



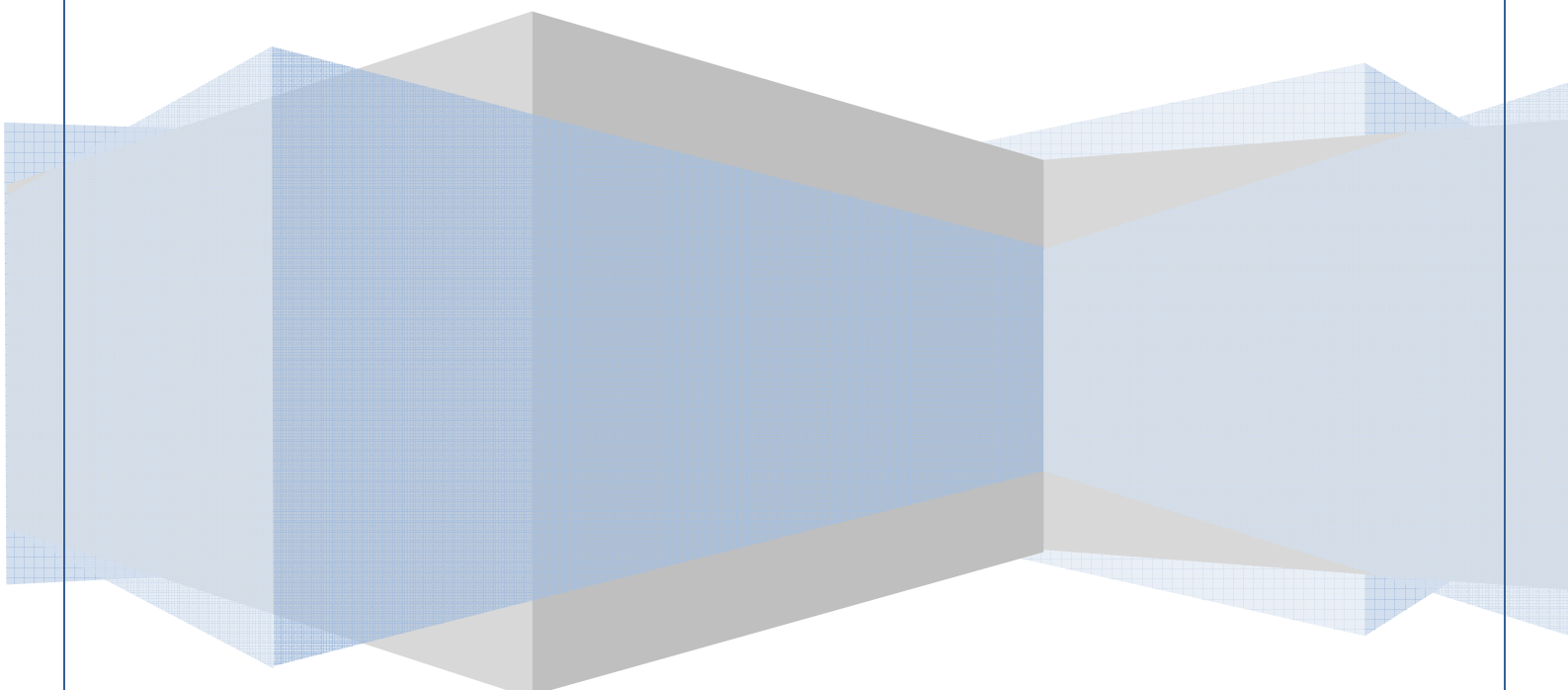
Energy Wholesale Market Review

Week Ending 8th April 2016



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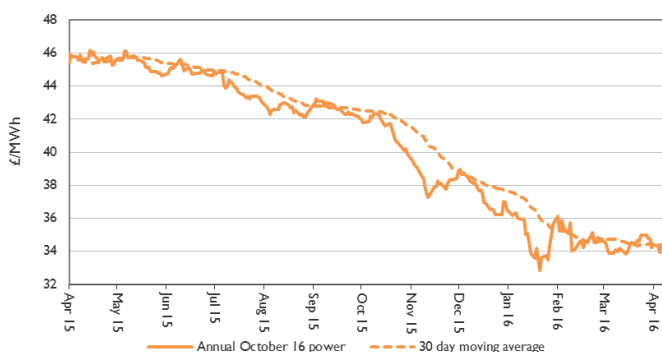
Headlines 08/04/2016

There was a general downward trend in energy markets this week. Day-ahead gas fell 5.5% to 27.5p/th as warmer weather reduced demand for heating. The contract is now at its lowest level since December 2009. Winter 16 gas reduced 2.6% to 32.4p/th, following a drop in oil prices. Day-ahead power followed its gas counterpart lower, slipping 10.0% to £31.4/MWh, despite a drop in wind output. Winter 16 power held steady at £37.20/MWh, despite the fall in its gas counterpart. Brent crude oil declined 1.4% to average \$39.0/bl this week after Iran considerably increased production. Prices did experience gains during the middle period of the week, following a reported drop in US crude inventories, but ended the week down overall. EU ETS carbon surged 7.1% to average €5.3/t. API 2 coal continued to suffer, down 0.7% to \$41.2/t as demand for the commodity continued to fall.

