



Energy Wholesale Market Review

Week Ending 1st April 2016



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Contents

Baseload electricity.....	3
Peak electricity.....	3
Seasonal power prices.....	4
Supplier hedging strategies	4
Wholesale price snapshot	5
About EDW Technology Limited	6



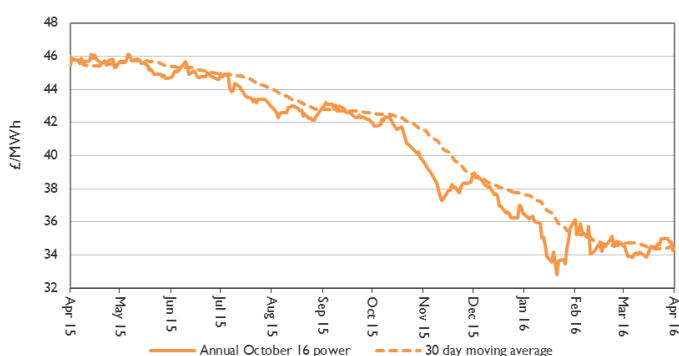
Headlines 01/04/2016

There was a mixed picture in the energy markets this week. Day-ahead gas was unchanged at 29.1p/th despite milder weather. Day-ahead power surged 10.9% to £35.0/MWh, despite higher wind generation as demand returned from bank holiday levels. Along the forward curve, winter 16 gas followed oil prices lower, losing 0.3% to 32.1p/th. In turn, winter 16 power followed its gas counterpart lower, down 2.6% to £37.2/MWh, despite a forecast of tight capacity margins. Brent crude oil lost 2.9% this week to average \$39.5/bl. The dollar priced commodity experienced gains early in the week amid a weakened US dollar, but began falling by mid-week as reported US crude inventories hit record highs. EU ETS carbon gained 2.3% to average €4.9/t. Prices moved back above €5/t on Thursday amid traders short-covering ahead of Friday's ETS emissions data release. The commodity ended the week at €5.13/t. API 2 coal lifted 0.1% to \$41.5/t.

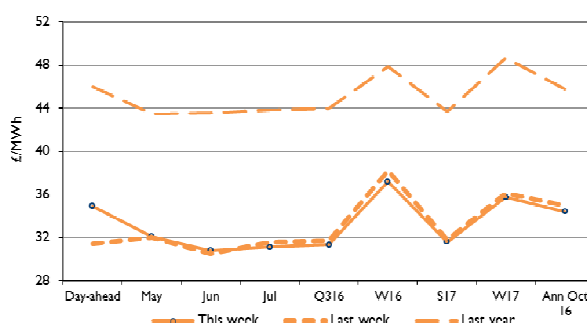
Baseload electricity

- Annual October 16 power slipped 1.7% this week to £34.4/MWh, 1.5% above its level last month (£33.9/MWh), but 24.8% below its value last year (£45.8/MWh).
- The contract followed annual gas prices lower, which in turn was weighed upon by a drop oil prices.
- Short to medium term contracts all experienced gains this week, while those further out experienced losses.
- Day-ahead power surged 10.9% to £34.9/MWh, despite little movement in its gas counterpart.
- Month-ahead power rose 0.3% to £32.1/MWh.
- Summer 17 power reduced 0.6% to £31.6/MWh.

Annual April contract



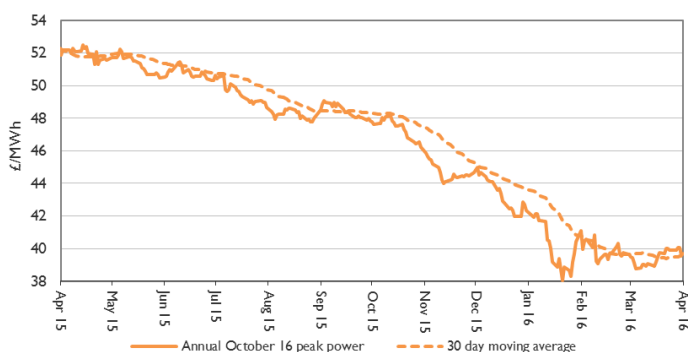
Forward curve comparison



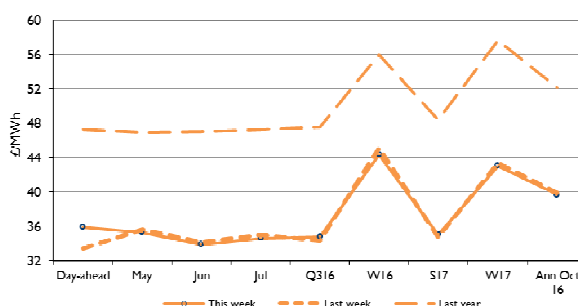
Peak electricity

- Annual October 16 peak power increased 1.4% this week to £40.4/MWh. The contract is 1.3% above its level last month but 23.0% below its level last year (£52.4/MWh).
- Seasonal peak power prices were mixed this week. Winter 16 prices contracted 1.7% to £44.3/MWh, while summer 17 grew 0.9% to £35.1.
- Prices along the forward curve were down 0.5% on average.
- The day-ahead contract lifted 7.4% to £35.9/MWh.

