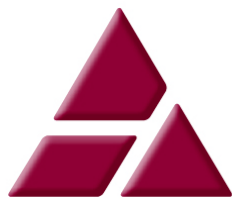




Energy Wholesale Market Review

Week Ending 30th June 2017



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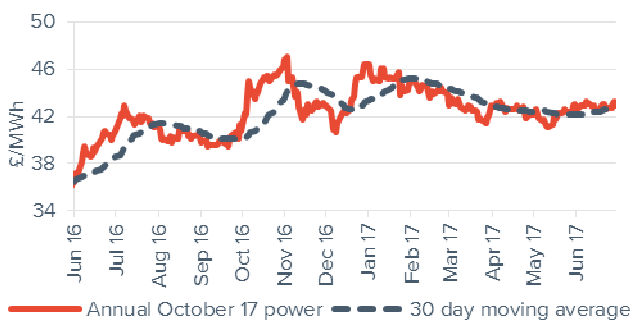
Headlines 30/06/2017

The majority of power and gas contracts increased this week. Week-on-week, Brent crude oil, API 2 coal and EU ETS carbon all experienced gains. On Friday, day-ahead baseload and peak power contracts retreated after reaching their highest levels since December 2016 last week. Week-on-week, baseload day-ahead power dropped 32.8% to £43.5/MWh and its peak power counterpart fell 42.4% to £49.0/MWh. Week-on-week day-ahead gas rose 1.1% to 36.0p/th as lower Norwegian imports due to an outage at the Entry SEGAL pipeline system lent support to prices during the week. All seasonal gas contracts increased this week, following oil prices higher. Week-on-week, winter 17 gas gained 0.7% to 44.7p/th, and summer 18 gas went up 0.2% to 38.6p/th. All seasonal baseload power contracts moved higher this week, following their gas counterparts. Winter 17 power lifted 1.0% to £46.4/MWh. Summer 18 power increased by 0.6% to £39.5/MWh. Brent crude oil prices lifted 0.8% to average \$46.8/bl. A weakening US dollar supported oil prices throughout the week. In addition, US Energy Information Administration data showing a decrease in US crude production, caused by tropical storm Cindy, and a fall in US gasoline inventories helped extend gains. API 2 coal increased 0.8% to average \$69.8/t. On Thursday prices hit a seven-month high of \$70.5/t. Prices were driven higher by the strengthening of the euro against the US dollar.

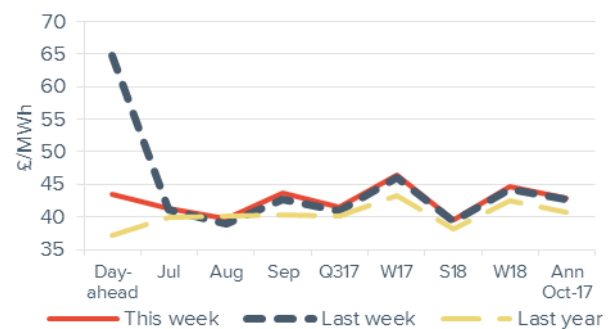
Baseload Electricity

- The majority of near-term baseload power contracts experienced gains this week.
- Day-ahead baseload power was the only exception, as it retreated after reaching its highest price since December 2016 last week. The contract lost 32.8% to £43.5/MWh.
- The month-ahead contract (July) increased by 0.5% to £41.3/MWh.
- The annual October 17 power contract climbed 0.8% to £43.0/MWh.

