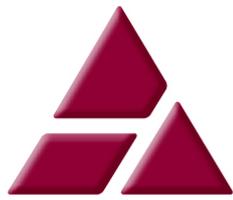


Energy Wholesale Market Review

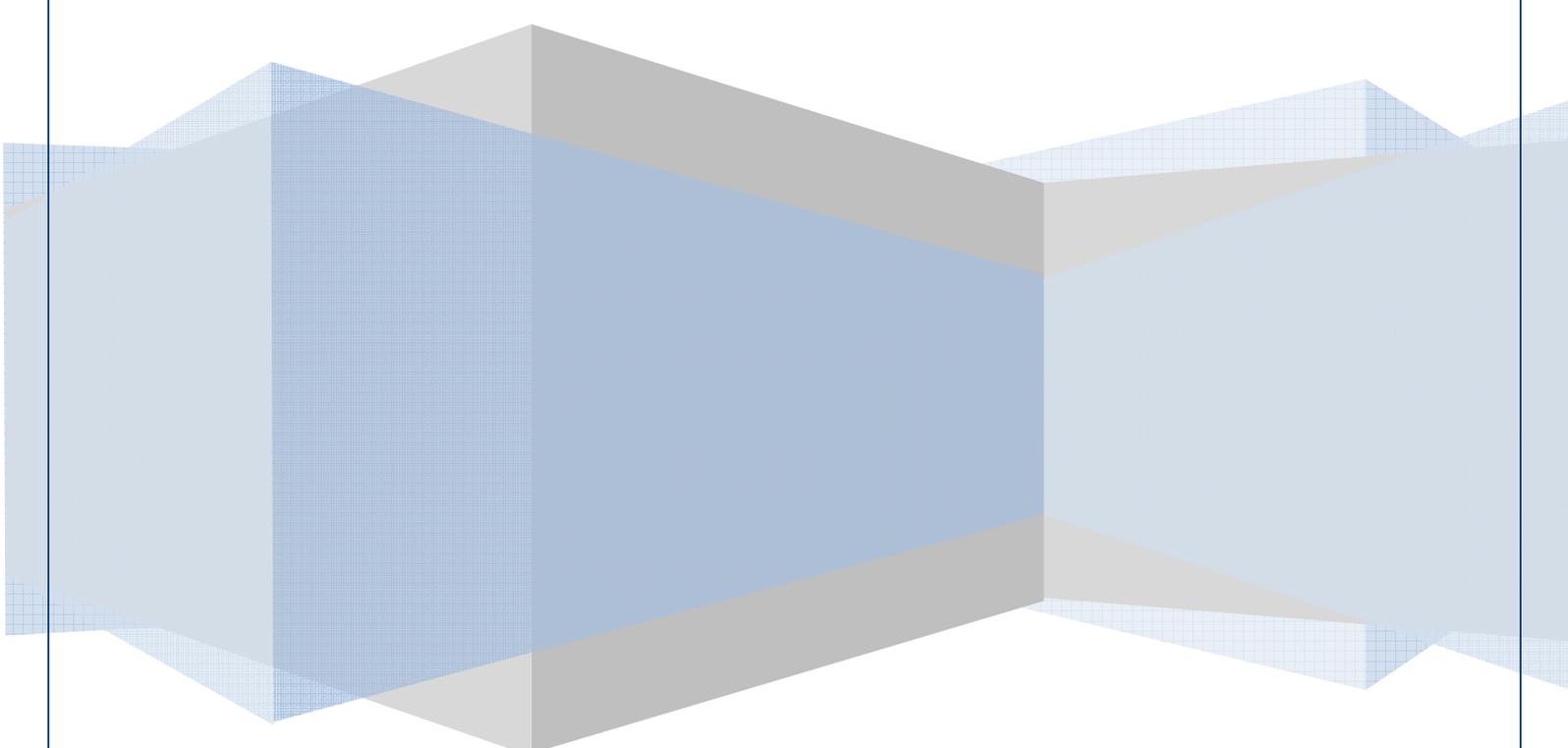
Week Ending 27th July 2018



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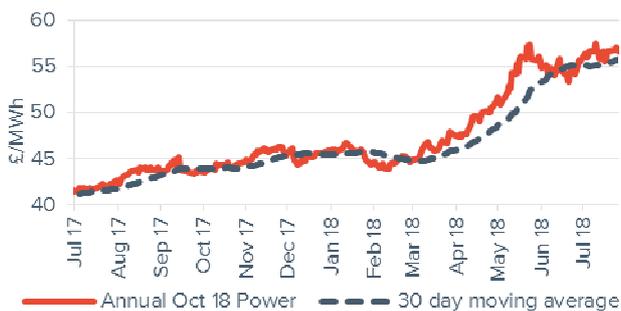
Headlines 27/07/2018

This week bearish movements swept across gas and power contracts, amid resurging wind generation and easing demand as high temperatures persisted. Day-ahead power dropped 2.2% to £56.1/MWh, owing to resurging wind output, lower gas prices, easing demand and a healthy supply margin. Day-ahead gas fell 1.3% to 57.6p/th. Prices gained support at the start of the week as the system was undersupplied amid a series of strikes at Elgin Franklin and Alywn gas fields in the North Sea. However, towards the end of the week prices eased amid an oversupplied system with the return of UCKS production into Bacton SEAL and lower gas-for-power demand. The majority of other power and gas contracts along the forward curve showed small downwards movements. In contrast, EU ETS carbon prices continued to increase, averaging €17.2/t last week. Prices ended 24 July at €17.5/t, a fresh seven-year high. Prices are currently above many predictions made by analysts in Q218, with most expecting EUAs to reach this high at the end of 2018 ahead of the Market Stability Reserve launch in