



Energy Wholesale Market Review

Week Ending 13th July 2018



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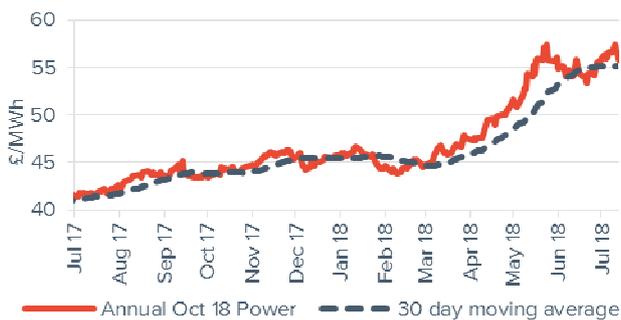
Headlines 13/07/2018

Day-ahead gas prices declined 1.1% to 57.1p/th. Prices have fallen as the system was oversupplied for most of this week. Day-ahead power was supported by a fall in renewables, rising 1.1% to £57.5/MWh. The contract hit a fresh three-month high of £58.8/MWh on 11 July with more expensive gas-fired power plant being utilised to meet demand amid low wind output. Nearly all seasonal gas and power contracts decreased this week. Seasonal gas contracts fell 1.8% on average. Seasonal power contracts went down 0.4% on average. Oil prices reversed recent highs, declining 4.7% week-on-week to \$73.5/bl. Prices have continued to respond with volatility to the ongoing trade dispute between the US and China amid concerns of potential retaliation by China on US crude shipments. The return of Libya's oil ports after the end of the Force Majeure helped ease concerns over supply as Syncrude Canada's oil production facility remains offline. This week saw the release of two monthly oil market reports by OPEC and IEA. OPEC's report forecasts lower demand for the group's oil in 2019, which could see oil stocks rise and ease the current tightness in the market which was highlighted in IEA's report. EU ETS carbon prices averaged €16.1/t this week, 4.5% above the previous week's average. API 2 coal climbed 1.1% this week to average \$92.1/t, hitting a fresh five-year high on 10 July at \$93.1/t.

Baseload electricity

- Day-ahead power increased 1.1% week-on-week to £57.5/MWh on 13 July, up from £56.9/MWh.
- Day-ahead power, supported by lower renewables generation, peaked at £58.45/MWh.
- Month-ahead power declined 1.5% to £55.4/MWh, and September 18 power lost 1.2% to £57.8/MWh.
- The annual October 18 power contract subsided 1.5% to £55.8/MWh (down from £56.8/MWh).
- This is £1.2/MWh (2.2%) higher than the same period last month, and an increase of 33.9% from last year when it was £41.6/MWh.

Annual October contract



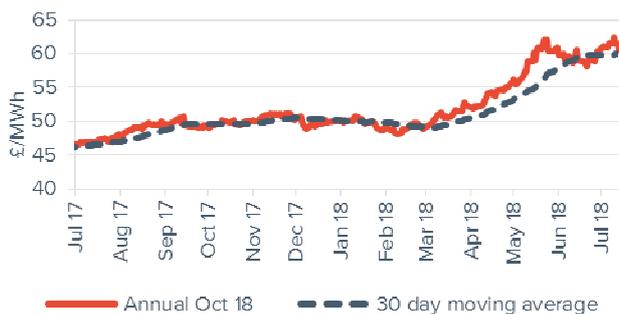
Forward curve comparison



Peak electricity

- Day-ahead peak power boosted 1.6% to £62.3/MWh. This is £4.8/MWh above its baseload counterpart, a £0.4/MWh increase to the spread.
- Month-ahead peak power declined 1.4% to £59.1/MWh, continuing £3.7/MWh above its baseload counterpart.
- Annual October 18 peak power fell 1.3% to £60.6/MWh.
- The contract remains £4.8/MWh above its baseload power counterpart.
- The contract was 2.6% above its price last month (£59.1/MWh).

