

Energy Wholesale Market Review

Week Ending 12th April 2019



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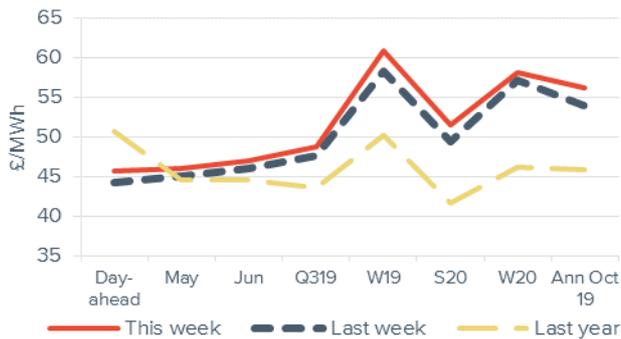
Headlines 12/04/2019

Wholesale power and gas contracts continued to move higher this week, driven by cooler temperatures and gas supply restrictions early in the week. Prices were also pushed higher by a surge in carbon prices, which rose to their highest level since September 2008. All baseload power contracts rose, following gas and carbon prices higher. Day-ahead power received extra support from weaker wind generation, with the contract gaining 3.4% to end the week at £45.8/MWh. Seasonal baseload power contracts rose 2.6% on average. The front season contract, winter 19 power, lifted 4.4% to £60.8/MWh. All near-term gas contracts rose this week, as colder temperatures lifted demand for heating and an outage at the Aasta Hansteen gas field restricted gas supplies. Day-ahead gas increased 3.5% to 39.5p/th, after hitting a four-week high of 41.0p/th on Tuesday 9 April. May gas edged 0.7% higher to 38.9p/th. Most seasonal contracts went up, rising 1.5% on average. Winter 19 gas experienced the biggest change, climbing 4.9% to 58.4p/th. Brent crude oil prices rose 2.9% to average \$71.2/bl. Oil prices found support early this week amid concerns of supply disruptions in Tripoli, Libya, adding to supply risks from the US sanctions on Iran and Venezuela. API 2 coal prices gained 5.7% to average \$74.8/t. EU ETS carbon prices jumped 13.2% to average €25.8/t. Prices ended the week at €27.0/t, their highest level since September 2008, supported by the extension to the UK's EU departure date.

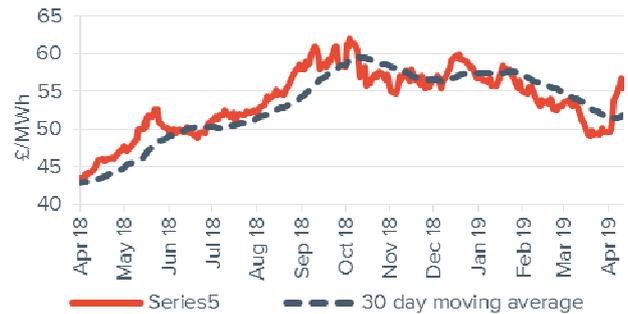
Baseload electricity

- Day-ahead power gained 3.4% to end the week at £45.8/MWh.
- The month-ahead contract climbed 2.2% to £46.1/MWh and June 19 power rose 2.1% to £47.0/MWh.
- Annual October 19 power increased 4.2% week-on-week to £56.1/MWh.
- The contract is 10.5% above the same time last month (£50.8/MWh).

Forward curve comparison



Annual October contract



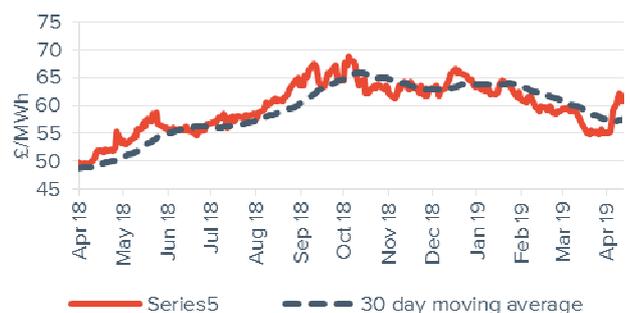
Peak electricity

- Day-ahead peak power increased 3.0% to £48.0/MWh, £2.3/MWh above its baseload counterpart.
- Day-ahead peak power is 10.3% lower than the same time last year when it was £53.5/MWh.
- May and June 19 peak power gained 3.3% and 1.9% to £49.5/MWh and £51.5/MWh, respectively.
- Annual October 19 peak power lifted 4.2% to £61.7/MWh, £5.6/MWh above its baseload power counterpart.
- The contract is 8.9% higher than its value this time last month (£56.7/MWh).

Forward curve comparison

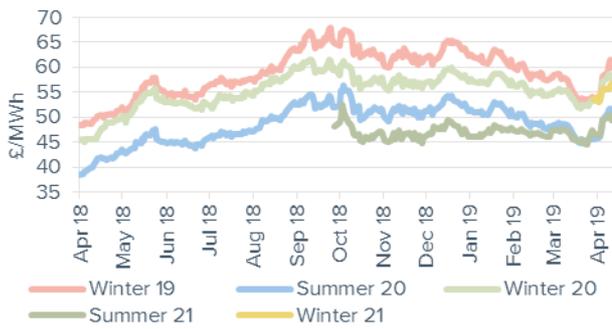


Annual October contract

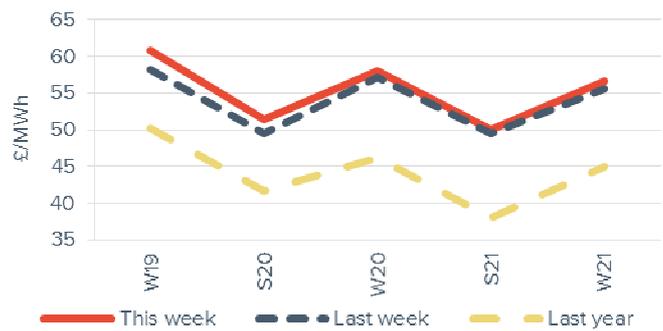


Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve



- Seasonal power contracts rose 2.6% on average.
- Winter 19 power climbed 4.4% to £60.8/MWh, up 10.4% from the same time last month when it was £55.0/MWh.

