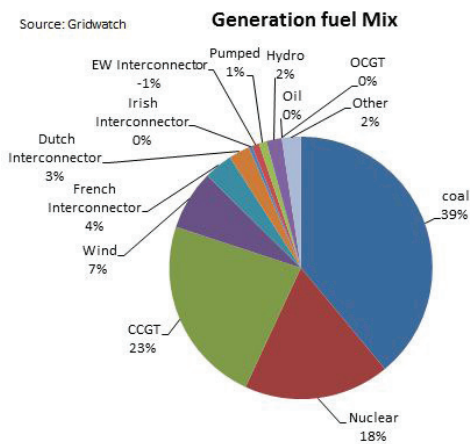


- ▶ In the last quarter of the winter season, trading increased with the total power traded being over 3 times demand. In addition, there was significantly more liquidity in March than in January.
- ▶ As expected given historic trends and the nature of company hedging strategies; there is a greater volume of trade for near term delivery than in the longer term but there remained some significant liquidity for the season ahead.
- ▶ The price of electricity to be delivered over the tail end of the summer season and into the start of the winter season of 2014 drifted downwards.
- ▶ Note: this report gives the position in the market immediately before the introduction of the market maker on 31 March as part of Ofgem's new Secure and Promote License Conditions. Market Making involves an obligation to post bids and offers in the wholesale electricity market during two daily windows and according to specific requirements.



Generation Mix

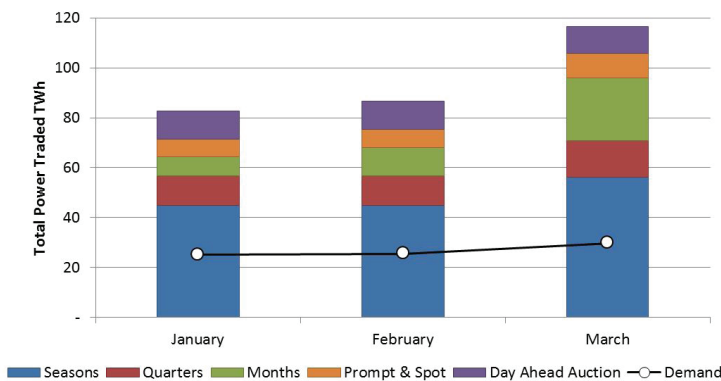
In March, GB electricity¹ came from:

- ▶ Coal - 39%
- ▶ Gas power stations - 23%
- ▶ Nuclear - 18%
- ▶ Wind: 7%
- ▶ Hydro - 2%
- ▶ Pumped Hydro - 1%
- ▶ Imports - 4% from the French interconnector and 3% from the Dutch

¹ Transmission Connected. Does not include small scale renewables

Source: ICIS Heren & EDF

Total Traded Power for Last 3 Months



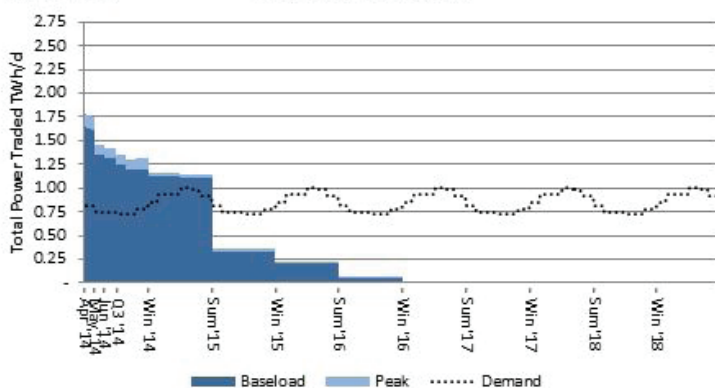
Volume - total power traded

What this shows:

This graph sets out the volumes of electricity traded in the three months to March, broken down by how far in advance the electricity was traded.

