

Energy Market Jargon Buster

The npower Optimisation Desk team use technical terms when they are presenting the latest energy market news. For clarification of any terms, please check below. If you'd like to know more about our Energy Market services, please contact the team: optimisation.desk.team@npower.com

All electricity volumes are expressed in MW and all prices are expressed in £/MWh.
All gas volumes are expressed in therms and all prices are expressed in pence/therm.

Prompt Market	Gas or electricity for delivery within the current calendar month. Gas includes Within Day, Day Ahead, Weekend and BOM contracts. Electricity includes the Day Ahead and Week Ahead contracts.
Very Prompt Market	Gas or electricity for delivery for the early part of the remainder of the current month. Incorporates the Within Day, Day Ahead and Weekend contracts.
Spot Market	The Within Day contract i.e. gas or electricity for delivery within the current trading day.
Front Month	Gas or electricity for delivery in the first calendar month that occurs in the future. Also known as Prompt Month.
Front Quarter	Gas or electricity for delivery in the first calendar quarter that occurs in the future. Also known as Prompt Quarter.
Front Season	Gas or electricity for delivery in the first calendar season that occurs in the future. Also known as Prompt Season.
Forward Curve	Relates to the period starting from the front month.
Near Curve	Relates to the period of the forward curve running from the front month to the beginning of the front season.
Far Curve	Relates to the portion of the forward curve starting at the beginning of the front season.
BOM	Balance of Month - relates to gas or electricity for delivery in the remainder of the current calendar month.
System Margin	The difference between demand and supply. Otherwise referred to as the system being long or short.
Bullish Sentiment	Where market conditions suggest that prices are likely to rise.
Bearish Sentiment	Where market conditions suggest that prices are likely to fall.
Rangebound	Where market conditions support neither a rise or fall in prices, therefore they stay at a similar level.
Market Fundamentals	Factors that principally drive the market sentiment, i.e. demand, costs, outages, power stack, etc.
Volatility	Measure of fluctuation in a relevant market price, calculated from the last twenty published prices for that contract.
Value-at-Risk (VAR)	The worst loss expected to be suffered over a given period of time with a given probability. The time period is known as the holding period, and the probability is known as the confidence interval. VAR is not an estimate of the worst possible loss, but the largest likely loss.
Mark-to-Market	A calculation of the value of a financial instrument (or portfolio of such instruments) at current market rates or prices of the underlying. Marking-to-market on a frequent basis is often recommended in risk management guidelines.
Electricity only terms	
Baseload	Delivery of the same amount of electricity in each half hour period of each day in the contract.
Peak	Delivery of the same amount of electricity in each half hour period between the times of 07:00 - 19:00 on each weekday in the delivery period.
DA LEBA	Daily indices compiled by LEBA (London Energy Brokers Association). The Day Ahead Index is calculated using a volume-based, weighted average of all Day Ahead baseload trades executed in London by contributing brokers between 0700hrs and 0900hrs each day.
Gas only terms	
NBP	National Balancing Point - A notional point in the UK national transmission system used as a delivery point for gas that is traded. For accounting and balancing purposes, all gas is said to flow through this point.
DA SPECTRON	The index is expressed in pence per therm (one therm = 100,000 British thermal units = 29.3071 kWh) at the British National Balancing Point (NBP). The index comprises all transactions executed through Spectron's phone and internet-based broking systems.



npower Optimisation Desk
optimisation.desk.team@npower.com

Legal Disclaimer: Any pricing or general market information contained within this PDF will be provided for general information purposes only, and does not constitute investment or transactional advice. Under no circumstances will such information be construed as an offer capable of acceptance or constitute a binding or enforceable contract. RWE Npower plc, RWE Trading GmbH and Npower Limited shall have no liability for any damages, losses, costs or expense suffered or incurred directly or indirectly resulting from the reliance on such advice. RWE Npower plc, RWE Trading GmbH and Npower Limited accept no liability for the accuracy of any such information or commentary provided by them or on their behalf.



Business Solutions

An RWE company