Annual April contract

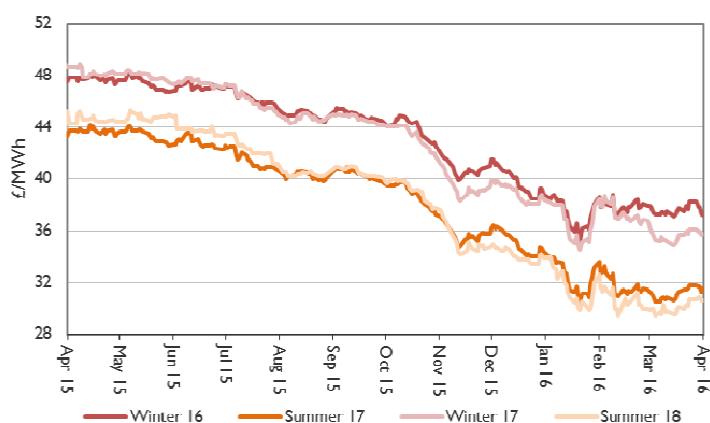


Forward curve comparison

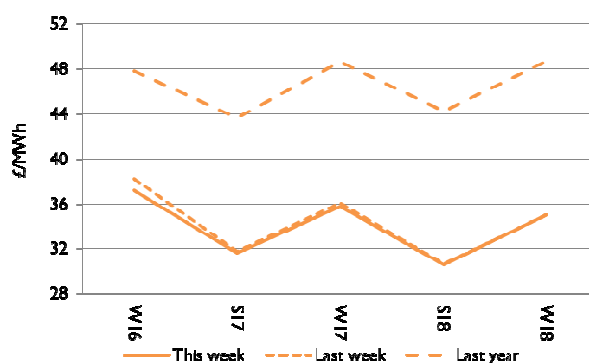




Seasonal power contracts



Seasonal power curve



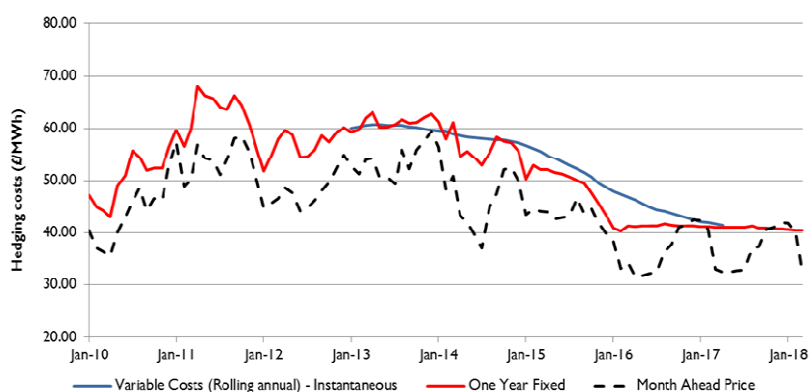
- Similar to their gas counterparts, near term baseload power contracts were higher this week, while those further out all experienced losses.
- Summer 17 power fell 0.6% to £31.6/MWh. The contract is now 3.6% above its value a month ago (£30.5/MWh), but 27.7% under its level a year ago (£43.7/MWh).
- The winter 16 power contract dropped 2.6% to £37.2/MWh, and is now 0.3% above its level a month ago (£37.3/MWh), but 27.3% below its level a year ago (£47.9/MWh).

Supplier hedging strategies

The annual April 16 power contract fell 1.3% to average £34.7/MWh in February. The contract was weighed on by its gas counterpart, with annual April 16 gas declining 2.3% to average 30.9p/th. The annual power contract dropped despite the likely closure of numerous coal-fired power stations prior to next winter. Brent crude oil rose 5.1% to average \$33.7/bl. API 2 Coal prices decreased 7.0% to average \$38.0/t.

There were 28 price changes to fixed domestic dual-fuel tariffs in February. Of these, 26 were reductions and two were increases. Some notable tariff decreases were seen at npower (-3.2% and -2.1%), E.ON (-2.9%), First Utility (-2.6%, -4.7% and -3.9%), iSupply (-2.3%), Flow Energy (-6.1% and -2.9%), SO Energy (-3.8%), EDF (-6.7%, -7.0% and -2.0%), Co-operative Energy (-2.4% and -8.8%), Extra Energy (-3.7%), M&S Energy (-3.0%) and Places for People Energy (-3.4%).

Annual power and gas contracts continued to decline in February, although significantly less than in the previous month. Lower wholesale power and gas prices have allowed suppliers to offer a greater number of lower fixed term deals, and is represented in the above data. If wholesale energy prices continue to fall, suppliers could continue to reduce their tariff rates.





Wholesale price snapshot

Key market indicators:

18/03/2016

		Gas (p/th)		Electricity (£/MWh)		Coal (\$/t)	Carbon (€/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead			
This week	18 Mar 16	29.60	30.48	34.31	34.75	42.00	5.01	41.95
Last week	11 Mar 16	29.80	30.36	38.00	34.48	41.80	5.06	40.94
Last month	19 Feb 16	29.35	30.58	32.00	34.55	38.40	5.30	33.77
Last year	20 Mar 15	46.50	46.74	41.20	44.10	56.90	6.73	53.90
Year-on-year % change		(36%)	(35%)	(17%)	(21%)	(26%)	(26%)	(22%)
Year high		48.75	48.87	48.40	46.38	60.50	8.64	68.94
Year low		28.75	29.46	26.56	33.31	36.55	4.69	27.83
<p>This table shows the price this week compared with prices from the previous 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.</p>								



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 15 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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