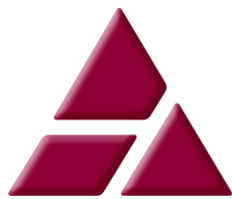




Energy Wholesale Market Review

Week Ending 27th May 2016



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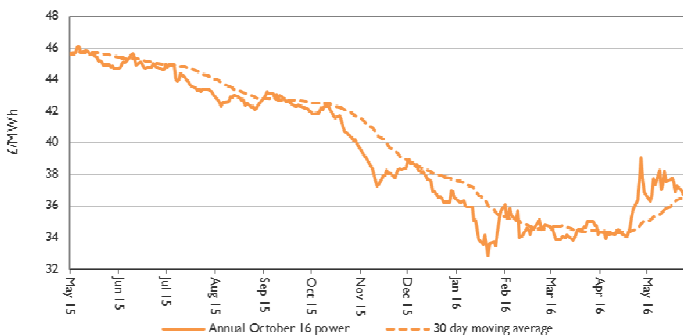
Headlines 27/05/2016

Day-ahead gas gained 3.7% to 31.2p/th this week, as colder weather increased demand. Winter 16 gas rose 0.6% to 36.0p/th, with a rise in oil prices. Day-ahead power lost 4.0% to £32.8/MWh, as a greater proportion of nuclear generation offset a rise in demand, as well as a rise in gas prices. Winter 16 power went up 0.5% to £40.3/MWh, following oil prices higher. Brent crude oil lifted 0.5% to \$49.0/bl. Prices hit a seven-month high of \$50.1/bl on Thursday. On average oil prices grew 0.7% this week to average \$49.0/bl, amid supply disruptions from wildfires in Canada, political unrest in Nigeria and Libya, as well as economic difficulties in Venezuela. API 2 coal climbed 3.1% to \$48.5/t, as Europe's coal stocks slipped to the lowest level of the year so far. EU ETS carbon rose 0.2% week-on-week to €6.0/t, however on average the price was 0.9% lower at €5.9/t. A falling power price and a rise in the coal price resulted in the day ahead clean dark spread turning negative and it is now -£0.4/MWh.

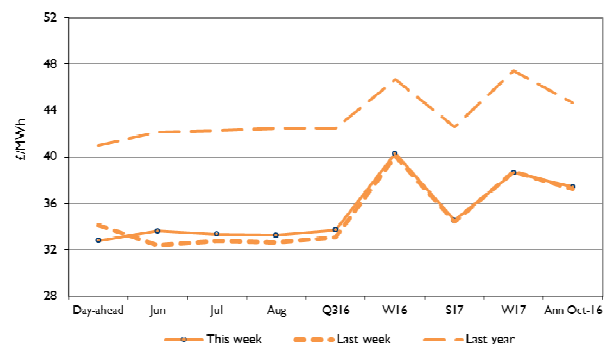
Baseload electricity

- Annual October 16 power was 0.4% more at £37.4/MWh this week, 1.4% above its level last month (£36.9MWh), but 16.2% below its value last year (£44.7MWh).
- The contract increased following a rise in its gas counterpart.
- Day-ahead power reduced 4.0% to £32.8/MWh, as a greater proportion of nuclear generation offset a rise in demand, as well as a rise in gas prices. The forecast of higher solar generation and lower demand into next week pulled prices down.
- Month-ahead power grew 3.7% to £33.6/MWh, 20.3% lower than the same period last year.

Annual October contract



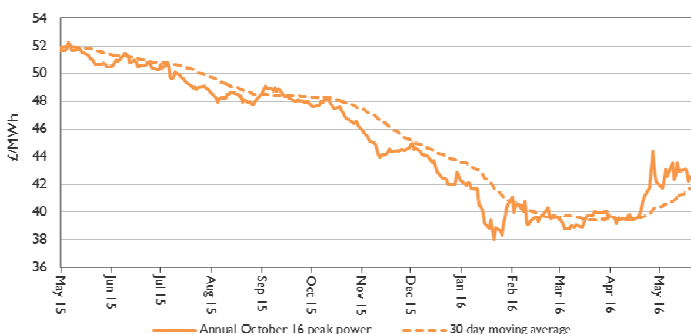
Forward curve comparison



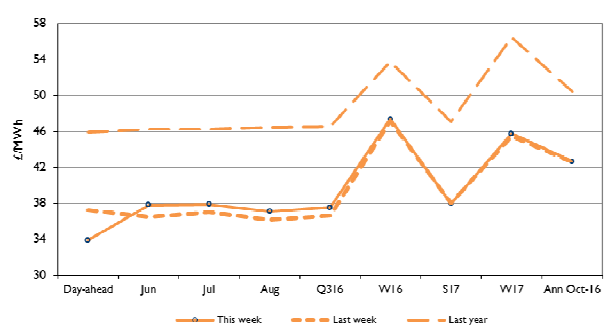
Peak electricity

- Annual October 16 peak power grew 0.2% this week to £42.7/MWh. There was a rise in the winter contract but a reduction in the summer contract.
- The contract is 1.0% above its level last month (£42.3/MWh), but 15.4% below its level last year (£50.5/MWh).
- Most peak power contracts increased this week.
- Day-ahead peak power lost 9.0% to £33.9/MWh, despite an increase in average peak power demand. The maximum peak of 37.9GW occurred on Wednesday. Month-ahead power boosted 3.7% to £37.8/MWh.