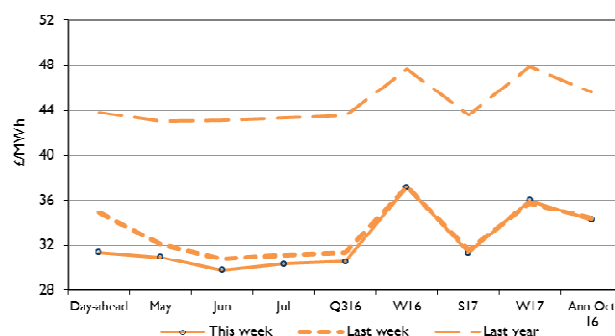
Baseload electricity

- Annual October 16 power slipped 0.4% this week to £34.3/MWh, 0.3% above its level last month (£34.2/MWh), but 24.9% below its value last year (£45.7/MWh).
- The contract followed annual gas prices lower, which in turn were weighed upon by a drop oil prices.
- Most contracts were lower this week.
- Day-ahead power dropped 10.0% to £31.4/MWh, following a drop in its gas counterpart as warmer weather reduced demand.
- Month-ahead power fell 3.6% to £31.0/MWh, 28.1% lower than the same period last year.

Annual April contract



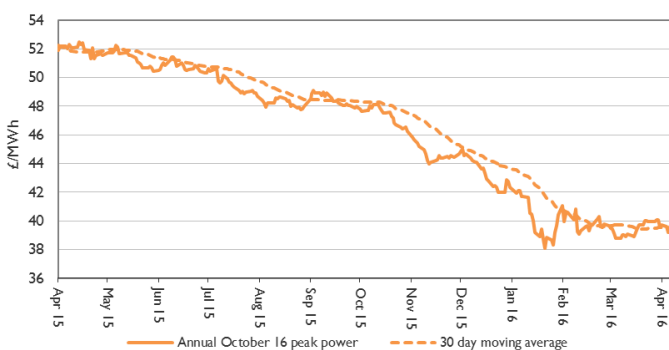
Forward curve comparison



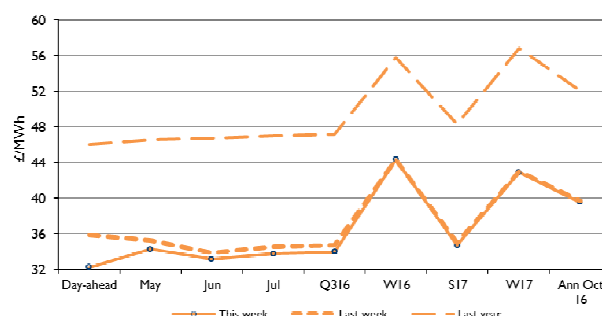
Peak electricity

- Annual October 16 peak power curtailed 0.4% this week to £39.6/MWh. The contract is 1.2% above its level last month but 24.1% below its level last year (£52.1/MWh).
- Tighter supply margins from winter 16 onwards may be influencing forward curve prices. However, the gap between peak and baseload power has reduced further still this week.
- Most seasonal peak power contracts were lower this week, the only exception being winter 16 which held steady at £37.2/MWh.
- Summer 17 peak power fell 0.9% to average £34.8/MWh.
- The day-ahead contract reduced 10.2% to £32.3/MWh, despite an increase in demand.

