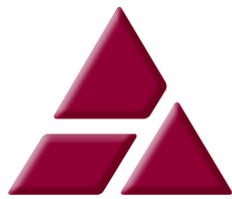




Energy Wholesale Market Review

Week Ending 13th April 2017



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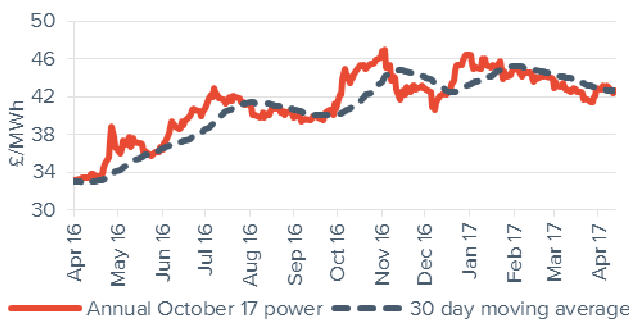
Headlines 13/04/2017

Last week, all gas and power contracts decreased. API 2 coal prices also fell, whereas Brent crude oil and EU ETS carbon prices climbed. All near-term baseload power contracts decreased, amid lower power demand due to higher temperatures. The day-ahead power contract went down 6.4% to £39.3/MWh, with higher wind generation forecast for the following day and lower gas prices. On Tuesday, day-ahead power dropped to £38.4/MWh, a six-month low. All seasonal baseload power contracts experienced losses last week, following the gas market downwards. All peak power contracts also decreased, following their baseload counterparts lower. All gas contracts experienced losses last week. Day-ahead gas trimmed 4.3% week-on-week to 38.9p/th. On Wednesday, the contract fell to 38.3p/th, a two-week low, amid lower than seasonal normal demand. Winter 17 gas lost 1.5% to 46.6p/th. Centrica confirmed on Wednesday that based upon the results of its well testing program, the Rough gas storage facility cannot safely recommence injection operations in the 2017-18 storage year. On the day, gas contracts out to, and including, Q317 reacted by falling. In contrast, prices for next winter were supported. On average, Brent crude oil prices went up 3.2% to \$56.0/bl. Prices were supported amid optimism that OPEC and other crude oil producing nations will extend production cuts beyond June. On Wednesday, prices reached a six-week high of \$56.6/bl.

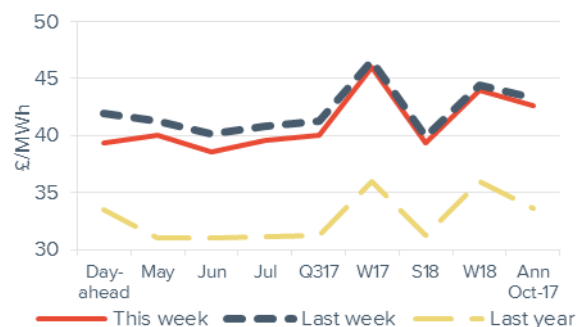
Baseload Electricity

- All near-term baseload power contracts decreased, amid lower power demand due to higher temperatures.
- The day-ahead power contract went down 6.4% to £39.3/MWh, with higher wind generation forecast for the following day and lower gas prices.
- The month-ahead contract (May) slipped 3.0% to £40.0/MWh.
- The annual October 17 power contract, decreased 1.4% to £42.7/MWh.