Annual April contract



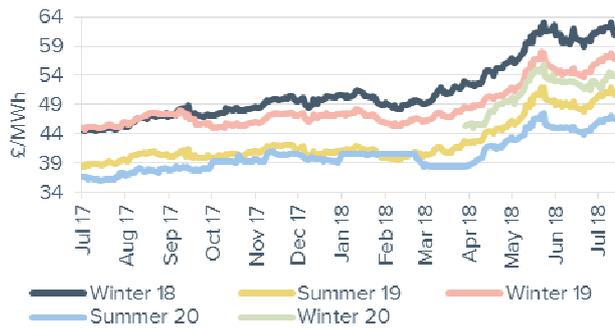
Forward curve comparison



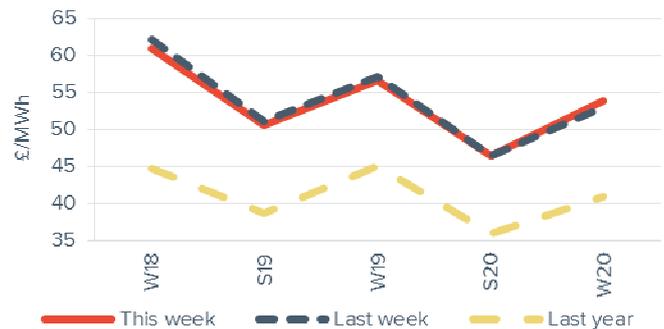


Seasonal power prices

Seasonal baseload power contracts



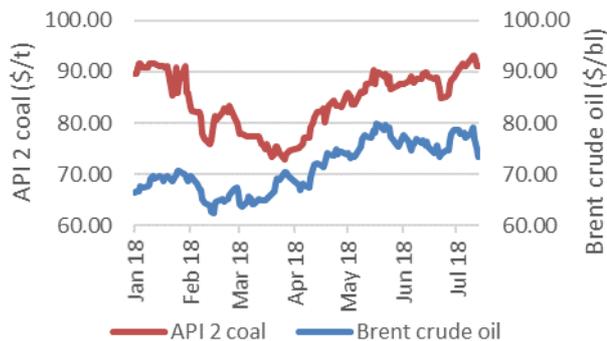
Seasonal baseload power curve



- The majority of seasonal baseload power prices declined this week, down 0.4% on average.
- Winter 18 lost 1.8% to £61.0/MWh. Summer and winter 19 slipped 1.1% and 0.8% to £50.6/MWh and £56.6/MWh respectively.
- Nearly all seasonal peak power contracts decreased this week, with contracts down 0.8% on average, supported by bearish commodity prices.
- Winter 18 and summer 19 declined 1.5% and 1.0% to £67.3/MWh and £54.0/MWh respectively.

Commodity price movements

Oil and coal



Carbon



- Brent crude oil curtailed 1.9% to average \$76.4/bl, down from \$77.9/bl the previous week.
- Oil prices peaked at \$79.09/bl within-day on 9 July.
- Oil prices experienced their biggest within-day decline in the last two years, dropping to \$73.23/bl on 11 July.
- API 2 coal grew 1.1% to average \$92.1/t last week. Coal surged with bullish momentum, hitting a fresh five-year high on 10 July at \$93.1/t, amid strong demand in Asia and an increasingly tight supply market has supported prices higher.
- EU ETS carbon prices increased 4.5% to average €16.1/t this week, up from €15.4/t the previous week.
- Following a cancelled EUA carbon auction on 11 July, within-day prices hit a fresh one-month high at €16.5/t.
- The auction was cancelled after failing to attract sufficient interest for the 5.7mn allowances available, these will now be split between four upcoming auctions.

Supplier tariff movements

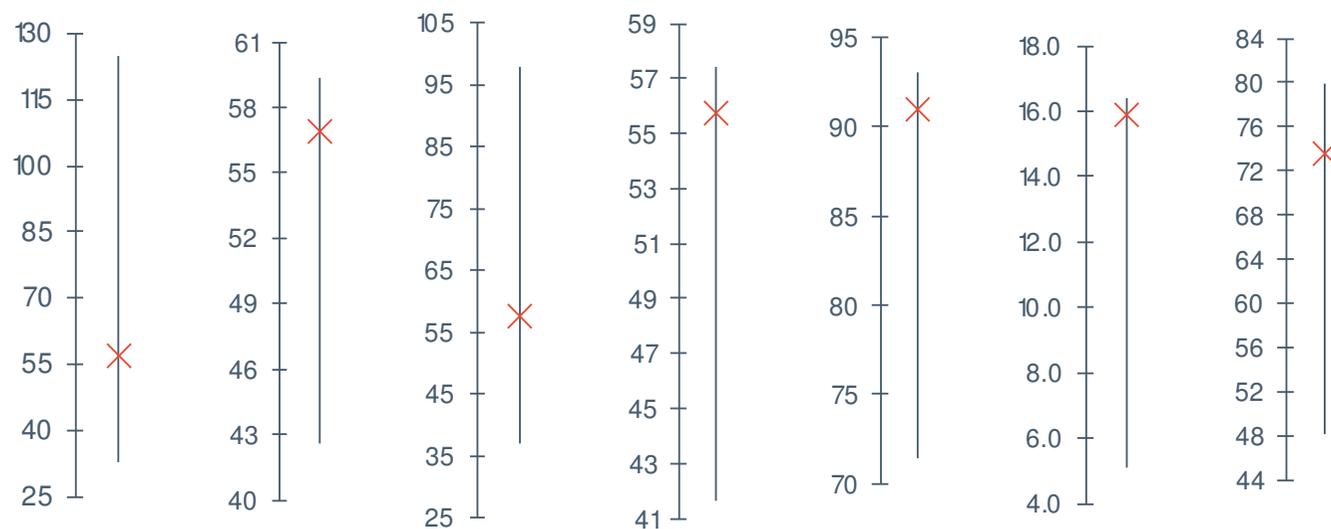
In June, 23 suppliers changed their price banding, with a slight majority of the changes being price increases. The largest price increase was recorded from Economy Energy, which retracted its Switch Saver variable tariff priced at £810/year in average to leave just one variable tariff available for credit customers, priced at £1,205/year on average. The largest price decrease came from Scottish Power as it launched its Super Saver tariff priced at £999/year on average.



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 Jul 18	57.10	56.89	57.50	55.76	91.00	15.90	73.53
Two weeks ago	6 Jul 18	57.75	58.45	56.85	56.60	91.00	15.63	77.14
Four weeks ago	15 Jun 18	55.75	55.78	53.75	54.53	89.05	14.70	75.28
Last year	14 Jul 17	33.00	42.56	43.50	41.63	71.45	5.38	48.67
Year-on-year %change		73.0%	33.7%	32.2%	33.9%	27.4%	195.5%	51.1%
Year high		125.00	59.39	98.00	57.46	93.10	16.40	79.83
Year low		33.00	42.56	37.10	41.63	71.40	5.10	48.18

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 17 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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