Annual April contract



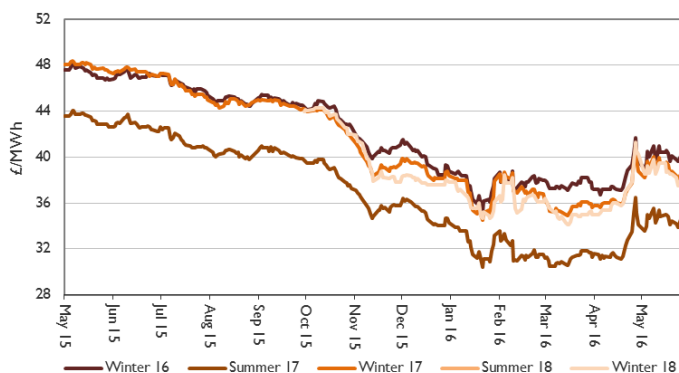
Forward curve comparison



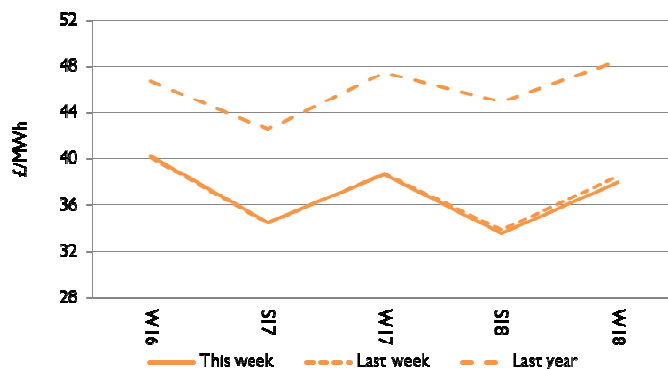


Seasonal power prices

Seasonal power contracts



Seasonal power curve

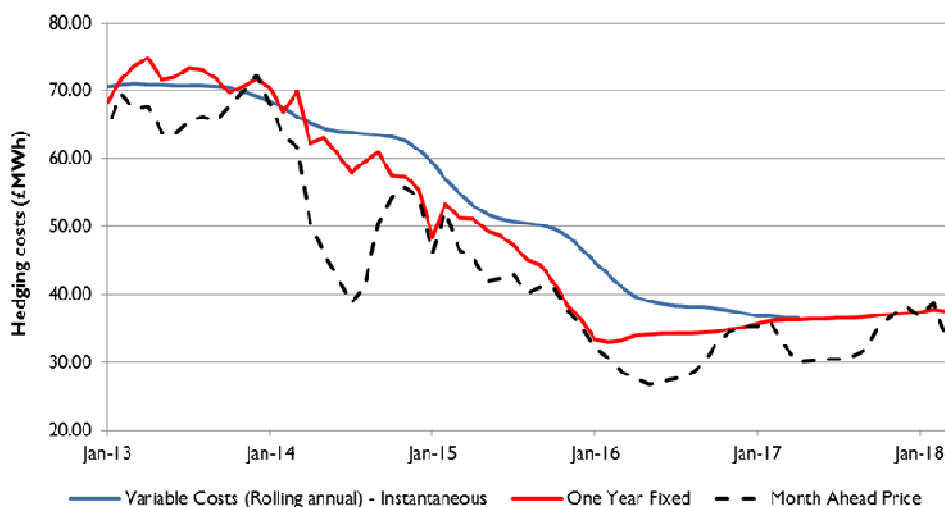


- Seasonal peak-power contracts were mixed this week. Winter 16 peak power was up 0.4% to £47.4/MWh, 1.2% above last month's levels (£46.9/MWh), but 11.9% below last year's level (£53.8/MWh).
- Summer 17 slipped 0.1% to £38.0/MWh. Prices are now 0.8% above the level they were a month ago (£37.7/MWh), but 19.4% below the same period last year (£47.1/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: 27/05/2016

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	27 May 16	31.20	34.63	32.80	37.43	48.45	5.97	49.01
Last week	20 May 16	30.10	34.47	34.15	37.28	47.00	5.96	48.75
Last month	29 Apr 16	30.40	34.34	31.50	36.90	46.80	6.29	48.36
Last year	29 May 15	43.20	47.19	41.00	44.65	57.25	7.30	63.21
Year-on-year % change		(28%)	(27%)	(20%)	(16%)	(15%)	(18%)	(22%)
Year high		45.00	48.38	48.40	45.65	60.50	8.64	66.01
Year low		27.00	29.88	26.56	32.84	36.55	4.69	27.83

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.



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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