Annual October Contract



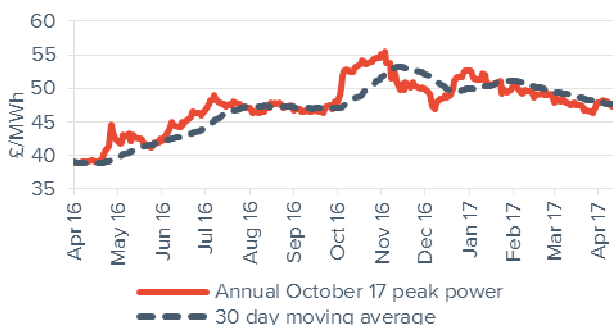
Forward Curve Comparison



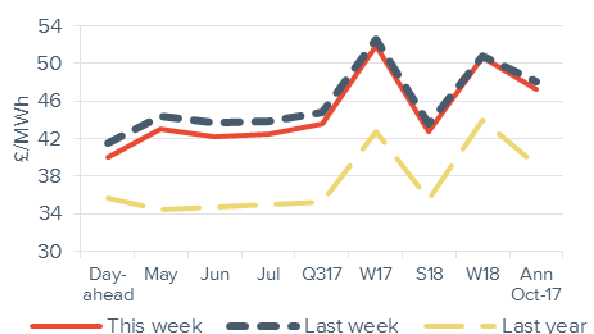
Peak Electricity

- All peak power contracts decreased last week, following their baseload counterparts lower.
- Week-on-week, day-ahead peak power lost 3.6% to £40.0/MWh. The contract was only £0.7/MWh above its baseload counterpart. On Tuesday, day-ahead peak power dropped to £38.9/MWh, a near seven-month low.
- The month-ahead contract fell by 3.0% to £43.0/MWh. The contract was £3.0/MWh above its baseload counterpart.
- Annual October 17 peak power decreased 1.5% to £47.3/MWh. The contract was £4.7/MWh above its baseload counterpart.

Annual October Contract



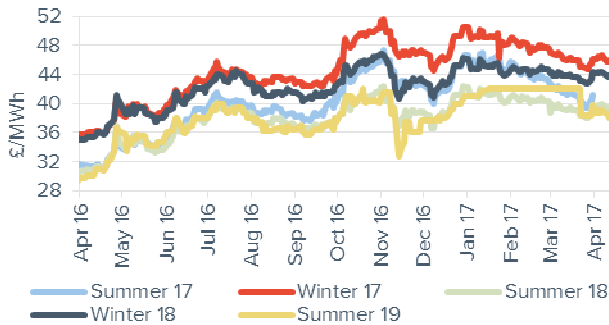
Forward Curve Comparison



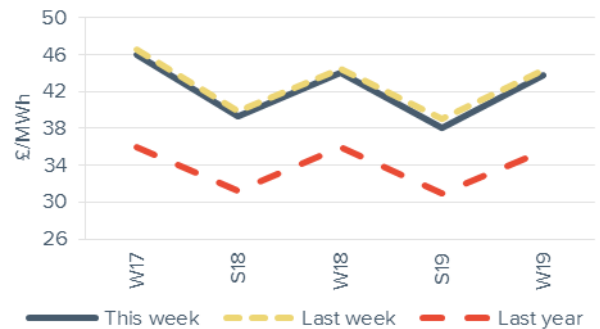


Seasonal Power Prices

Seasonal Baseload Power Contracts



Seasonal Baseload Power Curve



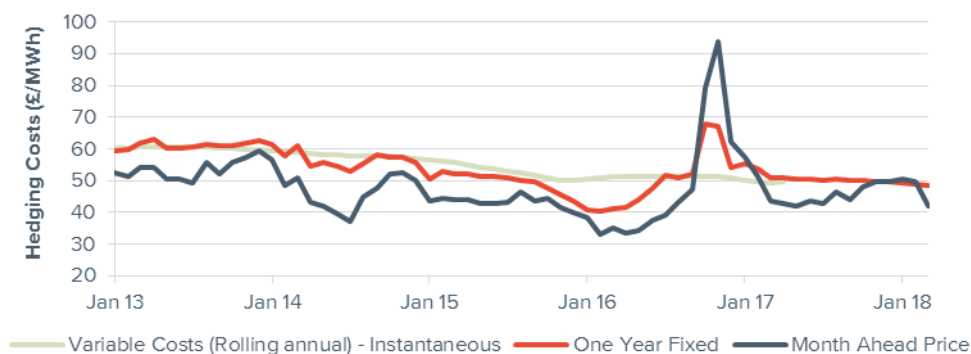
- All seasonal baseload power contracts experienced losses last week, following the gas market downwards.
- Winter 17 baseload power went down 1.4% to £46.0/MWh. Summer 18 baseload power also slipped by 1.4% to £39.4/MWh. On average, seasonal baseload contracts lost 1.5%.
- Winter 17 peak power went down 1.2% to £51.9/MWh.
- Summer 18 peak power fell 1.8% to £42.8/MWh.
- On average, seasonal peak contracts lost 1.4% last week.

