

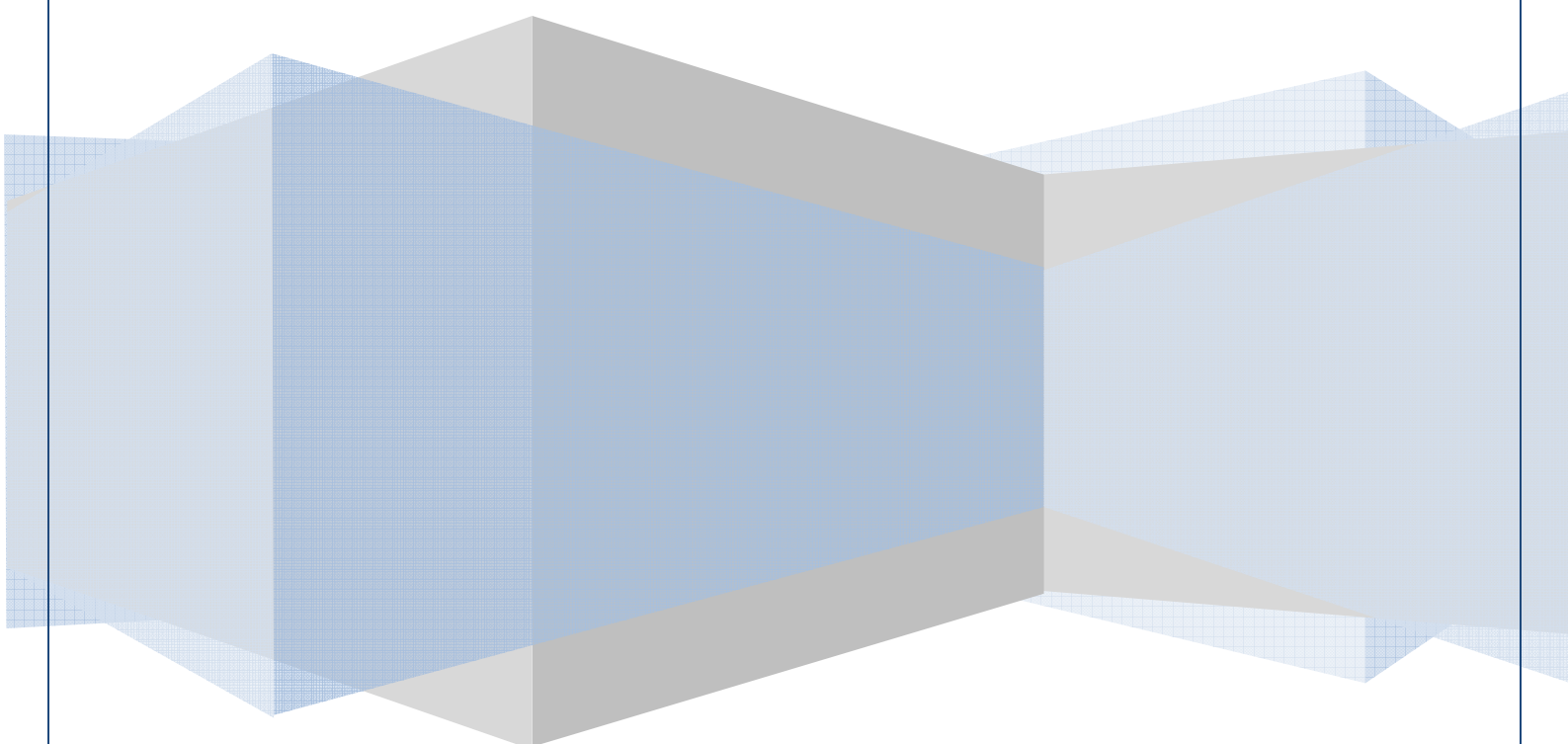
Energy Wholesale Market Review

Week Ending 6th November 2015



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Headlines 06/11/2015

After falling throughout October, gas and power contracts continued to decline this week. All seasonal gas contracts decreased, with summer 16 gas down 1.5% to 35.7p/th as a strong LNG supply outlook further weighed on prices. Seasonal power contracts followed lower, with summer 16 power trimming 1.0% to £38.1/MWh. Some backwardation can be seen in seasonal gas and power contracts, with further-out contracts now below those in the nearer-term. Spot gas and power prices also fell, as mild temperatures, increased gas supplies and greater wind generation at the week's end weighed on contracts. Day-ahead gas slipped 5.8% to 35.6p/th, hitting 35.0p/th on Thursday, the lowest price since July 2014. Meanwhile, day-ahead power tumbled 7.7% to £36.0/MWh, the lowest price since January 2015. Brent crude oil lifted 2.7% this week to average \$49.3/bl on supply concerns from Libya and Brazil. API 2 coal prices rose 1.0% to average \$48.3/t.

