enercheck Ltd
checking prices - controlling costs

MARCH 08

ENERGY UPDATE

Climate Change Levy Change

From 1st April 2008 the current Climate Change Levy is increasing from 0.441p/kWh to 0.456p/kWh for electricity and from 0.154p/kWh to 0.159p/kWh. These will be reflected on energy invoices going forward.
Production at Bacton gas terminal resumes.

Flows into the Bacton Shell sub terminal resumed early this week, following a fire at a water treatment unit at the gas terminal on Thursday 28th February. Flows from Bacton were suspended indefinitely following the fire, falling from a high of 32mcm/d to zero. However, flows started to gradually resume by mid afternoon on the 3rd March and are currently back at 25mcm/d. Following the news within day prices spiked to a two year high of 62.0p/th but quickly resided.

OPEC agrees to keep production quotas unchanged

OPEC has refused to increase production quotas at their meeting in Vienna on 5th March. The move comes despite calls from US President George Bush, that surging oil prices are causing the US economy to slowdown.
The announcement caused a further surge in crude oil prices, with West Texas Intermediate for delivery in April trading at a high of $104.9/bbl. OPEC is not scheduled to meet again until September 2008.

Ofgem to review transmission and distribution regulations

Ofgem has announced a two year review of the regulatory regime governing the energy networks. The FT reported that the regulator will consider replacing the "RPI minus" system, which gives incentives to the owners of energy networks to keep costs below the rate of inflation, with one that will encourage more investment in the infrastructure.

Fifth RO annual report issued

On Tuesday 4th March Ofgem published the annual report on the Renewables Obligation (RO) for compliance period five, 2006-07. It includes information on how suppliers complied with their obligations during the period. A total of 12,868,408 ROCs were presented in England and Wales. Despite the high number, the percentage of suppliers' obligations met by presenting ROCs decreased during the 2006-07 obligation.

The Outlook

With flows from Bacton Shell remaining volatile, market confidence has waned and premia have been added to the prompt and near curve values. A slide in oil prices along with warmer weather could see a decreasing gas price in coming weeks.

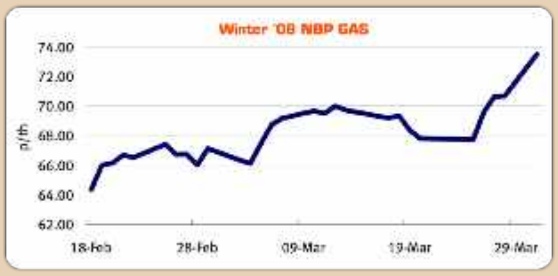
BRIGHT IDEAS

"Switching off all non-essential equipment in an office for one night will save enough energy to travel more than 100 miles."

Power

On the forward curve a return to bullish sentiment prevailed on the news of higher oil prices which saw winter month gains. The near curve, however, was less bullish as expected outages at power generators and plants coming back online along with contradicting weather forecasts made the fundamentals unpredictable.
On the power prompt the early part of the month was generally range bound on the back of healthy supply levels and an expected rise in temperatures. However, towards the month end the downturn in temperatures, the change to British Summer Time and strengthening oil prices combined to drive prices upwards.

Gas



A similar sentiment prevailed in the gas market; the continued rise in oil prices had a significant impact on curve prices. Most gains seen on the front month were based on the belief that the system will be very tight due to narrower supply and storage dynamics.
On the prompt front the early month saw prices remain stable despite supply volatility.
Towards the end of the month prompt prices rose with the increased volatility of supply and reduced volumes in storage.

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