



Energy Wholesale Market Review

Week Ending 29th April 2016



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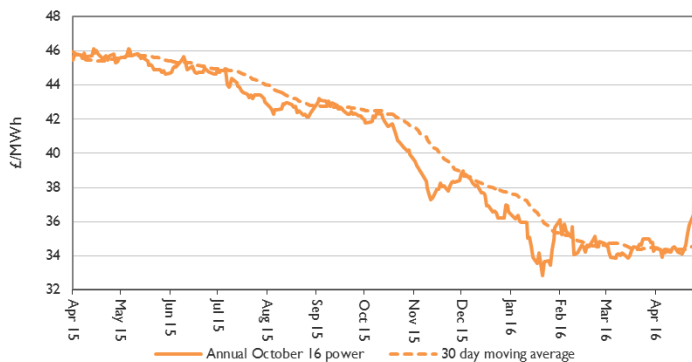
Headlines 29/04/2016

Day-ahead gas was unchanged at 30.4p/th this week, despite a rise in demand as well as a rise in oil prices. Winter 16 gas lifted 3.2% to 35.8p/th, following oil prices higher. Day-ahead power fell 7.1% to £31.5/MWh as forecast demand dropped. Winter 16 power followed its gas counterpart higher, up 2.1% to £39.7/MWh. Brent crude oil continued to rise, gaining 8.9% to reach a new five-month high of \$48.4/bl, as a weakened US dollar and falling non-OPEC production continued to support prices. API 2 coal also experienced gains this week, improving 3.4% to \$46.8/t. Coal markets remain oversupplied, but tightening supplies are forecast after a series of high profile bankruptcies has led to a number of mine closures. EU ETS carbon moved 10.9% higher this week to €6.3/t after Europe's highest court ordered a recalculation of free ETS allocations to 2020.

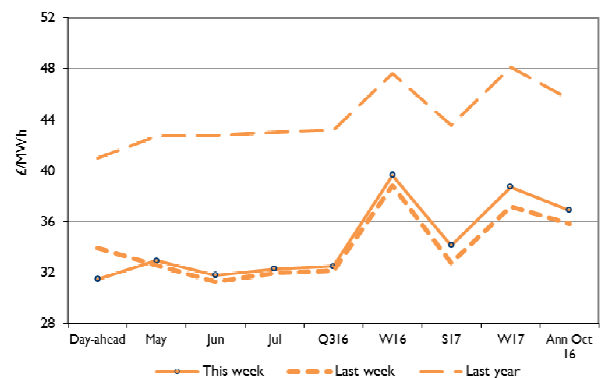
Baseload electricity

- Annual October 16 power boosted 4.6% this week to £36.9/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.
- Most baseload power contracts moved higher this week.
- The only exception was day-ahead power which fell 7.1% to £31.5/MWh as demand dropped.
- Month-ahead power lifted 1.1% to £33.0/MWh, 22.9% lower than the same period last year.

Annual April contract



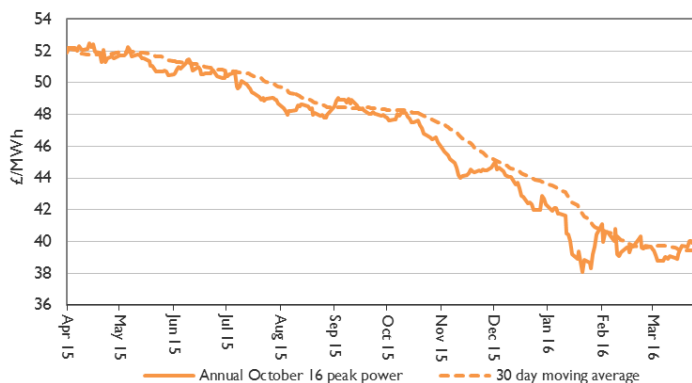
Forward curve comparison



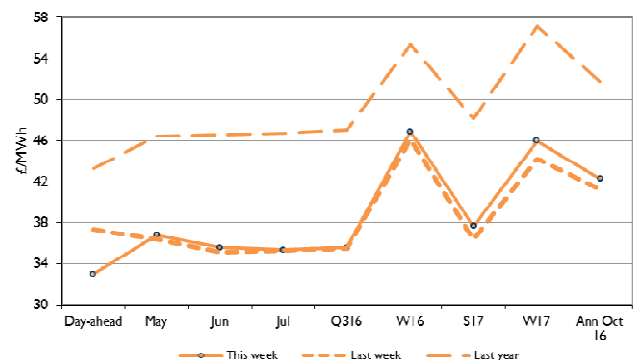
Peak electricity

- Annual October 16 peak power grew 2.5% this week to £42.3/MWh. The contract is 6.4% above its level last month (£39.9/MWh), and 18.3% below its level last year (£51.7/MWh).
- Prices continued to rise as supply margins for the forthcoming winter remained tight.
- Seasonal peak power prices all experienced gains this week. The day-ahead price was the only contract to fall, down 11.6% to £33.0/MWh, despite a rise in peak power demand.
- Winter 16 peak power rose 1.7% to £46.9/MWh, 5.6% above last month's levels (£44.4/MWh), but 15.3% below last year's level (£55.3/MWh).

