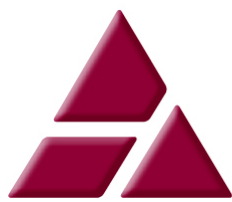




Energy Wholesale Market Review

Week Ending 28th April 2017



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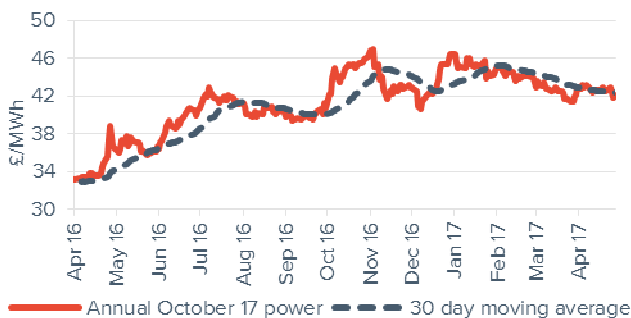
Headlines 28/04/2017

This week most near-term gas contracts increased, whilst near-term baseload power contracts were mixed. In contrast, all seasonal gas and power contracts declined, following Brent crude oil, API 2 coal and EU ETS carbon prices downwards. Most near-term gas contracts experienced gains this week. Day-ahead gas climbed 3.2% week-on-week to 40.8p/th, amid higher than seasonal normal demand owing to lower temperatures. The month-ahead gas contract rose 1.8% to 40.4p/th. Seasonal gas contracts all experienced declines this week. Winter 17 gas lost 0.5% to 46.1p/th. Near-term baseload power contracts experienced mixed movements this week. The day-ahead baseload power contract was unchanged at £40.8/MWh, despite low demand levels forecast for Monday. The month-ahead contract (May) rose 1.5% to £40.9/MWh. All seasonal baseload power contracts experienced losses this week. Winter 17 power went down 0.3% to £45.7/MWh. On average, Brent crude oil prices went down 4.9% to \$51.8/bl. On Thursday, Brent crude oil dropped to \$50.7/bl, a fresh four-week low, driven lower by continued global oversupply, an increase in US gasoline inventories and as Libya's largest oilfield, Sharara, came back online following protest blockages. API 2 coal prices slipped 0.1% to average \$65.9/t. On Wednesday, API 2 coal fell to \$65.0/t, a two-week low. National Grid confirmed on Friday 21 April that it had supplied Great Britain's electricity demand for the first 24-hour period without coal generation since the 1880s.

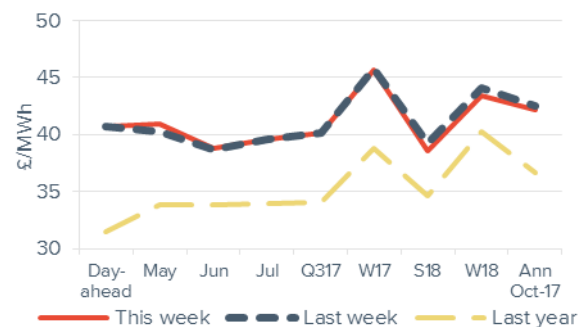
Baseload Electricity

- Near-term baseload power contracts experienced mixed movements this week.
- The day-ahead power contract was unchanged at £40.8/MWh, despite low demand levels forecast for Monday.
- The month-ahead contract (May) rose 1.5% to £40.9/MWh.
- The annual October 17 power contract, decreased 0.9% to £42.1/MWh, following its gas counterpart downwards.

Annual October Contract



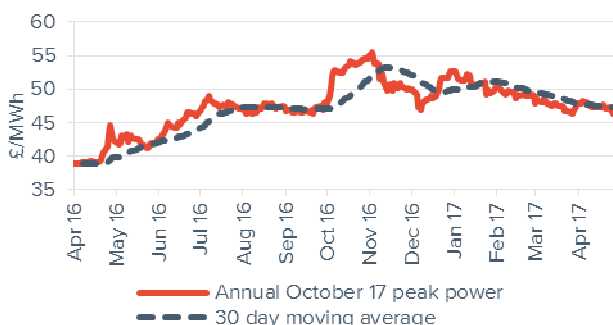
Forward Curve Comparison



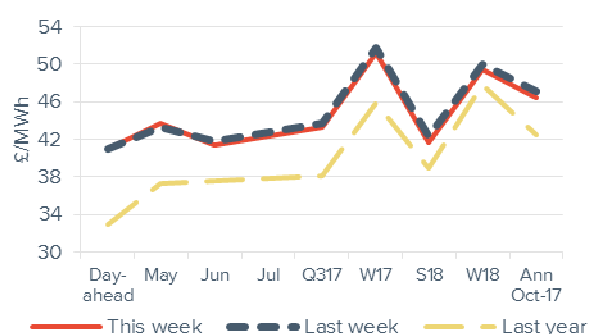
Peak Electricity

- Near-term peak power contracts experienced mixed movements this week.
- Week-on-week, day-ahead peak power was steady, remaining at £41.0/MWh. The contract was only £0.3/MWh above its baseload counterpart.
- The month-ahead contract climbed by 1.0% to £43.8/MWh. The contract was £2.9/MWh above its baseload counterpart.
- Annual October 17 peak power decreased 1.3% to £46.5/MWh. The contract was £4.3/MWh above its baseload counterpart.