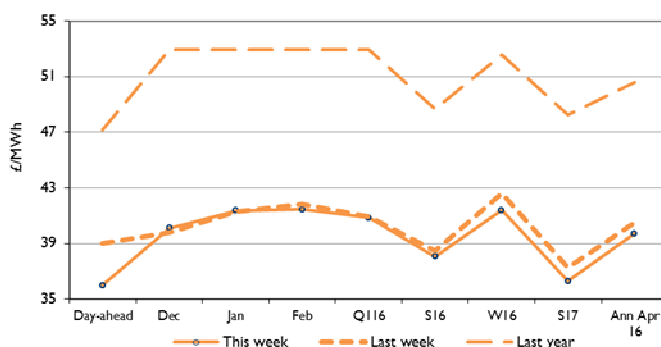
Baseload electricity

- Annual April 16 power continued to decline this week, trimming 2.0% to a fresh low of £39.7/MWh.
- Falling seasonal gas contracts have dragged power prices even lower. While gas prices remain low, seasonal power contracts will struggle to gain any significant upward traction in the near-term.
- The contract is now 6.9% under its value a month ago (£42.7/MWh).
- Most power contracts declined this week.
- Day-ahead power fell 7.7% to £36.0/MWh, the lowest price since January 2015, as lower spot gas prices, greater wind generation at the end of the week and mild temperatures pulled prices down.
- This was despite numerous unplanned power plant outages tightening supply margins during the week.

Annual April contract



Forward curve comparison



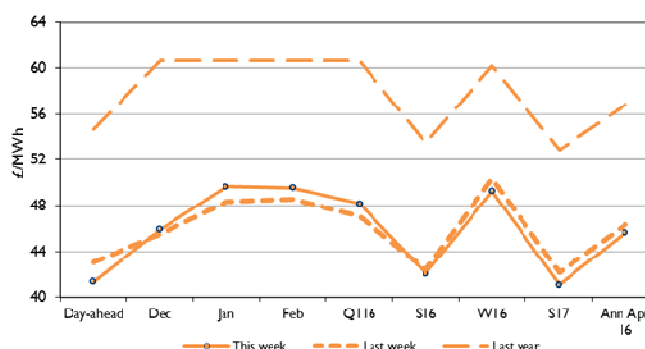
Peak electricity

- The annual April 16 peak power contract dropped 1.5% this week to a fresh low of £45.7/MWh.
- The contract followed seasonal gas prices and its corresponding baseload power contract (-2.9%) lower.
- The contract is now 19.7% under its value last year (£56.8/MWh).
- Most peak power contracts fell this week.
- Summer 16 peak power was down 0.7% to a record low of £42.1/MWh.
- Day-ahead peak power declined 4.0% to £41.4/MWh, following falls in its baseload power counterpart, but despite a 2.8% rise in average daily peak demand.