Supplier Hedging Strategies

During March, prices continued to fall across power and gas markets. Brent crude oil, API 2 coal and EU ETS carbon prices also decreased. The annual April 17 gas contract slipped 8.2% from February to average 43.6p/th. The annual April 17 baseload power contract decreased 5.3% to average £43.6/MWh. Brent crude oil prices declined 6.1% to average \$52.7/bl in March, the lowest monthly average in four months. API 2 coal prices fluctuated throughout the month, but on average went down 3.2% to \$64.9/t. EU ETS carbon prices varied between €4.7/t and €5.7/t, and on average slipped by 1.2% to €5.1/t.

During March, price changes to fixed domestic dual-fuel tariffs were fairly evenly balanced. Sixteen of the prices changes were increases, whereas seventeen of the price changes were decreases. The largest price decrease was Affect Energy's "Fixed Until March 2018 v2" tariff, which fell by 13.4% to £860.83. In contrast, the largest price increase was Breeze Energy's "North East 1" tariff, which rose by 17.1% to £1,068.76.

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 (green 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.

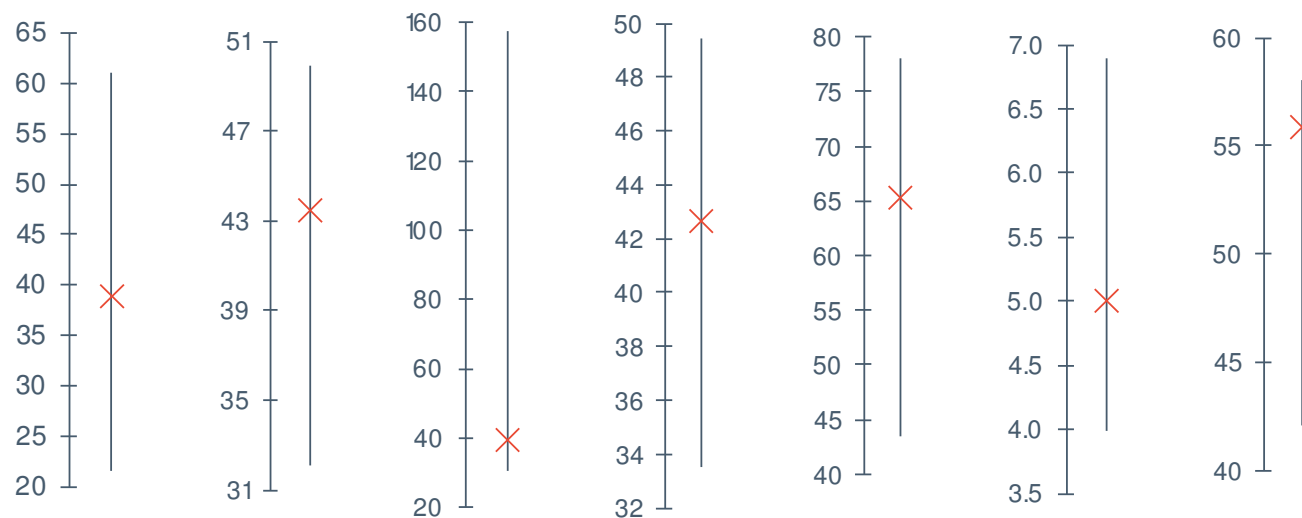




Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
Last week	13 Apr 17	38.90	43.44	39.30	42.65	65.25	5.01	55.83
Two weeks ago	7 Apr 17	40.65	44.25	42.00	43.25	67.15	5.11	55.55
Four weeks ago	17 Mar 17	41.10	43.57	41.75	42.50	64.50	5.17	52.05
Last year	15 Apr 16	28.00	33.36	33.55	33.63	43.50	5.53	43.54
Year-on-year % change		38.9%	30.2%	17.1%	26.8%	50.0%	-9.4%	28.2%
Year high		61.00	49.91	157.73	49.45	78.00	6.89	58.04
Year low		21.50	32.11	30.28	33.53	43.50	3.98	42.02

This table shows the prices last week compared with prices from the previous week, month and year. The graphs show the position of last 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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