Annual October Contract



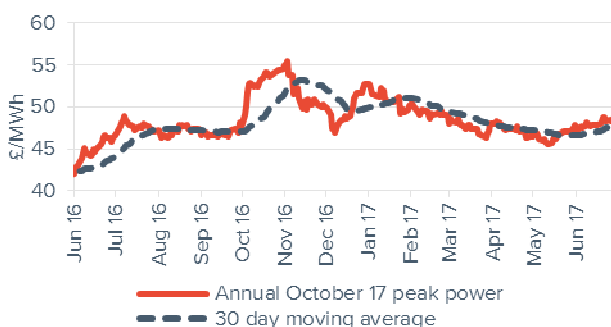
Forward Curve Comparison



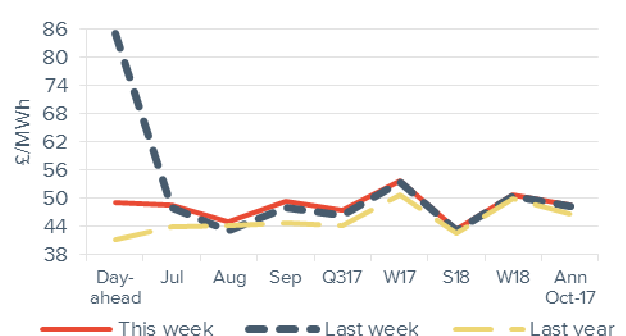
Peak Electricity

- Most near-term peak power contracts experienced gains this week, following their baseload counterparts higher.
- The only exception was day-ahead peak power, which dropped 42.4% to £49.0/MWh. The contract was £5.5/MWh higher than its baseload counterpart.
- The month-ahead (July) contract rose by 1.7% to £48.7/MWh. The contract was £7.4/MWh above its baseload counterpart.
- Annual October 17 peak power lifted 0.8% to £48.6/MWh. The contract was £5.6/MWh above its baseload counterpart.

Annual October Contract



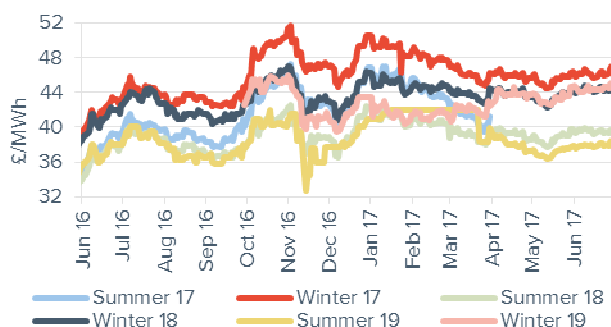
Forward Curve Comparison



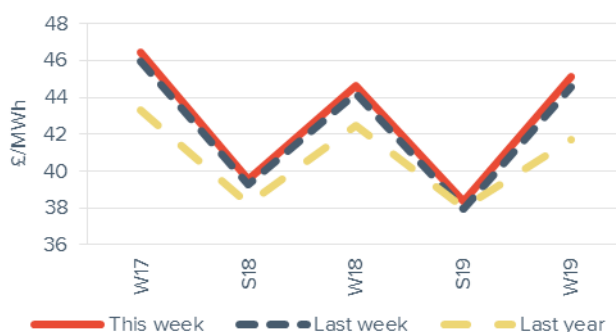


Seasonal Power Prices

Seasonal Baseload Power Contracts



Seasonal Baseload Power Curve



- All seasonal baseload power contracts moved higher this week.
- Winter 17 power lifted 1.0% to £46.4/MWh.
- Summer 18 power increased by 0.6% to £39.5/MWh.
- All seasonal peak power contracts also increased this week. Winter 17 peak power went up 0.9% to £53.8/MWh.
- On average, seasonal peak contracts increased 0.8%.

Supplier Hedging Strategies

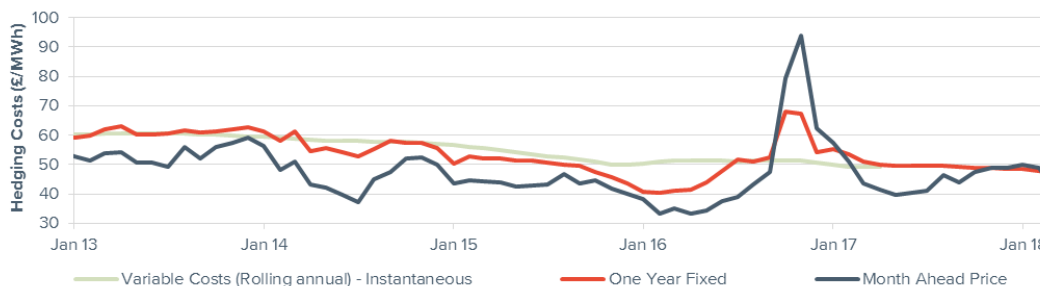
During May, prices continued to fall in the gas and power markets, with all gas contracts experiencing losses and nearly all power contracts following downwards. Brent crude oil, API 2 coal and EU ETS carbon prices also reduced.

