



Energy Wholesale Market Review

Week Ending 15th 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



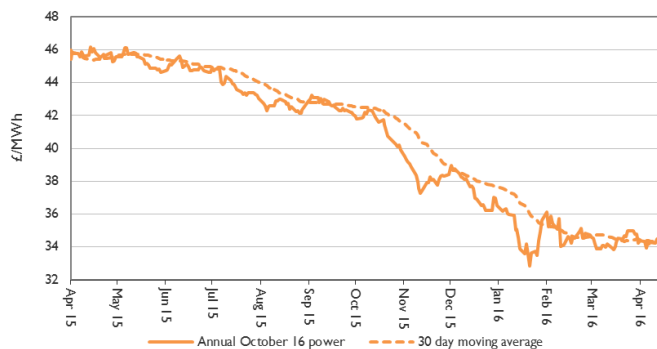
Headlines 15/04/2016

Day-ahead gas hit a new six year low of 27.0p/th on Monday, but ended the week up 1.8% at 28.0p/th as unplanned disruptions to Norwegian pipeline imports pushed prices higher. Winter 16 gas lifted 0.2% to 32.4p/th, with a rise in oil prices. Day-ahead power jumped 6.8% to £33.6, following a drop in wind output. Winter 16 power moved in the opposite direction to its gas counterpart, losing 0.1% to £37.2/MWh. Brent crude oil surged 11.2% this week to \$43.3/bl ahead of this Sunday's supply freeze talks. Global demand for oil continued to fall, as a number of major economies showed signs of slowing, but was offset by signs that US production is also slowing. API 2 coal boosted 2.5% this week to \$42.2/t, but sustained low prices have taken their toll on Peabody, America's largest producer, which filed for bankruptcy on Wednesday. EU ETS carbon continued to rise week on week, up 5.4% to €5.6/t.

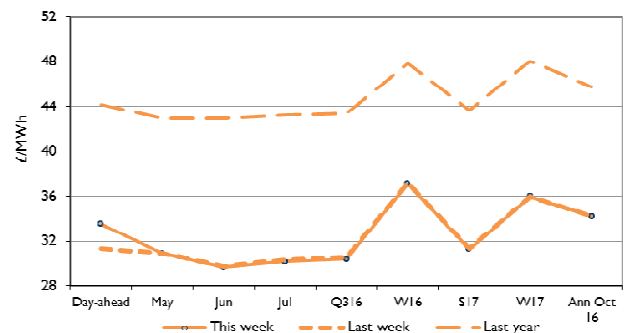
Baseload electricity

- Annual October 16 power slipped 0.1% this week to £34.2/MWh, 0.9% below its level last month (£34.5/MWh) and 25.3% below its value last year (£45.8/MWh)
- The contract dropped in spite of a rise in its gas counterpart.
- Day-ahead power gained 6.8% to £33.6/MWh, following a rise in its gas counterpart. Prices were also pressured higher by a drop in wind output.
- Month-ahead power fell 0.2% to £30.9/MWh, 24.1% lower than the same period last year.

Annual April contract



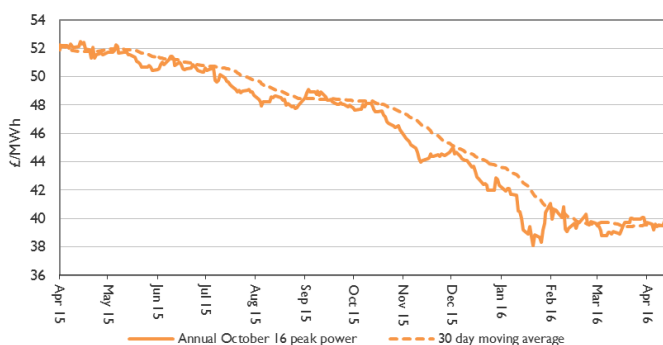
Forward curve comparison



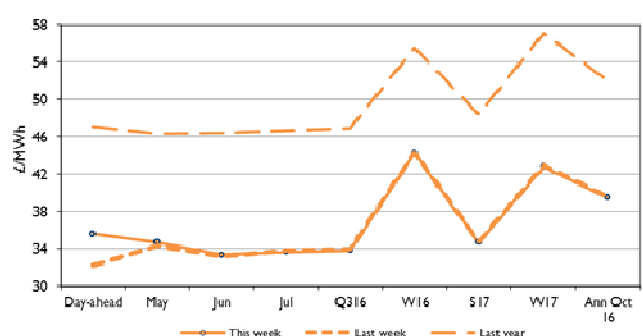
Peak electricity

- Annual October 16 peak power curtailed 0.2% this week to £39.5/MWh. The contract is 0.6% below its level last month and 24.1% below its level last year (£52.0/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.
- Seasonal peak power prices were mixed this week.
- Winter 16 peak power fell 0.2% to £44.3/MWh, while winter 18 boosted 1.5% to £44.0/MWh. Summer 17 dropped 0.1% to £34.7/MWh, while summer 18 lifted 1.3% to £35.5/MWh.
- The day-ahead contract jumped 10.4% to £35.6/MWh, despite a decrease in demand.

