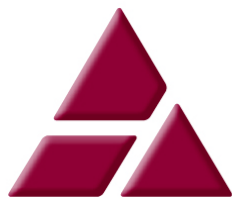




Energy Wholesale Market Review

Week Ending 6th October 2017



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Contents

Baseload electricity	3
Peak electricity	3
Seasonal power prices	4
Supplier hedging strategies	4
Wholesale price snapshot	5
About EDW Technology Limited	6



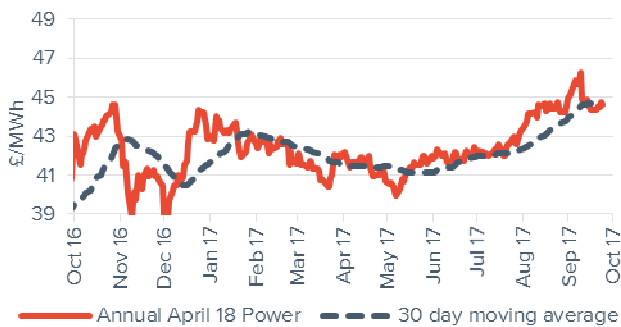
Headlines 6/10/2017

Gas and power contracts experienced gains this week. While, Brent crude oil, API 2 coal and EU ETS lowered after a period of growth. The day-ahead contract, leapt 23.0% to £49.5/MWh. Gains stemmed from outages at Sutton Bridge and Connahs Quay gas-fired power stations at the start of the week. Prices were also influenced by concerns of French nuclear availability, as it enters winter France is without 5GW of nuclear output. Most seasonal power contracts followed their near-term counterparts upwards this week. Summer 18 power experienced an uptick of 1.1%, whilst the winter 18 power contract rose 0.5% to £47.5/MWh. The day-ahead gas contract boosted 5.0% to 46.9p/th, amid high demand and an undersupplied system with reduced Norwegian imports due to outages. Brent crude oil prices subsided 3.0% to average \$56.2/bl. A variety of events pushed oil down including news early in the week that OPEC output increased last month and high US, Libyan and Nigerian output across the week. API 2 coal prices fell 2.9% to average \$79.4/t, this was despite increased European demand, reacting the news of French nuclear outages. EU ETS carbon prices followed their commodities counterparts downwards, slipping 0.9% this week to average €6.9/t.

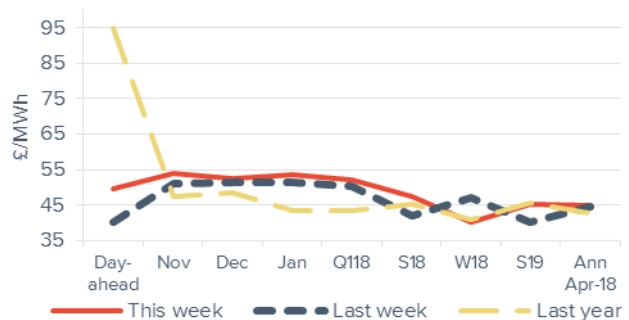
Baseload electricity

- All near-term baseload power contracts experienced gains this week.
- The day-ahead contract that rose 23.0% to £49.5/MWh. This stemmed from concerns about French nuclear availability and outages at two gas-fired power stations.
- The month-ahead (November) contract grew 5.9% to £54.0/MWh. The contract is now 13.7% above its level this time last year (£47.5/MWh).
- The annual April 18 power contract went up just 0.8% to £45.0/MWh from £44.6/MWh the previous week..

