

## Welcome to CUC's Energy Newsletter

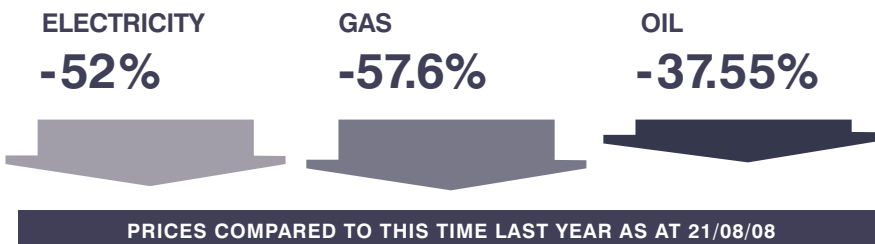


### MARKET IN BRIEF

The electricity price has been relatively stable during the last 4 months, moving between £41- £47 per MWh since March 2009.

Although the market has seen a considerable uplift in the price of oil, with it currently moving back into the \$70+ zone, this has been significantly tempered by the deterioration of the Dollar, which has meant that the movement in the oil price has not really affected either the gas or the electricity price in the UK.

As we recommended at the end of 2008 and into early 2009 nearly every Client has now cleared down their October 2009 renewals. If any Client has yet to clear their October 2009 renewals they should do so now. Small electricity i.e. non half hourly, together with gas contracts, need to be cleared by 3rd September in order to avoid default and we need to clear down half hourly electricity by the middle of September. Please liaise with your Client Manager in order to ensure that your contracts do not suffer any default pricing due to the fact that the contracts have not been cleared by the appropriate date.



UK ENERGY RATES		
	21/08/08	21/08/09
Electricity / MWh	£85.975	£41.275
Annual Gas / therm	93.4p	39.6p
Annual Brent Oil / barrel	\$116.16	\$72.54

### FUTURE CONTRACTS

The near contracts i.e. for October 2009 and April 2010 have continued to fall a little further during the last 5 months, whilst the market has been in a relatively stable position. However, further out contracts for October 2010 through to April 2012, have remained relatively constant with very little downward pressure being seen. Our view is that the depth of the recession has continued to push down the new term prices i.e. for October 2009 and April 2010, however longer term the market sees some stability and therefore the further out contracts have remained relatively stable at or around £50 - £52 per MWh.

Our recommendation is that all Clients look for the longer term contracts as soon as possible, and this indeed has been our standing recommendation since November 2008.

Annual Electricity Wholesale Prices 2009-2012			
Contract Start Date	Price as at 12/03/09	Price as at 21/08/09	% Change
April 2009	£47.27	N/A	—
Oct 2009	£48.17	£41.27	-14.3%
April 2010	£49.05	£45.90	-6.4%
Oct 2010	£50.20	£49.00	-2.4%
April 2011	£51.80	£51.40	-0.8%
Oct 2011	£53.10	£53.10	+0.0%
Apr 2012	N/A	£55.22	—

## CREDIT ISSUES

One of the key problems that we have encountered during the last 8 months of negotiating with suppliers on behalf of our clients is the issuing of credit ratings as the recession has taken hold.

Suppliers have become increasingly entrenched in their position of avoiding risk and we have seen the prospect of being able to secure cheque accounts on 28 days almost evaporate to zero. Standard contracts now require Direct Debit payment and in some cases certain suppliers will allow a BACS payment instead and in many cases, where credit ratings have been low, security deposits have been required by suppliers as well. Credit issues continue to be problematic and is one of the major obstacles for us being able to secure longer term contracts for certain Clients, due to the fact that suppliers view the risk as being too great at the moment.

## CARBON REDUCTION COMMITMENT

Nearly all Clients who have half hourly electricity supplies should now have received the relevant forms to be completed for CRC responses to central government.

We are pleased to tell you that CUC is offering the service to all Clients in which we will complete those forms for you and provide you with the necessary information in order that they be returned in good time. Could you please therefore send your CRC forms to your Client Manager as soon as possible so that we can start work on compiling the information that will be required for submission.

We are also carrying out a full budget exercise as to the financial implications of CRC for all of our Clients and will be reporting back to you in due course.

If you would like to raise this issue separately with your Client Manager please do not hesitate to contact them.

## QUESTIONS? CONTACT US TODAY

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