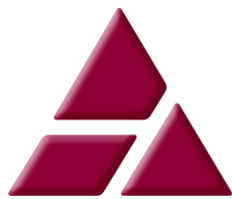




Energy Wholesale Market Review

Week Ending 11th November 2016



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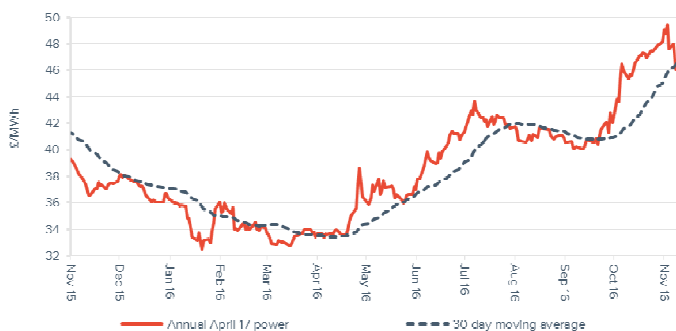
Headlines 11/11/2016

All baseload power and gas contracts experienced losses this week. The day-ahead baseload power contract went down 22.6% to £72.0/MWh, but remained well above the long-term average as lower wind generation and tight capacity margins are forecast again for Monday. On Monday 7 November the day-ahead peak power contract soared to £251.0/MWh, the highest price since our records began in 2008, with higher demand and lower wind generation forecast for the following day. Both demand for power and gas rose this week, averaging 0.9TWh and 298.3mcm/day respectively, due to a drop in temperatures, 34.9% below the seasonal norm of 9.3°C. Brent crude oil prices lost 3.6% this week to average \$46.1/bl. On Friday 11 November, prices dropped to \$45.4/bl, a three-month low, as the market refocused on the persistent oversupply that is not expected to reduce unless producers cut their output significantly. API 2 coal prices increased 3.2% this week to average \$76.5/t. On Monday 7 November, prices reached \$78.0/t, the highest price since September 2014.

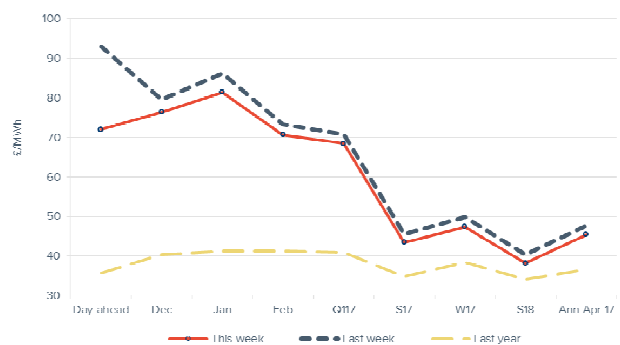
Baseload electricity

- All baseload power contracts experienced decreases this week.
- Annual April 17 power went down 4.7% to £45.4/MWh this week.
- The contract is now 2.4% below its level last month (£46.5/MWh), but 24.1% higher than its value last year (£36.6/MWh).
- On Monday 7 November, the day-ahead contract jumped £59.0/MWh to £152.0/MWh, with higher demand and lower wind generation forecast for the following day.
- The month-ahead contract (December) fell 4.0% to £76.4/MWh. The contract was 24.6% higher than the same period last month (£61.3/MWh).

Annual April contract



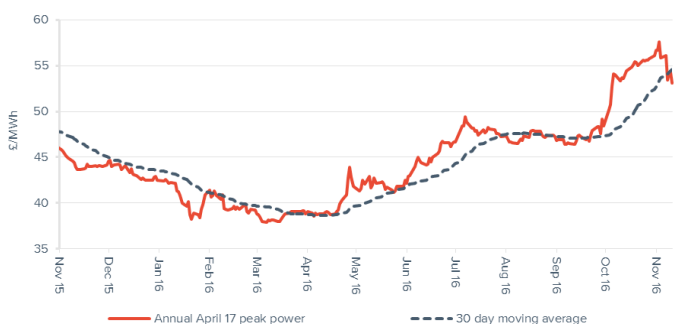
Forward curve comparison



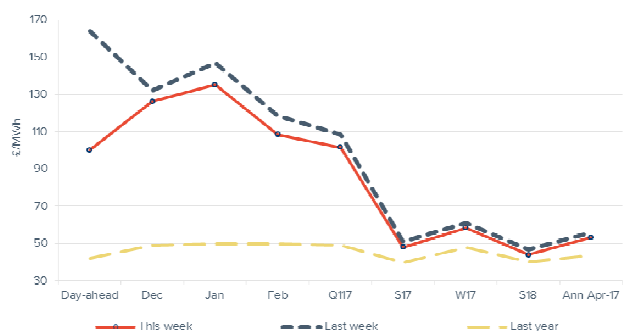
Peak electricity

- Annual April 17 peak power went down 5.0% this week to £53.1/MWh.
- The contract is now 2.5% under its level last month (£54.4/MWh), but 21.6% above the same time last year (£43.6/MWh).
- All near-term peak power contracts experienced losses this week, but remained high as tight capacity margins continued.
- The month-ahead contract (December) slipped 4.5% to £126.1/MWh.