Annual October contract



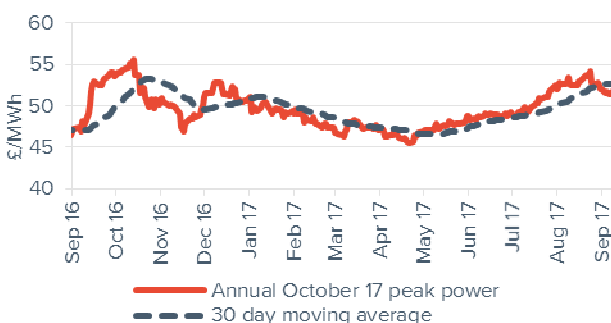
Forward curve comparison



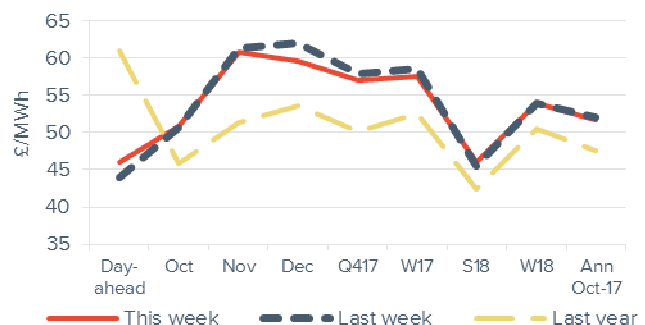
Peak electricity

- All near-term peak power contracts increased this week.
- The highest gains were experienced by day-ahead peak power, which grew 15.2% to £53.0/MWh. The contract ended the week £3.5/MWh higher than its baseload counterpart.
- The month-ahead (November) contract lifted 8.0% to £65.8/MWh. The contract was £11.8/MWh higher than its baseload counterpart.
- Annual April 18 peak power grew 1.2% to £50.6/MWh. The contract was £5.6/MWh above its baseload power counterpart.

Annual October contract



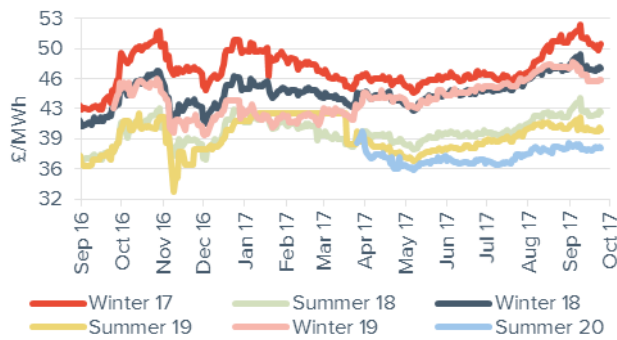
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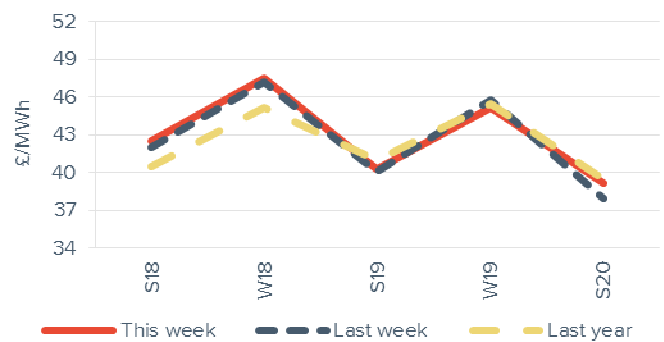


Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve



- Most seasonal baseload power contracts increased this week.
- Summer 17 power moved 1.1% upwards to £42.5/MWh.
- Winter 18 power rose 0.5% to £47.5/MWh.
- Most seasonal peak power contracts grew.
- Summer 18 peak power went up 1.1% to £46.5/MWh. Winter 18 peak power gained 1.3% to £54.7/MWh.
- On average, seasonal peak contracts expanded 1.3%

Supplier hedging strategies

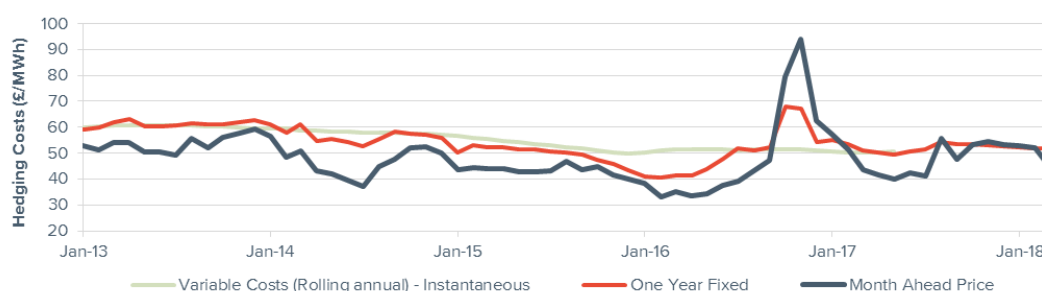
A number of gas and power contracts hit multi-month highs in August along with Brent crude oil, API 2 coal and EU ETS carbon prices.