Source: ICIS Heren & EDF

Forward Curve Liquidity



Forward curve volumes

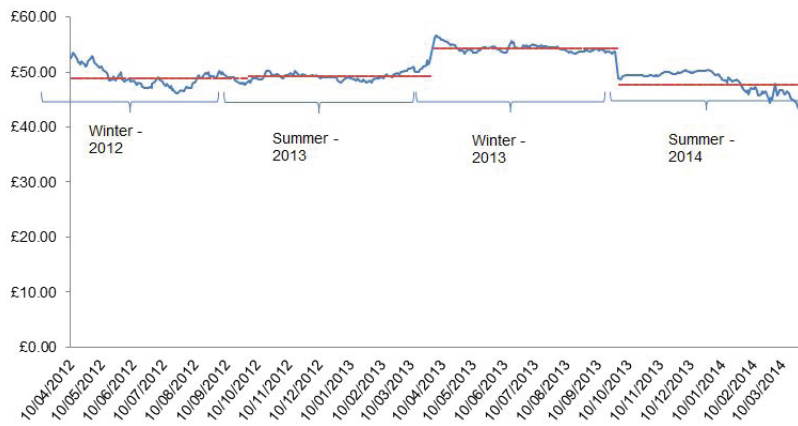
What this shows:

This graph shows that there is a greater volume of trades for near term delivery (day ahead, month ahead) than in the longer term season ahead, year/s ahead.

Prices

Source: London Energy Brokers Association

LEBA Front-Season Index
Volume Weighted Average Price (£/MWh)



Season Ahead

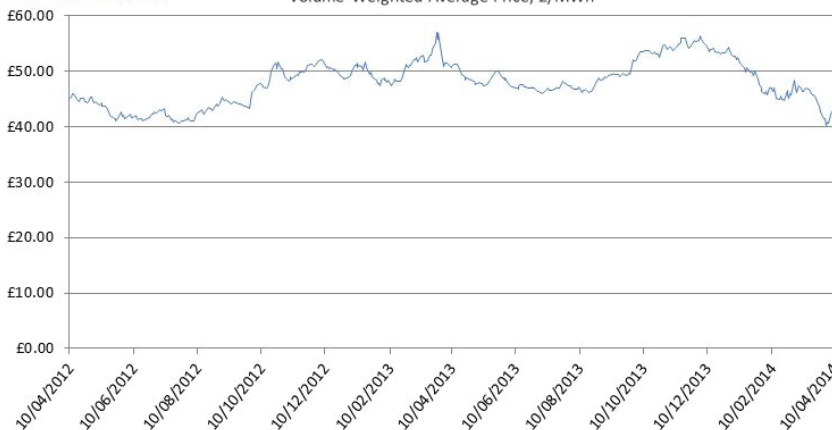
Key figures:

► The price of electricity to be delivered in winter 2013 averaged at £54.33/MWh from April to September 2013, compared to £48.99/MWh for the previous winter.

► The price of electricity for delivery in summer 2014 averaged at £47.73/MWh, compared to £49.32 for the previous summer.

Source: London Energy Brokers Association

LEBA Front-month index
Volume Weighted Average Price, £/MWh



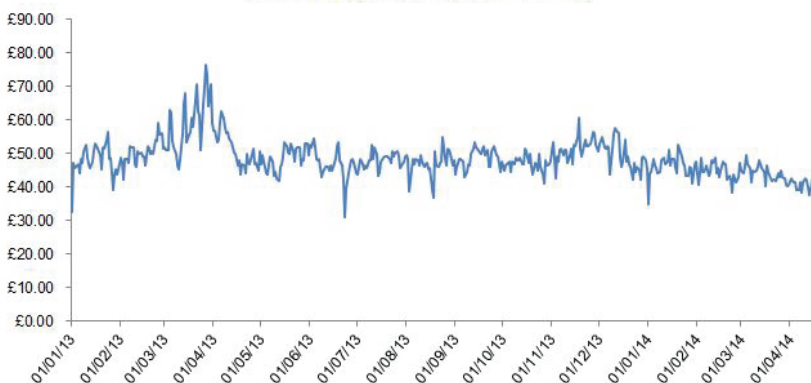
Month Ahead

Key figures:

► The price of electricity to be delivered in April 2014 averaged at £46.09/MWh in March 2014, compared to £50.52/MWh for next month delivery on average over 2013.