January 2019. Carbon prices have been influenced by increased thermal generation, with depleting hydro stocks during the ongoing heatwave throughout Europe. Brent crude oil gained 1.8% to average \$74.0/bl, up from \$72.7/bl the previous week.

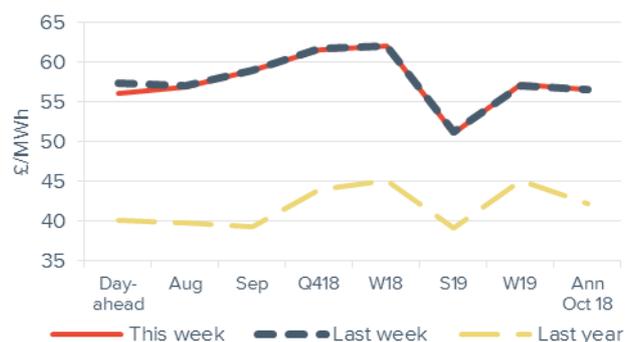
Baseload electricity

- Day-ahead power extended upon its losses from the previous week, falling 2.2% week-on-week to £56.1/MWh. Resurging wind output eased power prices across the week, along with easing demand and a healthy supply margin.
- Month-ahead power fell 0.2% to £56.9/MWh.
- The annual October 18 power contract lost 0.2% to £56.6/MWh.
- This is £1.1/MWh (2.0%) higher than the same period last month, and an increase of 34.2% from last year when it was £42.2/MWh.

Annual October contract



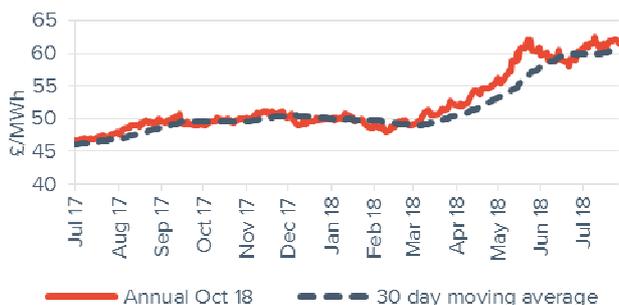
Forward curve comparison



Peak electricity

- Day-ahead peak power subsided 2.3% to £60.9/MWh.
- This is £3.9/MWh above its baseload counterpart and a £0.1/MWh decrease to the spread between the two.
- Month-ahead peak power declined 0.2% to £61.9/MWh, £4.0/MWh above its baseload counterpart, the spread remained static.
- Annual October 18 peak power eased 0.5% to £61.6/MWh.
- The contract is £4.9/MWh above its baseload power counterpart, a £0.2/MWh decrease to the spread from the previous week.