- Seasonal peak power contracts rose 2.6% on average.
- The winter 19 peak contract was up 4.3% at £67.7/MWh.

Commodity price movements

Oil and coal



Carbon



- Brent crude oil prices rose 2.9% to average \$71.2/bl.
- Oil prices found support early this week amid concerns of supply disruptions in Tripoli, Libya, adding to supply risks from the US sanctions on Iran and Venezuela.
- However, reports that Russia may ease current production cuts amid falling crude stockpiles, following comments from President Vladimir Putin stating that Russia does not support an uncontrollable rise in oil prices, provided some downward pressure during the week.
- API 2 coal prices gained 5.7% to average \$74.8/t.
- Despite weak import demand from Europe, coal prices were supported by higher gas and power prices across European markets, hitting a one-month high of \$76.5/t on Wednesday 10 April.

- EU ETS carbon prices jumped 13.2% to average €25.8/t. Prices ended the week at €27.0/t, their highest level since September 2008.
- Carbon prices received strong support from the extension to Article 50, with the chances of a no-deal Brexit thought to be decreasing, while late compliance buying also added to the upward momentum to prices.
- Brexit uncertainty will continue to provide volatility in the carbon market, with it unclear whether the UK will resume EU ETS auctions during the extended Brexit delay period.

Supplier tariff movements

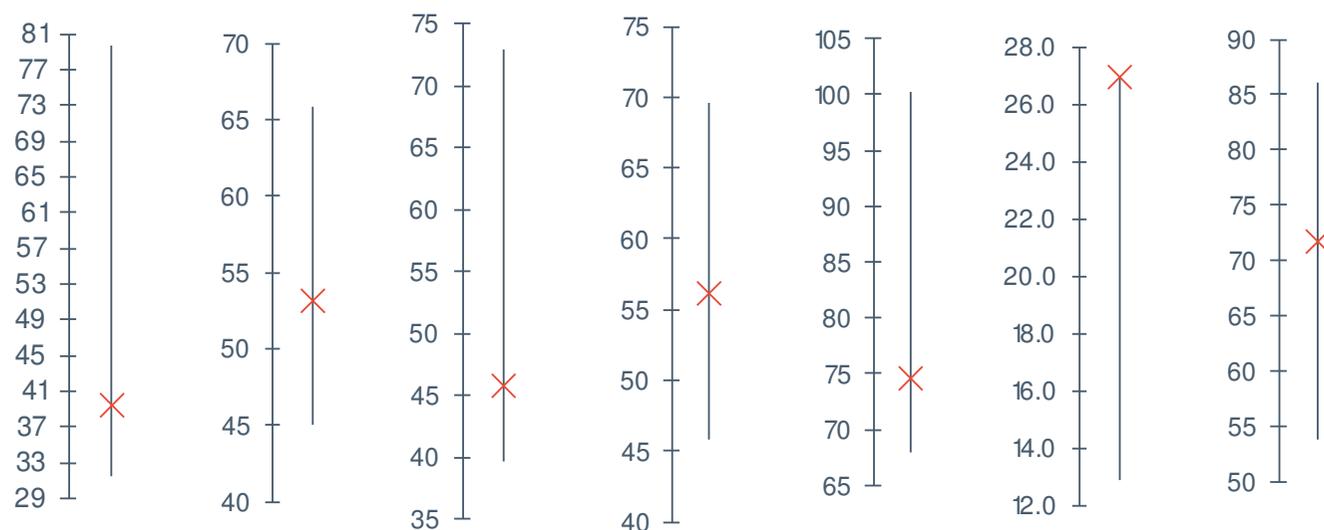
In February, 13 suppliers moved up price bandings with their cheapest dual fuel products, compared to six suppliers in January. This is the first time that Outfox the Market has not had the cheapest or one of the cheapest tariffs in the market following an increase of £66/year due to the removal of its Zapp! Tariff. 11 suppliers moved down one or more price bandings, of which First Utility reduced its cheapest tariff prices by £85/year to below £1,000/year on average. This is the first time since December 2016 that its tariff has been among the cheapest 10 suppliers.



Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	12 Apr 19	39.45	53.11	45.75	56.13	74.50	26.96	71.60
Last week	5 Apr 19	38.10	50.99	44.25	53.85	73.25	24.54	69.20
Four weeks ago	15 Mar 19	39.00	47.89	47.50	50.78	74.90	22.86	66.97
Last year	13 Apr 18	53.00	45.07	50.75	45.93	82.20	13.91	72.28
Year-on-year %change		-25.6%	17.9%	-9.9%	22.2%	-9.4%	93.8%	-0.9%
Year high		79.75	65.85	73.00	69.61	100.15	26.96	86.12
Year low		31.50	45.07	39.65	45.76	68.00	12.84	53.82

This table shows the prices this week compared with prices from the last 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.





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 18 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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