Annual April contract

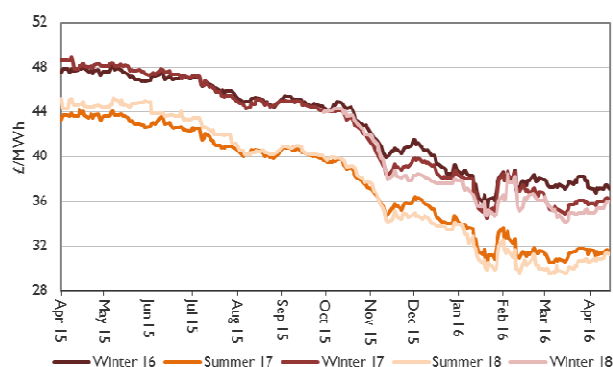


Forward curve comparison



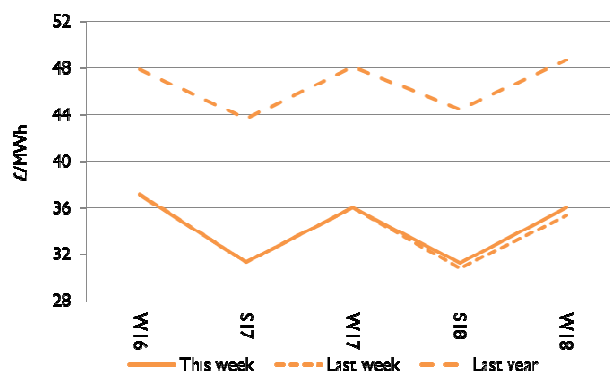


Seasonal power contracts



- The winter 16 contract lost 0.1% to £37.2/MWh. Prices are now 1.6% below last month's levels (£37.8/MWh) and 22.4% below last year's levels (£47.9/MWh).
- Summer 17 was also lower, losing 0.2% to £31.3/MWh. Prices are now at the same level they were a month ago, but 28.4% below the same period last year (£48.1/MWh)

Seasonal power curve



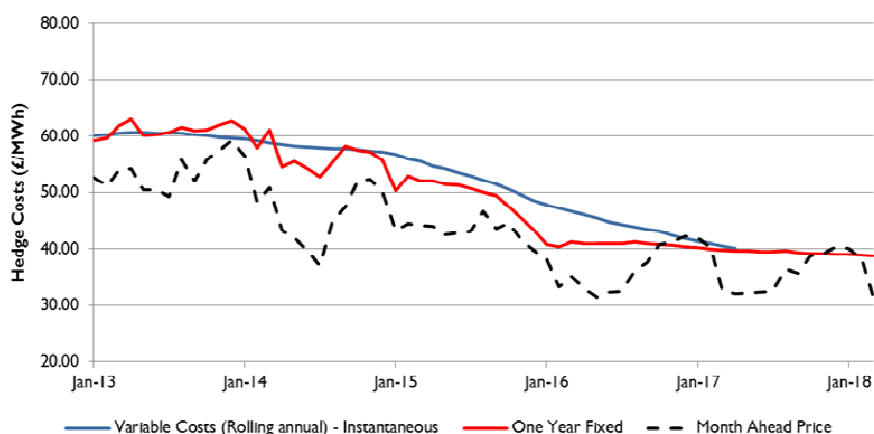
- Contracts further out along the forward curve experienced gains.
- Summer 18 boosted 1.5% to £31.3/MWh, up 3.8% on last month's value (£30.1/MWh), but is 29.8% below the same period last year (£44.5/MWh).
- Winter 18 gained 1.8% to £36.0/MWh, 2.9% above last month (£35.0/MWh), but 26.1% below last year (£48.7/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%).

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:

15/04/2016

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	15 Apr 16	28.00	30.96	33.55	34.23	43.50	5.53	43.54
Last week	8 Apr 16	27.50	30.88	31.40	34.28	41.00	5.25	38.97
Last month	18 Mar 16	29.60	31.82	34.31	34.53	42.00	5.01	41.95
Last year	17 Apr 15	45.75	48.46	44.20	45.80	57.60	6.89	63.45
Year-on-year % change		(39%)	(36%)	(24%)	(25%)	(24%)	(20%)	(31%)
Year high		48.75	49.17	48.40	58.65	60.50	8.64	68.94
Year low		27.00	29.88	26.56	32.84	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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