The annual October 17 gas contract rose 5.3% in August to average 44.1p/th. The annual October 17 baseload power contract gained 4.7% to average £45.0/MWh. Brent crude oil prices climbed 6.0% to average \$51.9/bl. On average, API 2 coal prices jumped 5.8% to \$76.6/t, and EU ETS carbon prices increased 7.8% to €5.7/t.

During August, the price changes seen to fixed domestic dual-fuel tariffs were broadly similar to the previous month. 32 of the price changes were decreases, whereas 31 were increases. The largest price decrease was Affect Energy's "Fixed Until September 2018" tariff, which fell by 7.9% to £873.8/year. In contrast, the largest price increase was Solarplicity's "Fair Market Price 1 Year Fixed – August 2017" tariff, which rose by 16.8% to £1,121.9/year.

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 graph.

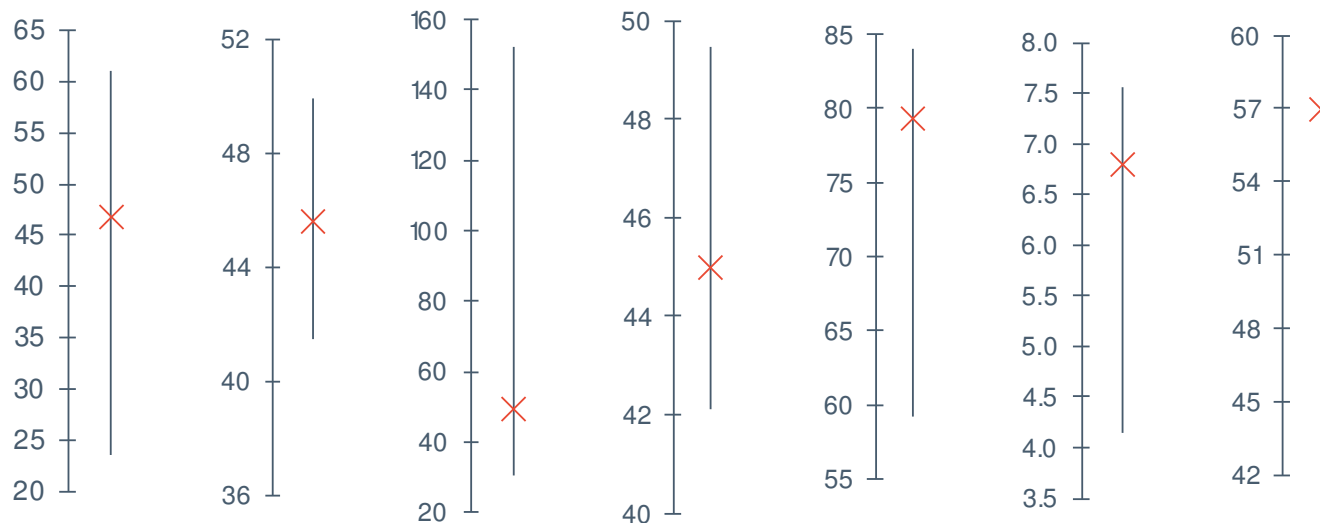




Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	6 Oct 17	46.85	45.61	49.50	44.98	79.30	6.80	56.92
Last week	29 Sep 17	44.60	45.04	40.25	44.63	80.70	7.18	57.55
Four weeks ago	8 Sep 17	46.25	46.11	44.50	45.35	79.75	6.98	54.68
Last year	7 Oct 16	42.50	45.14	95.00	42.83	64.00	5.59	52.65
Year-on-year % change		10.2%	10%	-47.9%	5.0%	23.9%	216%	8.1%
Year high		61.00	49.91	152.00	49.45	84.00	7.55	58.53
Year low		23.50	41.47	30.75	42.13	59.15	4.15	44.64

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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