



# Energy Wholesale Market Review

Week Ending 14<sup>th</sup> October 2016



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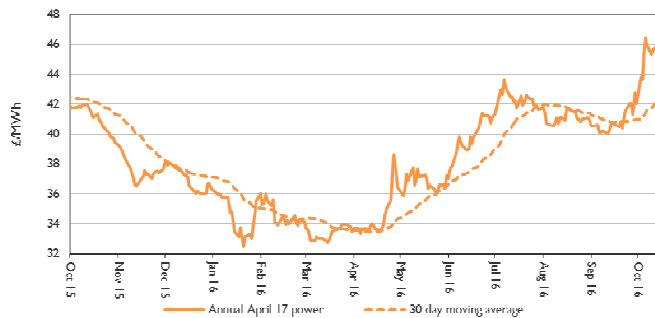
## Headlines 14/10/2016

For the fifth week in a row, all gas contracts experienced weekly gains. Oil and carbon prices were also higher this week, whereas power contracts experienced varied movements. Day-ahead baseload power fell 43.2% to £54.0/MWh, after reaching £95.0/MWh last Friday. Prices were supported by a surge in French prices, which reduced imports to zero for much of the week. Summer 17 power increased by 1.1% to £44.1/MWh, an 18-month high, under the influence of higher gas prices. Day-ahead gas went up 0.6% to 42.8p/th, a 14-month high, with an undersupplied system at the end of the week. Gas for summer 17 delivery rose 1.6% to 42.8p/th, a 15-month high, with a rise in oil prices. Brent crude oil prices rose 1.5% this week to average \$52.3/bl, with prices reaching a one-year high of \$53.5/bl on Monday afternoon, after Russia said it was ready to join a proposed deal to cap oil production. API 2 coal prices slipped 0.6% this week to average \$64.2/t.

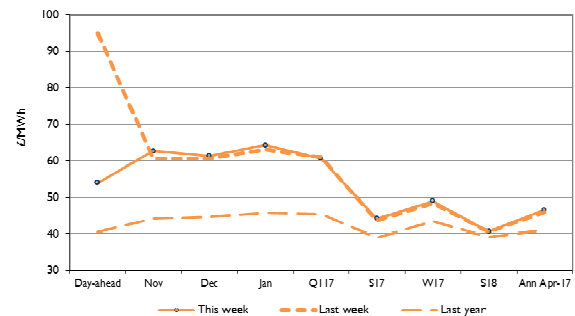
## Baseload electricity

- Near-term baseload power contracts experienced mixed movements this week.
- Annual April 17 power went up 1.2% to £46.5/MWh this week. This was the highest price since March 2015.
- The contract is now 14.4% above its level last month (£40.7/MWh), and 13.1% higher than its value last year (£41.1/MWh).
- The day-ahead contract fell 43.2% to £54.0/MWh, after reaching £95.0/MWh last Friday.
- The month-ahead contract (November) gained 3.6% to £62.7/MWh. This was 34.3% higher than the same period last month (£46.7/MWh).

### Annual April contract



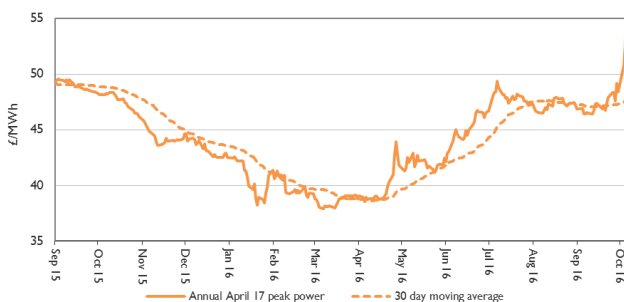
### Forward curve comparison



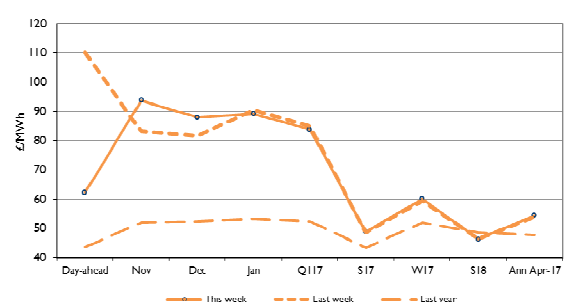
## Peak electricity

- Annual April 17 peak power went up 0.8% this week to £54.4/MWh.
- The contract is now 15.1% above its level last month (£47.3/MWh), and 14.2% greater than its level last year (£47.7/MWh).
- Near-term peak power contracts experienced mixed movements this week.
- The month-ahead contract (November) climbed 12.6% to £93.7/MWh. Prices are 53.1% higher than last month (£61.2/MWh) and 80.9% above last year (£51.8/MWh).

### Annual April contract



### Forward curve comparison



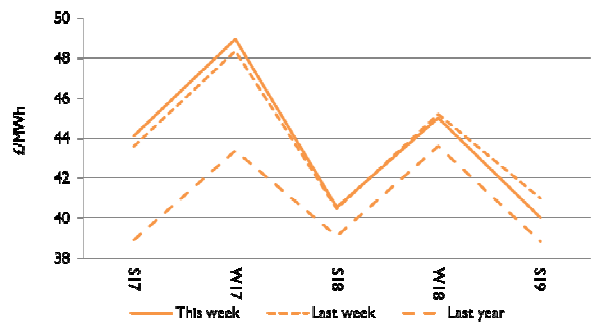


## Seasonal power prices

### Seasonal power contracts



### Seasonal power curve



- The closest seasonal peak-power contracts experienced gains (summer and winter 17), whereas contracts further out along the forward curve experienced losses (summer 18 to summer 19).
- Summer 17 peak power increased 0.1% to £48.7/MWh, while the winter 17 contract climbed 1.3% to £60.2/MWh.
- Summer 17 baseload power increased by 1.1% to £44.1/MWh, an 18-month high, under the influence of higher gas prices.

## 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: 14/10/2016

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	14 Oct 16	42.75	45.66	54.00	46.53	65.75	5.69	52.32
Last week	7 Oct 16	42.50	44.96	95.00	45.98	64.00	5.59	52.65
Last month	16 Sep 16	28.65	39.03	157.73	40.68	57.75	4.23	45.94
Last year	16 Oct 15	40.25	41.27	40.50	41.13	48.30	8.39	50.23
Year-on-year % change		6%	11%	33%	13%	36%	(32%)	4%
Year high		42.75	45.66	157.73	46.53	66.85	8.64	52.90
Year low		21.50	30.11	26.56	32.47	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	46	160	48	70	9.0	55
		41	44	140	46	65	8.5	50
		39	42	120	44	60	8.0	45
		37	40	100	42	55	7.5	40
		35	38	80	40	50	7.0	35
		33	36	60	38	45	6.5	30
		31	34	40	36	40	6.0	25
		29	32	20	34	35	5.5	
		27	30		32		5.0	
		25			30		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 16 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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