



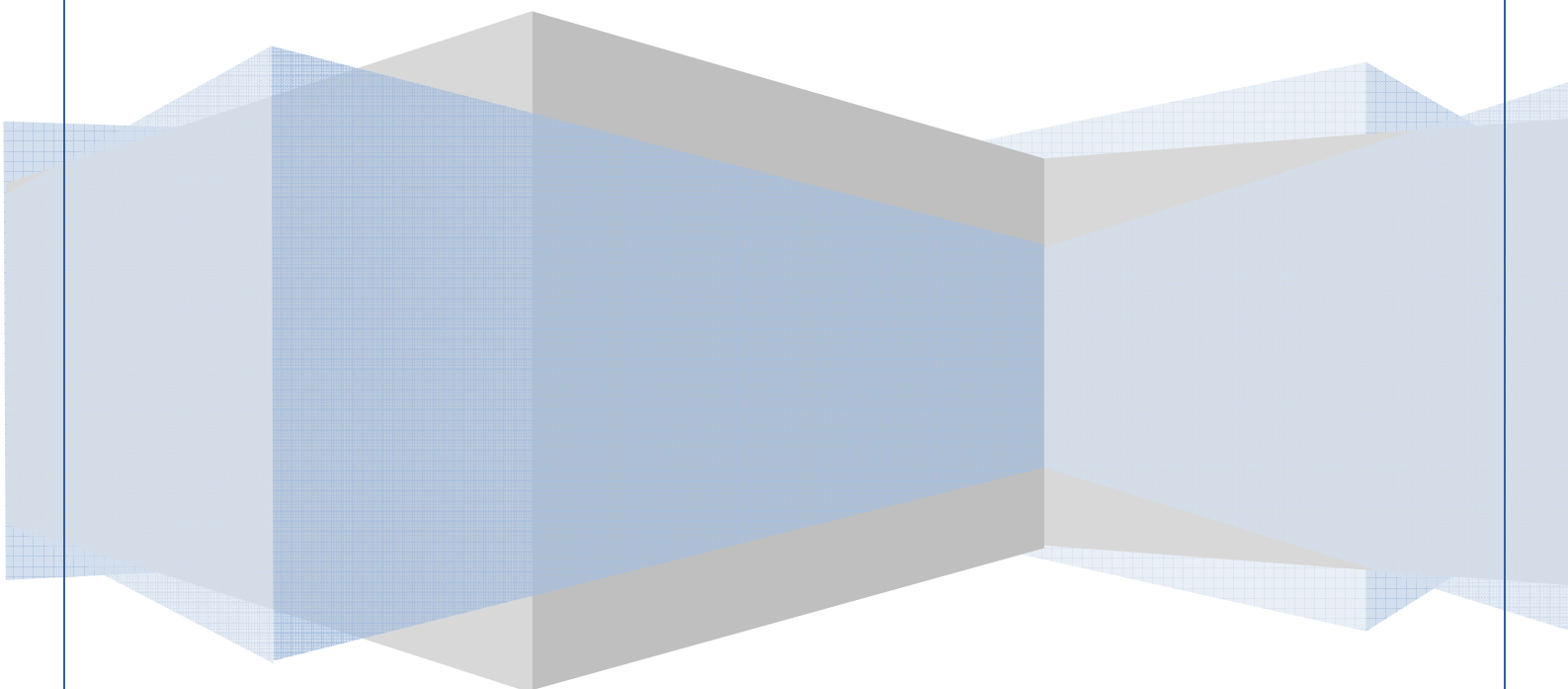
Energy Wholesale Market Review

Week Ending 22nd April 2016



EDW House, Radian Court, Knowlhill, Milton Keynes, MK5 8PJ.

Phone: +44 (0)8448 802 489
Email: info@edwtech.com
Website: edwtech.com





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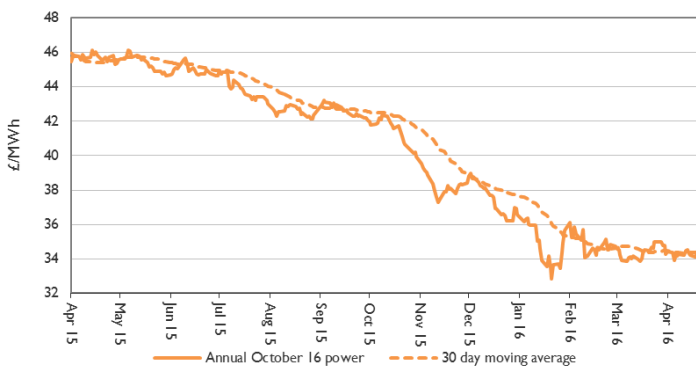
Headlines 22/04/2016

