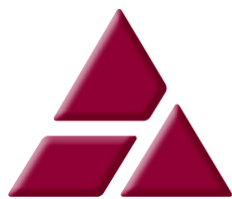




# Energy Wholesale Market Review

Week Ending 7<sup>th</sup> October 2016



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## Headlines 07/10/2016

For the second week in a row, all gas and power contracts and commodities experienced price gains. The day-ahead contract jumped 86.3% to £95.0/MWh, due to high expected demand leading to a low operational surplus and low wind generation forecast for Monday. A boost in French prices saw zero French interconnector imports on Friday.

The day-ahead gas contract went up 19.7% to 42.5p/th, a year-high, with higher demand this week. On Friday 7 October, prices were supported by system undersupply as imports from the Netherlands and Norway fell and LNG deliveries remained unscheduled. Summer 17 power increased by 8.7% to £43.6/MWh, following its gas counterpart higher. On average, Brent crude oil prices rose 9.4% to average \$51.5/bl. On Friday 7 October prices rose to \$52.7/bl, a near one-year high. API 2 coal prices gained 3.5% this week to average \$64.6/t. On Thursday 6 October, the API 2 coal price rose to \$66.9/t, the highest price in 21 months. EU ETS carbon prices rose 15.0% to average €5.5/t. On Thursday 6 October, EU ETS carbon jumped to €5.9/t, the highest price in almost four months.

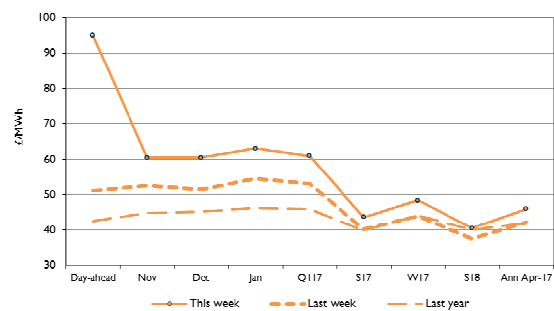
### Baseload electricity

- All near-term baseload power contracts increased this week.
- Annual April 17 power went up 9.3% to £46.0/MWh this week.
- The contract is now 14.5% above its level last month (£40.2/MWh), and 9.7% higher than its value last year (£41.9/MWh).
- The day-ahead contract jumped 86.3% to £95.0/MWh. This was due to high expected demand leading to a low operational surplus and low wind generation forecast for Monday. A boost in French prices saw zero French interconnector imports on Friday.
- The new month-ahead contract (November) gained 15.2% to £60.5/MWh.

Annual April contract



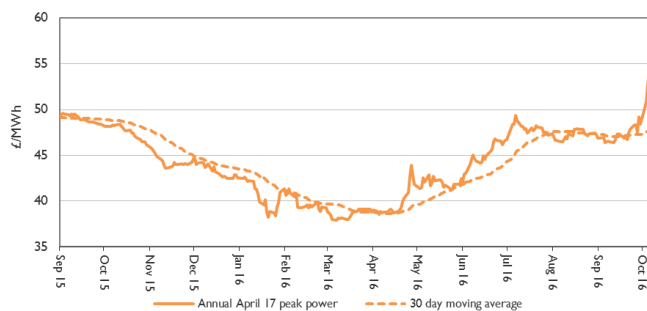
Forward curve comparison



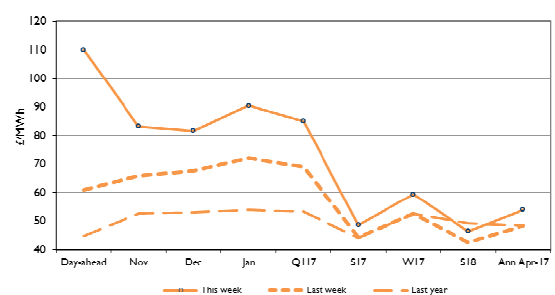
### Peak electricity

- Annual April 17 peak power went up 11.5% this week to £54.0/MWh, with a rise in both the summer and winter contracts.
- The contract is now 16.2% above its level last month (£46.5/MWh), and 11.7% greater than its level last year (£48.3/MWh).
- All near-term peak power contracts moved higher this week. The day-ahead contract jumped 80.3% to £110.0/MWh, following its baseload counterpart higher.
- The month-ahead contract (November) climbed 26.5% to £83.3/MWh.

