



Energy Wholesale Market Review

Week Ending 30th September 2016



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Headlines 30/09/2016

This week, all gas and power contracts and commodities experienced price gains. Day-ahead gas went up 4.4% to 35.5p/th, reaching a two-month high on Thursday of 35.9p/th. Day-ahead power jumped 26.7% to £51.0/MWh, despite lower demand this week. Winter 16 power climbed 8.7% to £51.4/MWh, The contract followed its gas counterpart higher. On Thursday, the winter 16 power contract experienced the largest single day gain in over eight years, upon reports that France may extend nuclear outages. On average Brent crude oil prices rose 1.0% this week to average \$47.1/bl. Nervous trade drove volatility leading up to the meeting of OPEC and non-OPEC members in Algeria this week. As a result, OPEC members agreed on a preliminary outline to cut its collective output, which caused prices to edge higher. On average API 2 coal prices gained 5.6% this week to average \$62.5/t, On 29 September API 2 coal increased \$3.4/t to \$64.8/t, the highest price since January 2015. On Wednesday, EU ETS carbon rose €0.3/t to €5.0/t, a ten-week high.

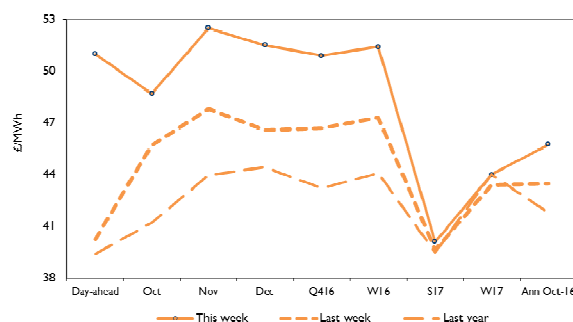
Baseload electricity

- All near-term baseload power contracts increased this week.
- Annual October 16 power went up 5.2% to £45.8/MWh this week.
- The contract is now 9.7% above its level last month (£41.7/MWh), and 9.4% higher than its value last year (£41.8/MWh).
- The day-ahead contract rose 26.7% to £51.0/MWh, with stronger gas prices and forecasts of lower wind generation into next week.
- The month-ahead contract (October) gained 6.6% to £48.7/MWh. This was 23.8% higher than the same period last month (£39.4/MWh).

Annual October contract



Forward curve comparison



Peak electricity

- Annual October 16 peak power went up 8.4% this week to £55.3/MWh, with a rise in both the winter 16 and summer 17 contracts.
- The contract is now 13.2% above its level last month (£48.9/MWh), and 16.1% greater than its level last year (£47.6/MWh).
- All near-term peak power contracts moved higher this week. The day-ahead contract jumped 41.9% to £61.0/MWh.
- The month-ahead contract (October) climbed 17.2% to £63.3/MWh. Prices are 37.5% higher than last month (£46.1/MWh) and 31.2% above last year (£48.2/MWh).