Annual April contract



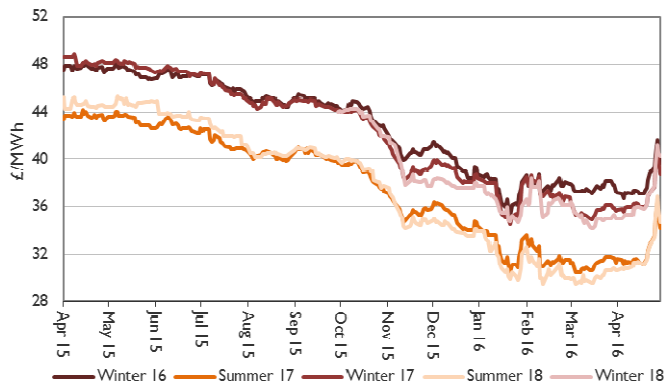
Forward curve comparison





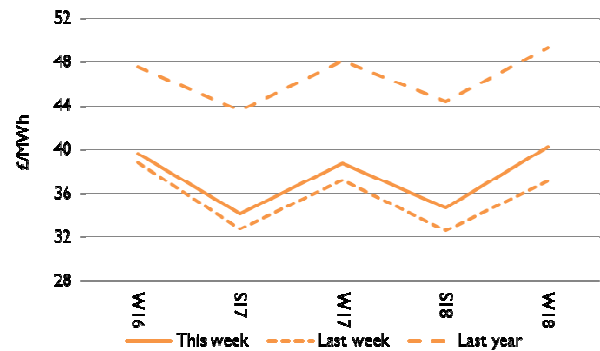
Seasonal power prices

Seasonal power contracts



- The winter 16 contract boosted 2.1% to £39.7/MWh. Prices are now 6.6% above last month's levels (£37.2/MWh, but 16.7% below last year's levels (£47.6/MWh).
- Summer 17 gained 4.1% to £34.2/MWh. Prices are now 8.1% above their levels a month ago (£31.6/MWh), but 21.7% below the same period last year (£43.6/MWh)

Seasonal power curve



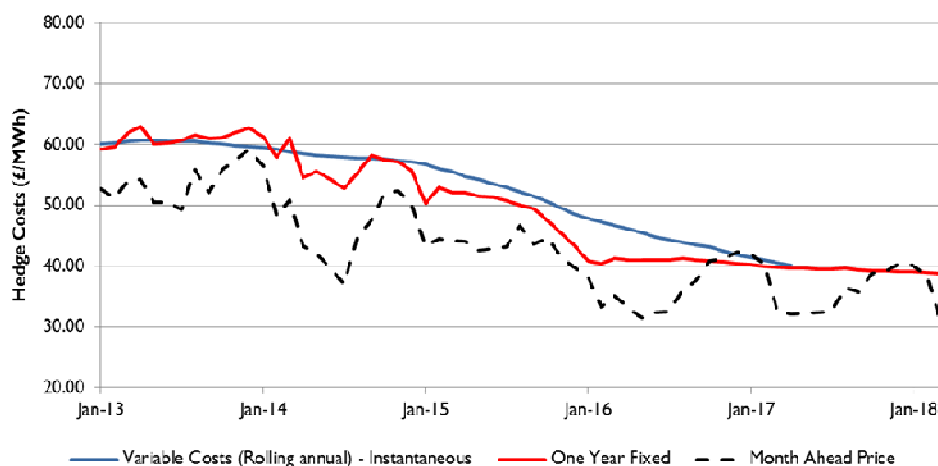
- Summer 18 advanced 6.1% to £34.7/MWh, up 13.2% on last month's value (£30.6/MWh), but is 22.0% below the same period last year (£44.5/MWh).
- Winter 18 grew 8.3% to £40.3/MWh, 15.0% above last month (£35.0/MWh), but 18.4% below last year (£49.3/MWh).

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:

29/04/2016

		Gas (p/th)		Electricity (£/MWh)		Coal (\$/t)	Carbon (€/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead			
This week	29 Apr 16	30.40	34.34	31.50	36.90	46.80	6.29	48.36
Last week	22 Apr 16	30.40	33.16	33.91	35.83	45.25	5.67	44.42
Last month	1 Apr 16	29.10	31.71	34.90	34.40	42.40	5.13	39.66
Last year	1 May 15	44.55	48.13	41.00	45.60	58.60	7.51	66.38
Year-on-year % change		(32%)	(29%)	(23%)	(19%)	(20%)	(16%)	(27%)
Year high		46.10	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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