Annual April contract



Forward curve comparison



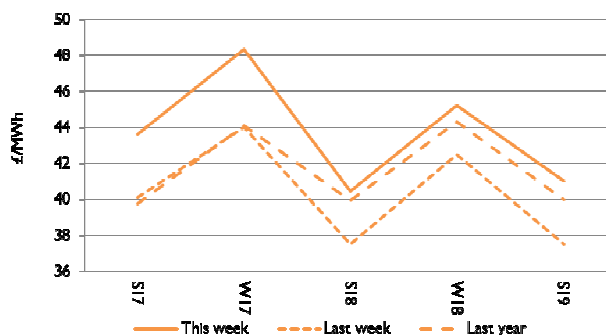


## Seasonal power prices

### Seasonal power contracts



### Seasonal power curve



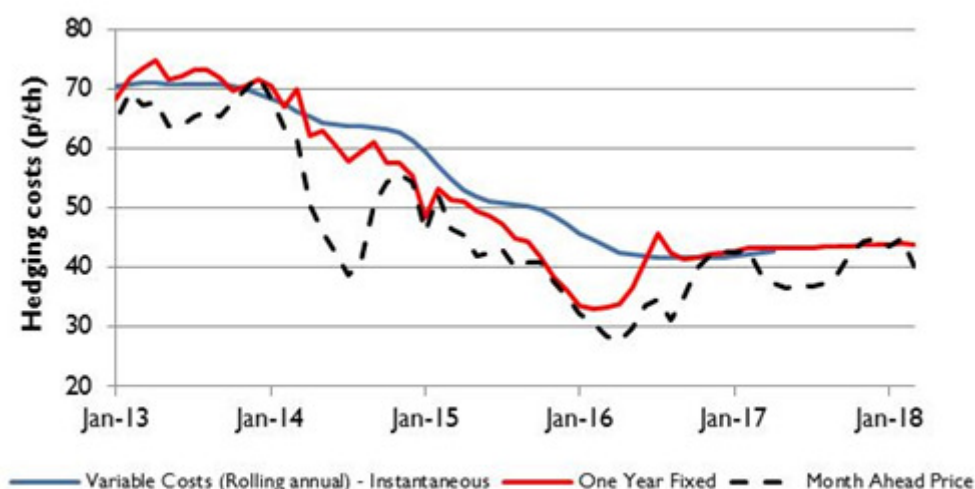
- All seasonal peak-power contracts moved higher, following their baseload power and gas counterparts upwards.
- Summer 17 peak power increased 9.8% to £48.7/MWh, while the winter 17 contract climbed 12.9% to £59.4/MWh.

## Supplier hedging strategies

In September commodity markets experienced gains, whereas most gas and power contracts declined. The annual October 16 gas contract lost 4.3% to 38.2p/th. The annual October 16 baseload power contract fell 0.5% to average £42.2/MWh, following the gas market lower. Brent crude oil prices rose 0.8% to average \$47.1/bl in September, whilst API 2 coal went up 0.3% to average \$58.6/t.

There were 28 price changes to fixed domestic dual-fuel tariffs in September. Of these, eighteen were reductions and ten were increases. Some notable tariff increases (>4.0%) were seen at Green Star Energy (+14.8%), EDF Energy (+9.6%) and Robin Hood Energy (+5.7%). Notable tariff decreases (>4.0%) were seen at Co-operative Energy (-8.9% and -8.3%), EDF Energy (-8.2% and -6.7%), First Utility (-5.9%) and nPower (-4.2%).

The market leading dual-fuel tariff at the beginning of the month was at £770 per year for a typical medium user, however by the end of the month this had fallen to a tariff of £741. The falling cost of supply may have allowed some shorter hedged suppliers to pass on reductions in their tariff offering. Other suppliers could be pursuing a customer acquisition strategy, driving prices down.





## Wholesale price snapshot

Key market indicators: 07/10/2016

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	7 Oct 16	42.50	44.96	95.00	45.98	64.00	5.59	52.65
Last week	30 Sep 16	35.50	41.46	51.00	42.05	64.75	4.95	48.36
Last month	9 Sep 16	24.90	38.68	35.90	40.15	56.25	4.12	49.41
Last year	9 Oct 15	41.60	42.59	42.50	41.93	49.25	8.21	53.61
Year-on-year % change		2%	6%	124%	10%	30%	(32%)	(2%)
Year high		42.50	45.12	157.73	46.45	66.85	8.64	53.61
Year low		21.50	30.11	26.56	32.47	36.55	3.98	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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