The annual October 17 gas contract slipped 2.0% from April to average 42.5p/th. The annual October 17 baseload power contract lost 1.3% to average £42.1/MWh. Brent crude oil prices dropped 4.8% to average \$51.5/bl in May. On average, API 2 coal prices slipped 0.9% to \$65.5/t during the month. EU ETS carbon prices lowered 2.8% to average €4.7/t.

During May, price changes to fixed domestic dual-fuel tariffs were mainly decreases. 21 of the prices changes were decreases, whereas 16 of the price changes were increases. Shorter-hedged suppliers are more likely to have been able to pass on power and gas contract falls this month. The largest price decrease was GB Energy's "My GB Lite July 2018" tariff, which fell by 13.1% to £923.8. In contrast, the largest price increase was Utility Warehouse's "Double Gold Fixed 15" tariff, which rose by 11.6% to £1,025.1.

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.

Between the start of 2015 and July 2016, it was cheaper to use the shorter-hedged strategy as wholesale power prices have steadily declined. Since July 2016, the longer-hedged strategy has been cheaper, however both strategies are converging and close to overlapping again, which can be seen in the gr

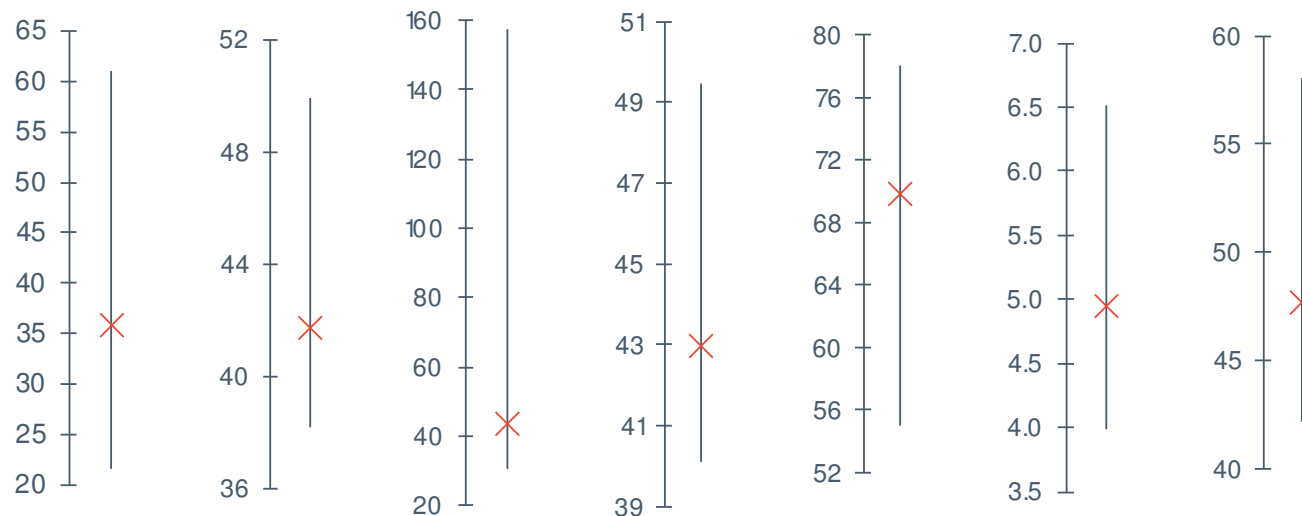




Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/b)
This week	30 Jun 17	36.00	41.68	43.50	42.97	69.80	4.95	47.66
Last week	23 Jun 17	35.60	41.48	64.75	42.63	68.85	4.91	45.32
Four weeks ago	2 Jun 17	36.70	42.44	38.75	42.58	67.00	5.11	49.12
Last year	1 Jul 16	33.60	42.41	37.10	40.75	57.50	4.45	49.58
Year-on-year % change		7.1%	-1.7%	17.3%	5.4%	21.4%	11.2%	-3.9%
Year high		61.00	49.91	157.73	49.45	78.00	6.52	58.04
Year low		21.50	38.14	30.28	40.08	55.00	3.98	42.11

This table shows the prices this week compared with prices from last 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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