Day-ahead gas gained 8.6% to 30.4p/th this week as a series of unplanned pipeline outages reduced flows. Winter 16 gas improved 6.8% to 34.7p/th, following oil prices higher. Day-ahead baseload power lifted 1.1% £33.9/MWh as lower wind output, as well as a number of plant outages, pressured prices higher. Winter 16 power boosted 4.6% to £38.9/MWh, following a rise in its gas counterpart. Brent crude oil was up 0.1% to average \$43.4/bl after the International Energy Agency predicted that non-OPEC production would fall to its lowest levels in over two decades. API 2 coal gained 6.3% to average \$44.9/bl as supplies are expected to tighten following a series of bankruptcies amongst a number of major private producers. EU ETS carbon fell 0.1% on average to €5.5/t, but ended the week at over a two and half month high of €5.7/t after a record high German auction result on Thursday.

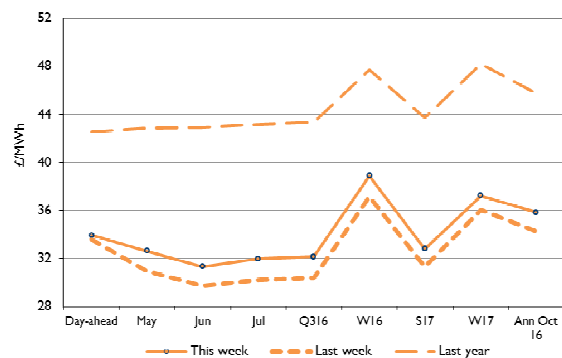
Baseload electricity

- Annual October 16 power boosted 4.6% this week to £35.8/MWh, 2.4% above its level last month (£35.0/MWh), but 21.6% below its value last year (£45.7/MWh)
- The contract increased following a rise in its gas counterpart.
- All baseload power contracts moved higher this week.
- Day-ahead power gained 1.1% to £33.9/MWh as lower wind output and a number of generation outages supported prices.

Annual April contract



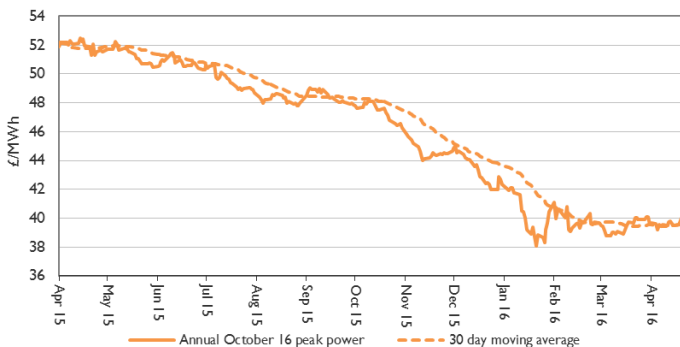
Forward curve comparison



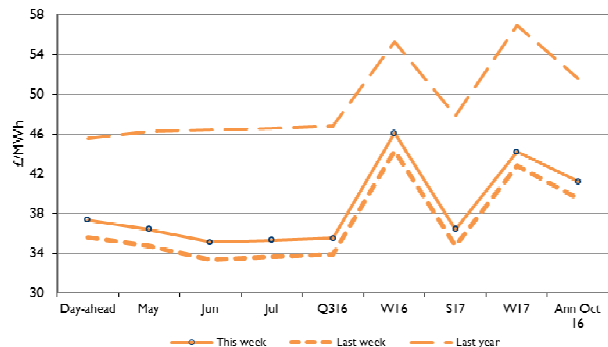
Peak electricity

- Annual October 16 peak power grew 4.4% this week to £41.2/MWh. The contract is 3.3% above its level last month (£39.9/MWh), and 20.0% below its level last year (£51.6/MWh).
- Prices continued to rise as supply margins for the forthcoming winter remained tight.
- Seasonal peak power prices all experienced gains this week.
- Winter 16 peak power rose 4.1% to £46.1/MWh, 2.1% above last month's levels (£45.1/MWh), but 16.7% below last year's level (£55.3/MWh).
- The day-ahead contract lifted 4.9% to £37.3/MWh, despite a decrease in demand

