coal-fired power stations next year could tighten supply margins, and has also provided support to seasonal contracts.
- Rises in seasonal contracts averaged 1%.
- Winter 16 power gained 1.8% to £44.9/MWh, and is now 17.9% below its value last year (£54.7/MWh).
- Summer 17 power climbed 0.6% to £39.8/MWh, while winter 17 lifted 0.2% to £44.1/MWh.
- Some backwardation has remained between winter 16 and winter 19 in the market.

Supplier hedging strategies

The annual April 16 power contract averaged £42.8/MWh in September, up slightly 0.1% from the August average of £42.8/MWh. However, the contract reached a record low of £42.3/MWh at the end of the month. Prices movements were largely driven by its correspond gas contract and continued falls in coal prices. Annual April 16 gas was down 0.9% to 42.5p/th in September. Coal prices decreased 5.3% in September to average \$51.0/t.

There were 30 price changes to fixed domestic dual-fuel tariffs in September. Of these, 19 were reductions and 11 were increases. Some notable tariff rises were seen at npower (+3.5% and +2.6%), LoCO2 Energy (+8.9%, +6.7% and +4.8%) and First Utility (+4.5%). Notable decreases were in tariffs belonging to EDF (-3.1% and -4.8%), First utility (-4.2%), Extra Energy (-2.8%), iSupply (-2.6% and -3%) and Go Effortless Energy (-22.7%).

Sustained low power and gas contracts have continued to allow 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:

09/10/2015

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	9 Oct 15	41.60	41.99	42.50	42.68	49.25	8.21	53.61
Last week	2 Oct 15	39.45	40.87	39.40	41.95	48.15	8.13	47.85
Last month	11 Sep 15	41.50	43.03	42.20	43.10	52.00	8.27	47.94
Last year	10 Oct 14	51.50	58.76	45.15	52.23	72.85	6.07	89.08
Year-on-year % change		(19%)	(29%)	(6%)	(18%)	(32%)	35%	(40%)
Year high		60.20	59.74	56.30	52.75	73.40	8.36	89.08
Year low		37.35	40.54	36.00	41.48	48.15	5.95	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.

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