Source: N2EX and APX

Day-Ahead Auction
Volume Weighted Average Price (£/MWh)



Day Ahead

Key figures:

► The price of electricity for next day delivery averaged at £45.73/MWh over March 2014, compared with £44.24/MWh in February 2014.

► After a peak in winter 2013, the price of day-ahead electricity remained on average between £44/MWh and £50/MWh.

The Wholesale Market

The Report – what it does

The Wholesale Market Report sets out the picture at the season ahead and covers the wholesale price of power for different dates of delivery and volumes, traded on the wholesale market. It also sets out the volumes of power traded over the last three months and the generation mix for the preceding month, including wind and hydro-electricity.

The Wholesale Market Report illustrates relationships between:

- ▶ Price/Delivery Date: prices of electricity for different dates of delivery (up to six months ahead)
- ▶ Volume/Demand: volumes traded on the wholesale market compared with demand

The Wholesale Market Report also:

- ▶ Shows what is happening in the traded market in the short and long term
- ▶ Sets out the wholesale price being paid for base load power
- ▶ Charts the price movements according to both the season and demand

The Report – what it does not do:

- ▶ Provide a daily price as that is not available to Energy UK. We have asked data gatherers in receipt of the daily prices to consider how daily data may be published.
- ▶ Provide the price of electricity for suppliers under different hedging strategies.
- ▶ Provide any forecast or commentary on expected future wholesale price movements.

Frequency

The Wholesale Market Report is produced monthly.

Background Information

In 2012 energy consumption across the economy was 317.6 Terawatt hours¹ (TWh), split into three groups:

- ▶ Industrial – 97.8 TWh
- ▶ Domestic – 114.7 TWh
- ▶ Commercial premises, public administration, transport and agriculture – 105.05 TWh

The average electricity consumption per household in 2012 was 4,227 kilowatt hours (kWh)². One kilowatt hour is enough to boil a kettle nine times, so an average household's electricity use over a year is equivalent to boiling a kettle 38,043 times.

¹Dukes

²DECC – Energy Consumption in the UK, this figure is unadjusted for temperature, the figure adjusted for temperature was 4,226 kWh

Additional Info

Additional data on wholesale market activity can be found on the following links:

Supply and demand data

BM reports Market Index Data: http://www.bmreports.com/bwh_Mid.htm

Gridwatch: <http://www.gridwatch.templar.co.uk/index.php>

Prices data

Spot Exchange prices

APX Spot market: <http://www.apxgroup.com/market-results/apx-power-uk/dashboard/>

N2EX: <https://www.n2ex.com/marketdata>

Forward Exchange prices

NASDAQ: <http://www.nasdaqomx.com/commodities/markets/marketprices>

The ICE: <https://www.theice.com/marketdata/reports/ReportCenter.shtml#report/10>

Over-the-Counter (OTC) prices

London Energy Brokers Association (LEBA):

http://www.leba.org.uk/pages/index.cfm?page_id=41&title=uk_power_prompt

Price Reporting Agencies

ICIS Heren: www.icis.com/heren

Argus <https://www.argusmedia.com/Power>

Platts <http://www.platts.com/products-services/electric-power-prices>

Key Definitions

- ▶ **Baseload:** The minimum amount of electric power delivered or required over a given period at a constant rate
- ▶ **Day ahead:** electricity traded for delivery the next day
- ▶ **DECC:** Department for Energy and Climate Change
- ▶ **Liquidity:** a liquid market is one where there are ready and willing buyers and sellers and where what is being bought and sold is easy to price and can trade without a significant price impact. Liquid markets are ones where there is a high turnover and where volumes traded are significant.
- ▶ **Month ahead:** electricity traded for delivery in the next month
- ▶ **Season ahead:** trade for electricity delivered in a particular future season – summer or winter.
- ▶ **Seasons:** there are two season for wholesale energy: 1) winter: the winter season runs from October to March; and summer: the summer season runs from April to September.
- ▶ **Traded power:** Wholesale electricity that has been traded over various periods of time.