Annual April contract



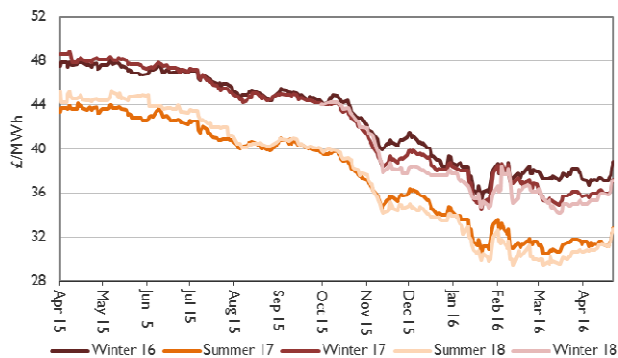
Forward curve comparison



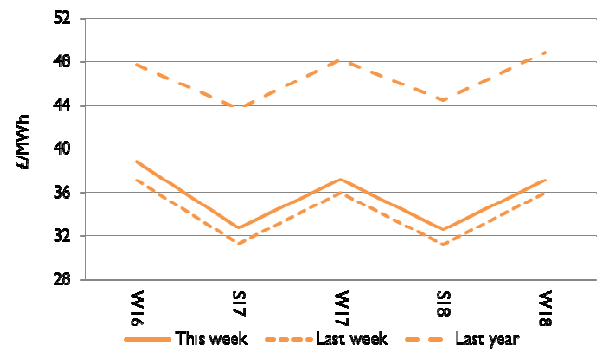


Seasonal power prices

Seasonal power contracts



Seasonal power curve



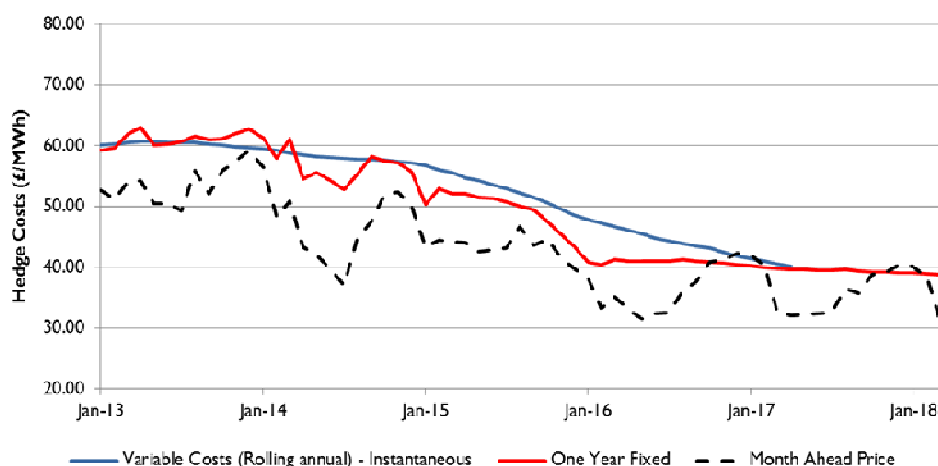
- The winter 16 contract boosted 4.6% to £38.9/MWh. Prices are now 1.7% above last month's levels (£38.2/MWh), but 18.6% below last year's levels (£47.7/MWh).
- Summer 17 gained 4.8% to £32.8/MWh. Prices are now 3.1% above their levels a month ago (£31.8/MWh), but 24.9% below the same period last year (£43.7/MWh)
- 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:

22/04/2016

		Gas (p/th)		Electricity (£/MWh)		Coal (\$/t)	Carbon (€/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead			
This week	22 Apr 16	30.40	33.16	33.91	35.83	45.25	5.67	44.42
Last week	15 Apr 16	28.00	30.96	33.55	34.23	43.50	5.53	43.54
Last month	25 Mar 16	29.10	31.85	31.47	35.00	40.80	4.78	39.71
Last year	24 Apr 15	45.30	48.18	42.50	45.70	57.25	7.33	65.46
Year-on-year % change		(33%)	(31%)	(20%)	(22%)	(21%)	(23%)	(32%)
Year high		48.00	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>		51	50	50	60	65	9.0	70
		47	48	46	56	60	8.5	65
		43	44	42	52	55	8.0	60
		39	40	38	48	50	7.5	55
		35	36	34	44	45	7.0	50
		31	32	30	40	40	6.5	45
		27	28	26	32	35	6.0	40
							5.5	35
							5.0	30
							4.5	25



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.

EDW Technology Limited

EDW House

Radian Court

Knowlhill

Milton Keynes

MK5 8PJ

UK

Tel: +44 (0) 8448 802 489

Fax: +44 (0) 8448 802 487

Website: www.edwtech.com

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