Annual April contract



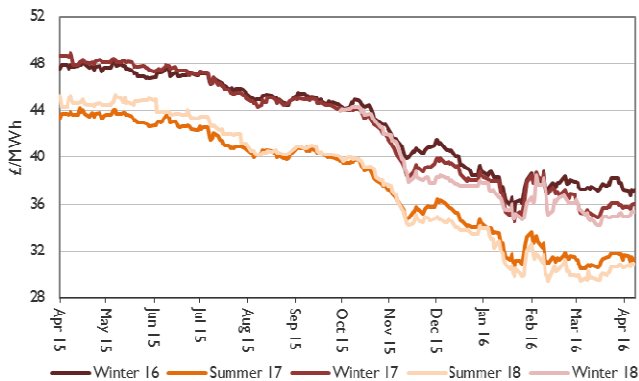
Forward curve comparison



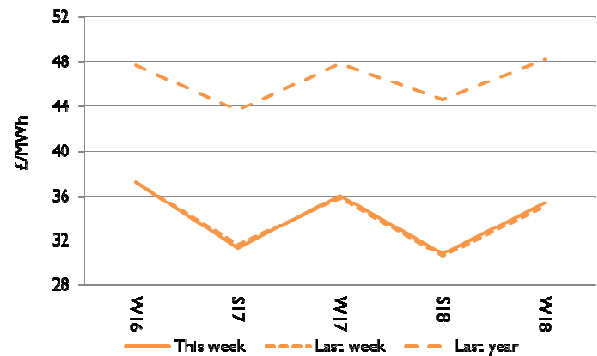


Seasonal power prices

Seasonal power contracts



Seasonal power curve



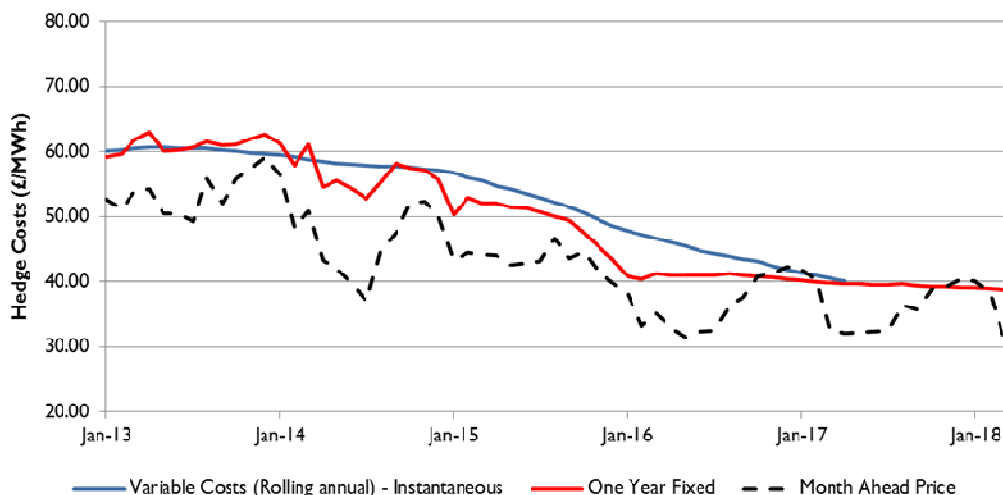
- Most baseload power contracts experienced gains this week.
- Summer 17 power fell 0.8% to £31.4/MWh. The contract is now 1.6% above its value a month ago (£30.9/MWh), but 28.2% under its level a year ago (£43.7/MWh).
- Winter 17 power was the only contract to increase this week, climbing 0.7% to £36.0/MWh
- Winter 16 power held steady at £37.2/MWh, 0.8% above its level a month ago (£37.5/MWh), but 21.9% below its level a year ago (£47.7/MWh).

Supplier hedging strategies

The annual April 16 power contract fell 0.2% to average £34.6/MWh in March. The contract was weighed on by its gas counterpart, with annual April 16 gas declining 1.7% to average 30.3p/th. The annual power contract dropped despite the closure of numerous coal-fired power stations prior to next winter. Brent crude oil rose 17.6% to average \$39.6/bl. API 2 Coal prices increased 7.2% to average \$40.8/t.

There were 52 price changes to fixed domestic dual-fuel tariffs in March. Of these, 43 were reductions and nine were increases. Some notable tariff decreases were seen at LoCO2Energy (-14.4%, -14.4%, -9.6%, -9.1% & 6.3%), npower (-12.0%, -12.0% & 6.4%), Green Energy UK (-5.7% & -5.6%), Utilita (-3.2% & -3.2%), Sainsbury's Energy (-3.0% & -3.0%), British Gas (-3.0%) and SSE (-3.0%).

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 cheaper fixed term deals, and is represented in the data. If wholesale energy prices continue to fall, suppliers could continue to reduce their tariff rates.





Wholesale price snapshot

Key market indicators:

08/04/2016

		Gas (p/th)		Electricity (£/MWh)		Coal (\$/t)	Carbon (€/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead			
This week	8 Apr 16	27.50	30.88	31.40	34.28	41.00	5.25	38.97
Last week	1 Apr 16	29.10	31.71	34.90	34.40	42.40	5.13	39.66
Last month	11 Mar 16	29.80	31.79	38.00	34.18	41.80	5.06	40.94
Last year	10 Apr 15	47.80	48.03	43.80	45.65	56.00	6.96	56.33
Year-on-year % change		(42%)	(36%)	(28%)	(25%)	(27%)	(25%)	(31%)
Year high		48.75	48.77	48.40	46.08	60.50	8.64	68.94
Year low		27.50	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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