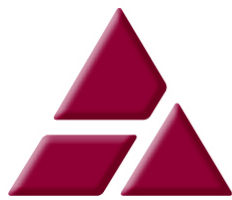




Energy Wholesale Market Review

Week Ending 13th May 2016



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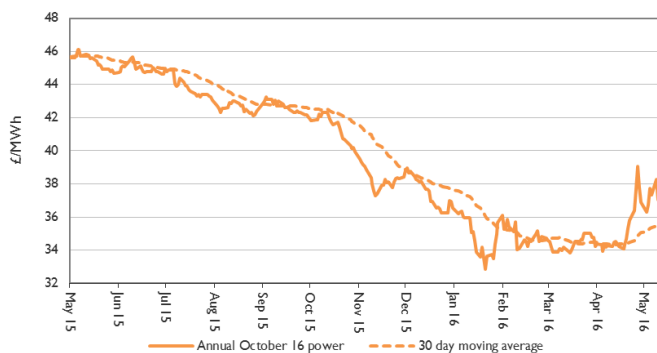
Headlines 13/05/2016

Day-ahead gas gained 4.4% this week to 31.0p/th as reduced supplies pressured prices higher, following an outage at the St. Fergus terminal in Scotland. Winter 16 gas lifted 1.1% to 36.4p/th, following oil prices higher. Day-ahead power boosted 6.9% to £32.6/MWh as a dip in demand was not enough to offset a fall in wind output. Winter 16 power followed its gas counterpart higher, rising 1.0% to £40.4/MWh. Brent crude oil climbed 6.6% to \$44.7/bl as the wild fires in Canada's oil sands region continued to limit supplies. The removal of Saudi Arabia's long-serving oil minister Ali al-Naimi has also created market uncertainty. API 2 coal reduced 2.0% to \$45.8/bl after a rise in Columbian export rates to Asia, increasing competition with Australian exporters. EU ETS carbon moved 5.9% lower to €5.8/t. A French think-tank has urged the European Union to increase the ETS auction reserve price, under the Market stability Reserve, to €20/t.

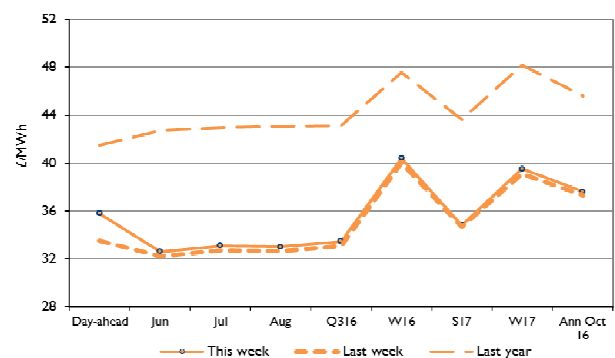
Baseload electricity

- Annual October 16 power boosted 0.7% this week to £37.6/MWh, 9.9% above its level last month (£34.2MWh), but 17.5% below its value last year (£45.6/MWh).
- The contract increased following a rise in its gas counterpart.
- All baseload power contracts moved higher this week.
- Month-ahead power lifted 1.2% to £32.6/MWh, 9.8% higher than the same period last month.
- Day-ahead power went up 6.9% to £35.8/MWh, as a drop in demand was not enough to offset a drop in wind output

Annual October contract



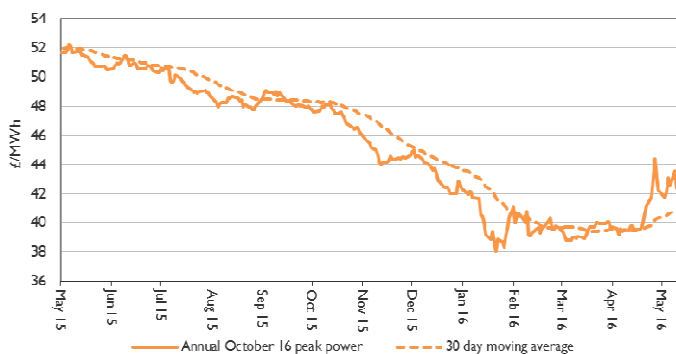
Forward curve comparison



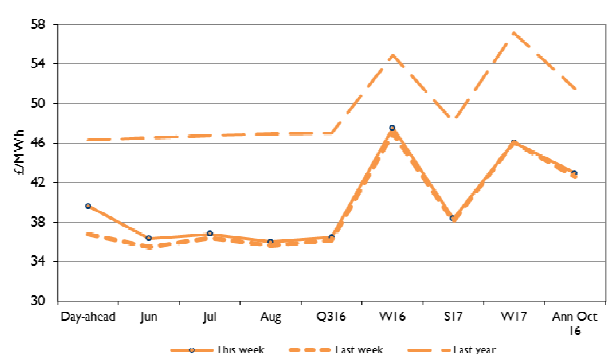
Peak electricity

- Annual October 16 peak power grew 0.9% this week to £43.0/MWh. The contract is 8.8% above its level last month (£39.5/MWh), and 16.6% below its level last year (£51.5/MWh).
- Prices continued to rise as supply margins for the forthcoming winter remained tight.
- Most seasonal peak power prices experienced gains this week. The day-ahead contract rose 7.9% to £39.7/MWh, despite a fall in peak power demand.
- Winter 16 peak power rose 1.1% to £47.6/MWh, 7.5% above last month's levels (£44.3/MWh), but 13.4% below last year's level (£54.9/MWh).