Annual April contract



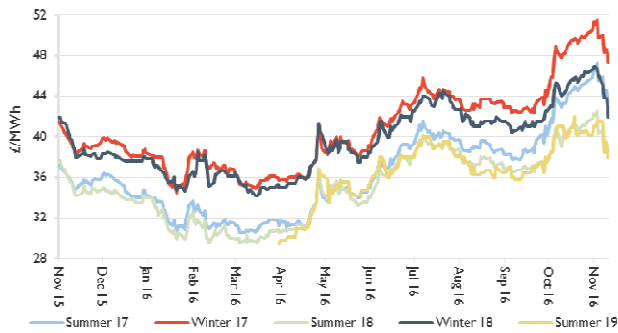
Forward curve comparison



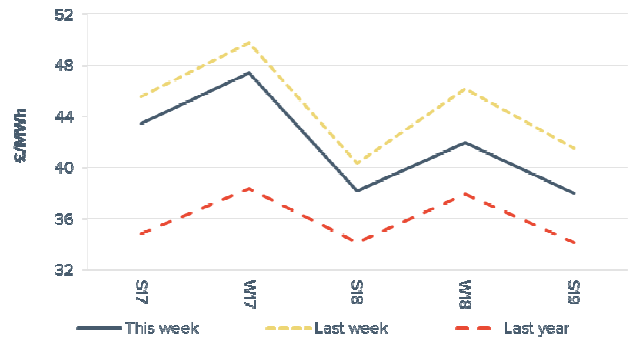
Seasonal power prices



Seasonal power contracts



Seasonal power curve

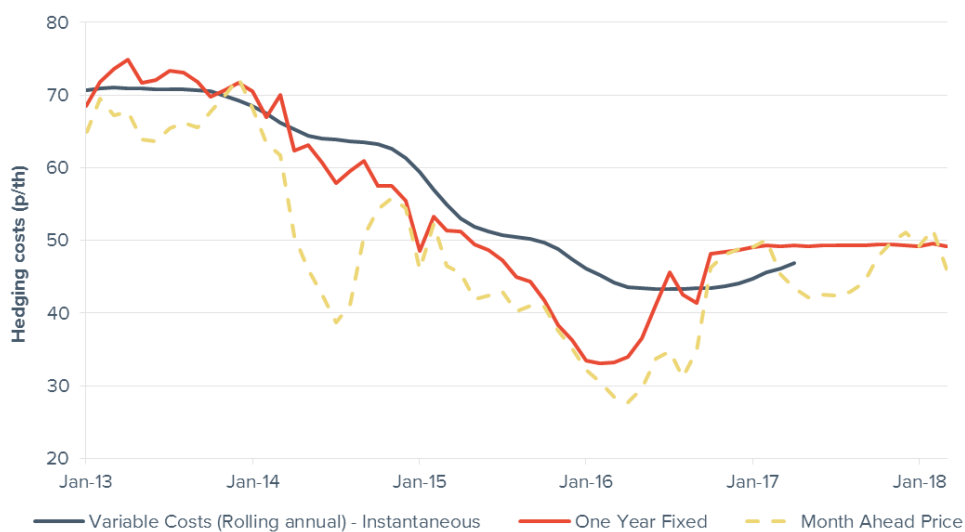


- Most seasonal peak-power contracts declined.
- Summer 17 peak power decreased 5.8% to £47.8/MWh, while the winter 17 contract went down 4.3% to £58.3/MWh.
- Summer 17 baseload power fell by 4.7% to £43.4/MWh.

Supplier hedging strategies

In October, commodity and power markets experienced gains. The annual April 17 gas contract climbed 13.9% to average 45.3p/th. The annual April 17 baseload power contract rose 13.7% to average £46.5/MWh, following the gas market higher. Brent crude oil prices lifted 9.5% to average \$51.6/bl, whilst API 2 coal went up 13.1% to average \$66.9/t.

The one-year fixed price shown below (red line) provides a fixed hedging cost for one year from the month after the month in question, based on the forward curve. This measure is used to create a benchmark for fixed tariff offers put into the market by suppliers. The instantaneous price (blue line) is representative of the hedging strategies of large suppliers, which typically purchase energy little and often to be consumed in a future period. Therefore, the instantaneous price shows a 'longer-hedged' strategy of buying power up to the current date, whereas the red line shows a 'shorter-hedged' strategy for a 12-month period looking forwards. Over the past two years it has been cheaper to use the shorter-hedged strategy as wholesale power prices have steadily declined. However, since July 2016 the longer-hedged strategy has been cheaper.





Wholesale price snapshot

Key market indicators: 11/11/2016

		Gas (p/th)		Electricity (£/MWh)		Coal (\$/t)	Carbon (€/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead			
This week	11 Nov 16	48.05	44.58	72.00	45.40	75.00	5.82	45.35
Last week	4 Nov 16	50.30	47.89	93.00	47.65	77.00	6.52	46.63
Last month	14 Oct 16	42.75	45.66	54.00	46.53	65.75	5.69	52.32
Last year	13 Nov 15	34.15	34.61	35.75	36.58	45.80	8.36	44.66
Year-on-year % change		40.7%	28.8%	101.4%	24.1%	63.8%	-30.4%	15%
Year high		53.80	48.63	157.73	49.45	78.00	8.64	53.54
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 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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