Annual October Contract



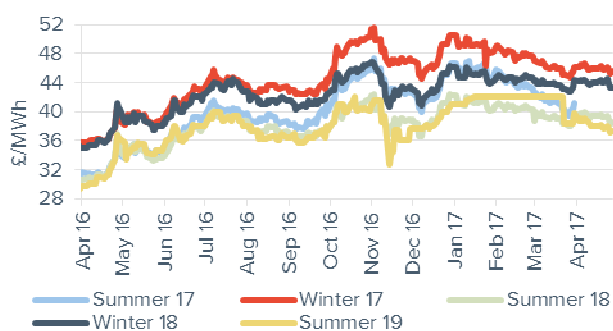
Forward Curve Comparison



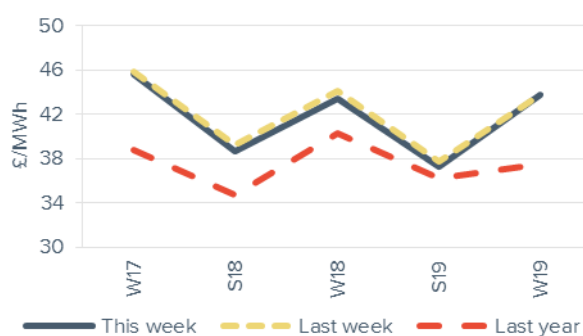


Seasonal Power Prices

Seasonal Baseload Power Contracts



Seasonal Baseload Power Curve



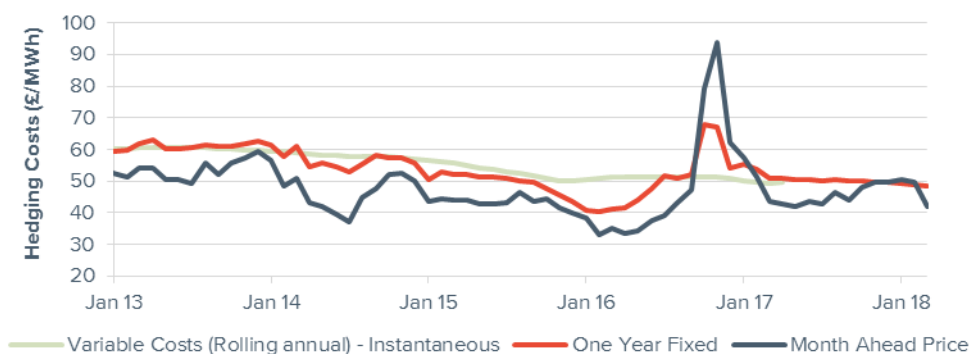
- All seasonal baseload power contracts experienced losses this week.
- Winter 17 power went down 0.3% to £45.7/MWh. Summer 18 power slipped by 1.5% to £38.6/MWh.
- On average, seasonal baseload contracts lost 0.9%.
- Winter 17 peak power went down 1.0% to £51.3/MWh. Summer 18 peak power fell 1.8% to £41.7/MWh.
- On average, seasonal peak contracts lost 1.6% this 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.

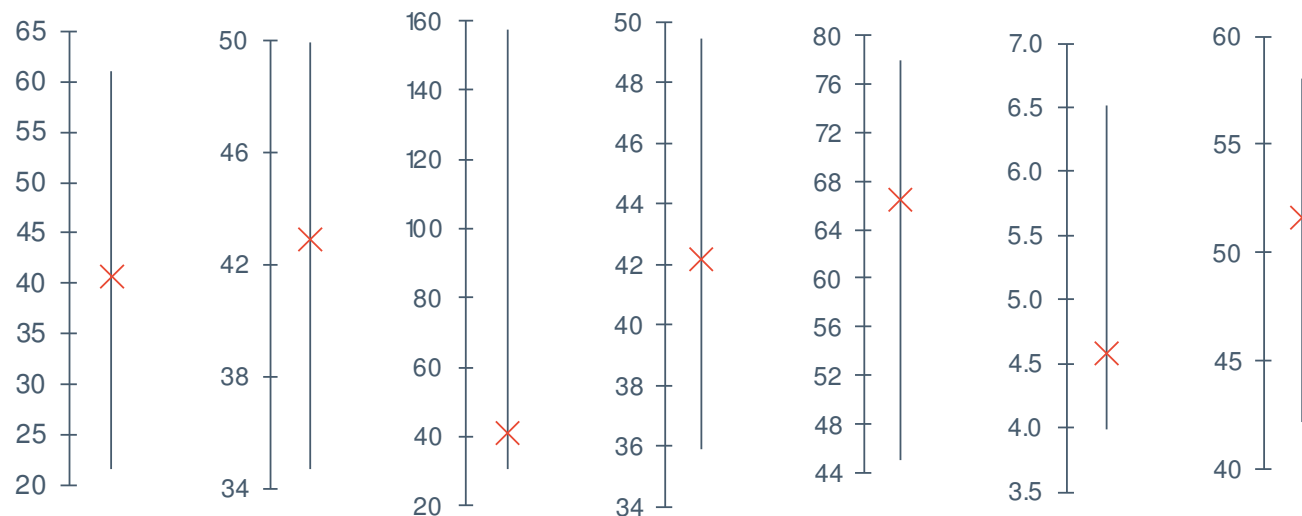




Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bbl)
Last week	28 Apr 17	40.75	42.85	40.75	42.13	66.50	4.58	51.58
Two weeks ago	21 Apr 17	39.50	43.26	40.75	42.50	67.00	4.73	52.97
Four weeks ago	31 Mar 17	40.20	43.93	40.50	42.98	66.25	4.93	52.77
Last year	29 Apr 16	30.40	36.49	31.50	36.70	46.80	6.29	48.36
Year-on-year %change		34.0%	17.4%	29.4%	14.8%	42.1%	-27.2%	6.7%
Year high		61.00	49.91	157.73	49.45	78.00	6.52	58.04
Year low		21.50	34.66	30.28	35.90	45.00	3.98	42.11

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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