Annual April contract



Forward curve comparison



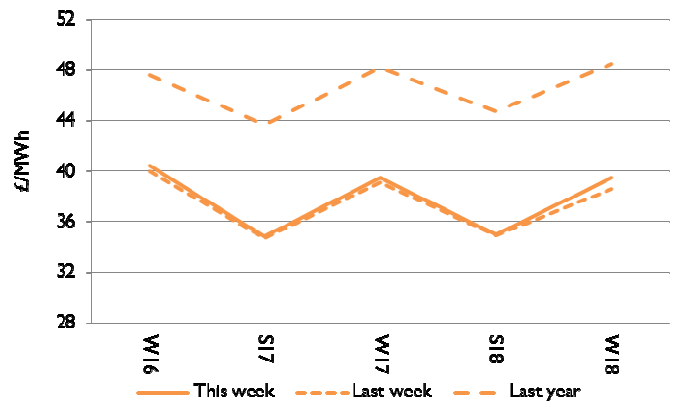


Seasonal power prices

Seasonal power contracts



Seasonal power curve

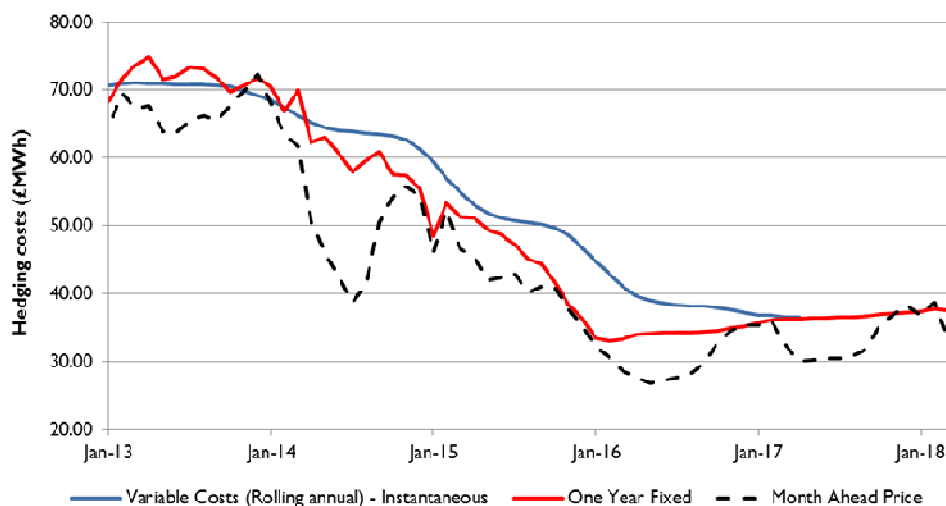


- The winter 16 contract boosted 1.0% to £40.4/MWh. Prices are now 8.7% above last month's levels (£37.2/MWh), but 15.0% below last year's levels (£47.6/MWh).
- Summer 17 gained 0.4% to £34.8/MWh. Prices are now 11.2% above their levels a month ago (£31.3/MWh), but 20.3% below the same period last year (£43.7/MWh).
- Summer 18 advanced 0.3% to £35.0/MWh, up 12.0% on last month's value (£31.3/MWh), but is 21.7% below the same period last year (£44.7/MWh).
- Winter 18 lifted 2.3% to £39.5/MWh, 9.7% above last month (£36.0/MWh), but 18.5% below last year (£48.4/MWh).

Supplier hedging strategies

The annual October 16 power contract grew 2.4% to average £35.2/MWh in April. The contract was supported by its gas counterpart, with annual October 16 gas lifting 1.9% to average 32.3p/th. The annual power contract increased as tightening supply margins for the coming winter supported prices. Brent crude oil rose 8.5% to average \$43.0/bl. API 2 coal prices increased 7.1% to average \$43.7/t.

There were 28 price changes to fixed domestic dual-fuel tariffs in April. Of these, 23 were reductions and five were increases. Some notable tariff decreases were seen at SSE (-23.9%, -23.9%), First Utility (-4.3%, -4.3%), E.On (-3.9%), iSupply (-2.6%) and First Utility (-2.1%). Notable increases were seen at Scottish Power (+4.7%), iSupply Energy (+1.9%, +1.9%), First Utility (+1.6%) and EnergySW (+0.8%). Despite the recent rise in wholesale power and gas contracts, the markets remain low in comparison to last year. As a result a large number of suppliers have been able to reduce their tariffs. Suppliers who have increased their tariffs are likely to be employing a short hedged strategy, while those who have reduced their tariffs are likely to be employing a long hedged strategy.





Wholesale price snapshot

Key market indicators:

13/05/2016

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	13 May 16	31.00	35.06	35.80	37.60	45.80	5.75	47.65
Last week	6 May 16	29.70	34.67	33.50	37.33	46.75	6.11	44.72
Last month	15 Apr 16	28.00	30.96	33.55	34.23	43.50	5.53	43.54
Last year	15 May 15	45.00	48.25	41.50	45.60	58.10	7.57	66.50
Year-on-year % change		(31%)	(27%)	(14%)	(18%)	(21%)	(24%)	(28%)
Year high		45.00	48.38	48.40	45.65	60.50	8.64	66.50
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>		47	50	50	46	65	9.0	70
		43	48	46	44	60	8.5	65
		39	44	42	42	55	7.5	55
		35	40	38	40	50	7.0	50
		31	38	38	38	45	6.5	45
		27	36	34	36	40	6.0	40
			34	30	34	35	5.5	35
			32	26	32		5.0	30
			30				4.5	25
			28					



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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