Annual April contract



Forward curve comparison

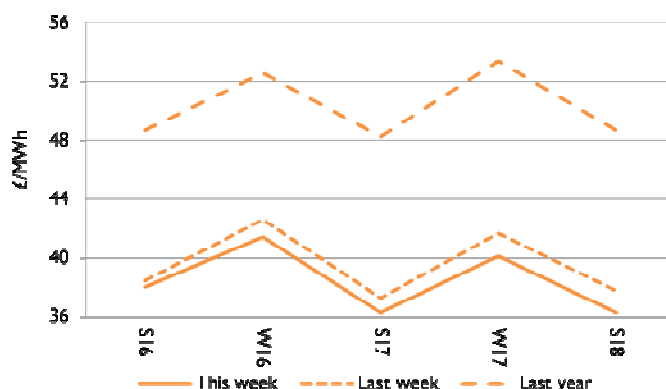


Seasonal power prices

Seasonal power contracts



Seasonal power curve



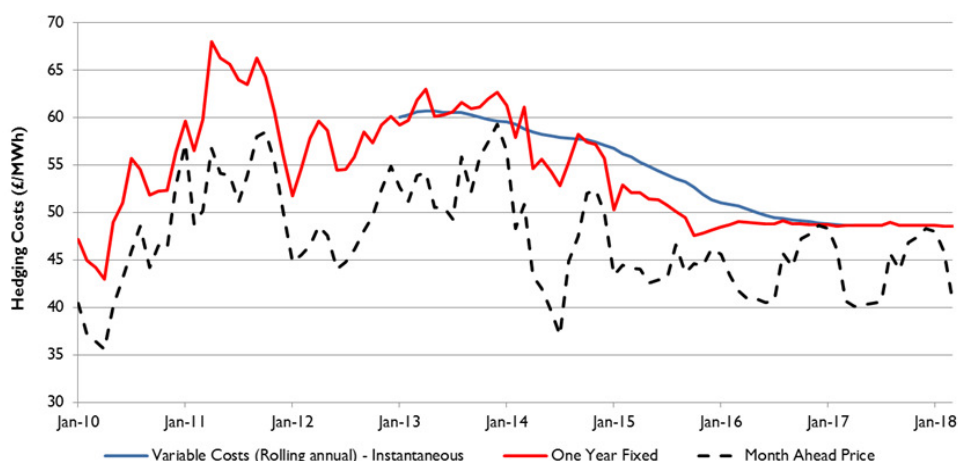
- Seasonal power contracts slipped to record lows this week, following their gas counterparts down.
- Summer 16 power trimmed 1.0% to £38.1/MWh. Falls in seasonal gas contracts and sustained low coal prices have continued to put downward pressure on seasonal power contracts.
- Some backwardation can be seen, with the summer 17 contracts less than the summer 16 contract, and the winter 17 contract lower than the winter 16 contract.
- Seasonal contracts averaged falls of 2.8%.
- Winter 16 power dropped 2.8% to £41.4/MWh, and is now 21.3% below its value last year (£52.6/MWh).
- Summer 17 power decreased 2.6% to £36.3/MWh, while the winter 17 contract slid 3.7% to £40.2/MWh.

Supplier hedging strategies

The annual April 16 power contract averaged £41.7/MWh in October, down 2.6% from the September average of £42.8/MWh. The contract reached a record low of £40.5/MWh at the end of the month. Price movements were largely driven by its correspond gas contract and continued falls in coal prices. Annual April 16 gas fell 4.7% to 40.5p/th in October. Coal prices slid 5.2% in October to average \$48.3/t, and hit a low of \$47.2/t on 22 October.

There were 44 price changes to fixed domestic dual-fuel tariffs in October. Of these, 35 were reductions and 9 were increases. Some notable tariff decreases were seen at Zog Energy (-4.1% and -6.7%), npower (-4.2% and -9.1%), First Utility (-3.2% and -1.3%), Go Effortless Energy (-5.2%), Southend Energy (-3.0% and -2.9%) and Ovo Energy (-1.5%, -1.6%, -2.1% and -2.2%). Notable rises were in tariffs belonging to Peterborough Energy (+5.5%), First Utility (+4.4%) and Sainsbury's Energy (+9.0%).

Sustained low annual 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:

06/11/2015

	Gas (p/th)		Electricity (£/MWh)		Coal (\$/t)	Carbon (€/t)	Brent crude (\$/bl)
	Day-ahead	Year-ahead	Day-ahead	Year-ahead			
This week 6 Nov 15	35.60	37.64	36.00	39.73	48.00	8.48	48.46
Last week 30 Oct 15	37.80	38.76	39.02	40.53	48.30	8.63	49.18
Last month 7 Oct 15	40.25	41.70	42.50	42.53	49.75	8.21	52.75
Last year 7 Nov 14	52.50	56.45	47.15	50.63	69.65	6.61	82.59
Year-on-year % change	(32%)	(33%)	(24%)	(22%)	(31%)	28%	(41%)
Year high	60.20	59.47	53.30	52.53	73.40	8.63	84.31
Year low	35.60	37.64	36.00	39.73	47.15	6.33	43.33
<p>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.</p>							



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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