Annual October contract



Forward curve comparison

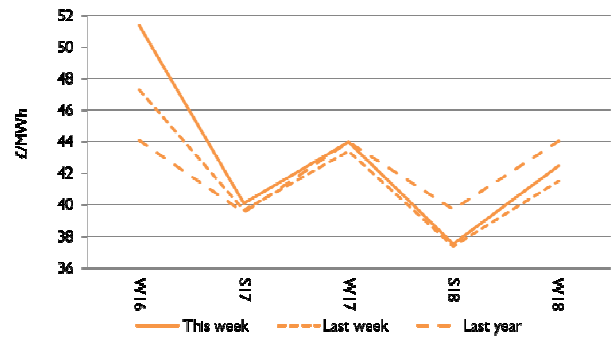


Seasonal power prices

Seasonal power contracts



Seasonal power curve



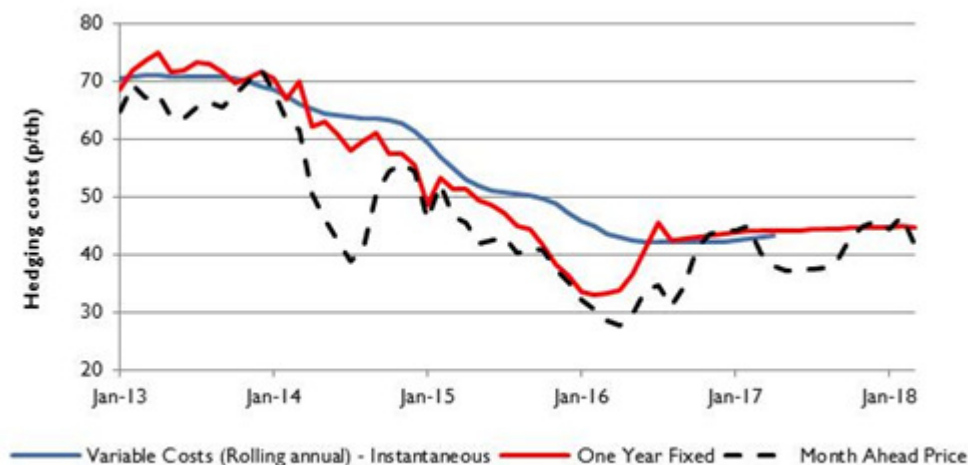
- All seasonal peak-power contracts moved higher, following their baseload power and gas counterparts upwards.
- Winter 16 peak power increased 13.3% to £66.3/MWh, while the summer 17 contract climbed 1.7% to £44.3/MWh.

Supplier hedging strategies

Losses in commodity markets created a bearish trend in the GB energy market in August, with nearly all gas and power contracts experiencing declines. The annual October 16 gas contract lost 6.0% to average 40.0p/th. The annual October 16 baseload power contract fell 3.0% to average £42.4/MWh, following the gas market lower. API 2 coal lost 1.3% to average \$58.3/t, and Brent crude oil prices lost 0.2% to average \$46.7/bl in August.

There were 31 price changes to fixed domestic dual-fuel tariffs in August. Of these, ten were reductions and 21 were increases. Some notable tariff increases (>4.0%) were seen at Co-operative Energy (+20.0%), npower (+7.8%), Extra Energy (+7.3%), iSupplyEnergy (+7.1%), Scottish Power (+6.3% and +4.3%), EDF (+5.1%), LoCO2 (+4.5%), OVO Energy (+4.4% and +4.2%). Notable tariff decreases (>4.0%) were seen at npower (-7.9%) and Extra Energy (-3.6%).

The market leading dual-fuel tariff was unchanged across the month, at £770 per year for a typical medium user. However, the falling cost of supply may have allowed some shorter hedged suppliers to pass on reductions in their tariff offering.





Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal (\$/t)	Carbon (€/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead			
This week	30 Sep 16	35.50	40.62	51.00	45.75	64.75	4.95	48.36
Last week	23 Sep 16	34.00	39.94	40.25	43.48	60.00	4.44	47.22
Last month	2 Sep 16	23.75	37.95	31.62	41.70	58.30	4.03	45.83
Last year	2 Oct 15	39.45	41.47	39.40	41.80	48.15	8.13	47.85
Year-on-year % change		(10%)	(2%)	29%	9%	34%	(39%)	1%
Year high		41.60	43.89	157.73	46.50	64.75	8.64	53.61
Year low		21.50	29.88	26.56	32.84	36.55	3.98	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>		43	45	160	48	65	9.0	55
		41	43	140	46	60	8.5	50
		39	41	120	44	55	8.0	45
		37	39	100	42	50	7.5	40
		35	37	80	40	45	7.0	35
		33	35	60	38	40	6.5	30
		31	33	40	36	35	6.0	25
		29	31	20	34		5.5	
		27	29		32		5.0	
		25	27				4.5	



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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