Annual April contract



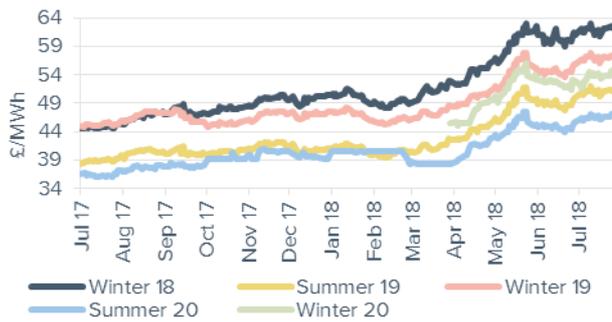
Forward curve comparison



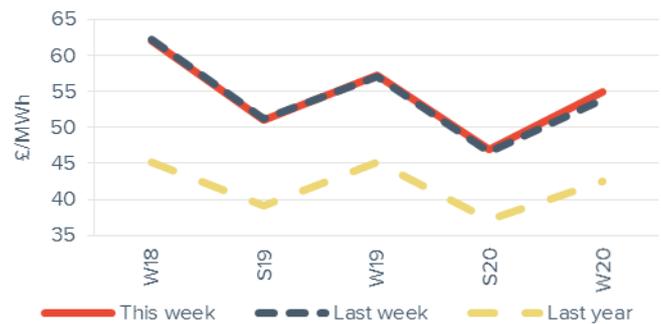


Seasonal power prices

Seasonal baseload power contracts



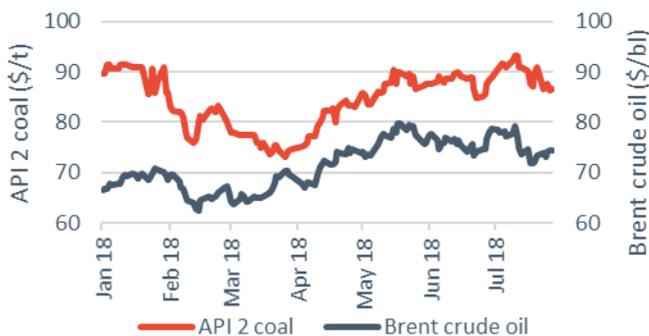
Seasonal baseload power curve



- Near-term seasonal baseload power prices followed their gas counterparts downwards last week.
- From winter 19 to winter 20, prices rose
- Winter 18 lost 0.2% to £62.1/MWh. Summer 19 eased 0.1% to £51.1/MWh.
- All seasonal peak power contracts decreased last week, with contracts down just 0.1% on average, eased by bearish gas prices.
- Winter 18 and summer 19 fell 0.7% and 0.1% to £68.2/MWh and £55.0/MWh respectively.

Commodity price movements

Oil and coal



- Brent crude oil gained 1.8% to average \$74.0/bl, up from \$72.7/bl the previous week.
- Prices rose towards the end of the week, with expectations of further falls in Venezuelan oil production.
- API 2 coal declined 2.6% to average \$86.7/t last week, down from \$89.0/t.
- Despite an uptick in European demand, notability in Germany, amid lower hydro-stocks, lower week-on-week imports in India and Japan depressed prices.

Carbon



- EU ETS carbon prices increased 5.0% to average €17.2/t last week.
- Prices ended 24 July at €17.47/t, a fresh seven-year high.
- Recent prices have been influenced by the increased thermal generation, amid depleting hydro stocks during the ongoing heatwave throughout Europe.
- Prices are currently ahead of many predictions made by analysts in Q218, with most expecting EUAs to reach this high at the end of 2018 ahead of the MSR launch in January 2019.

Supplier tariff movements

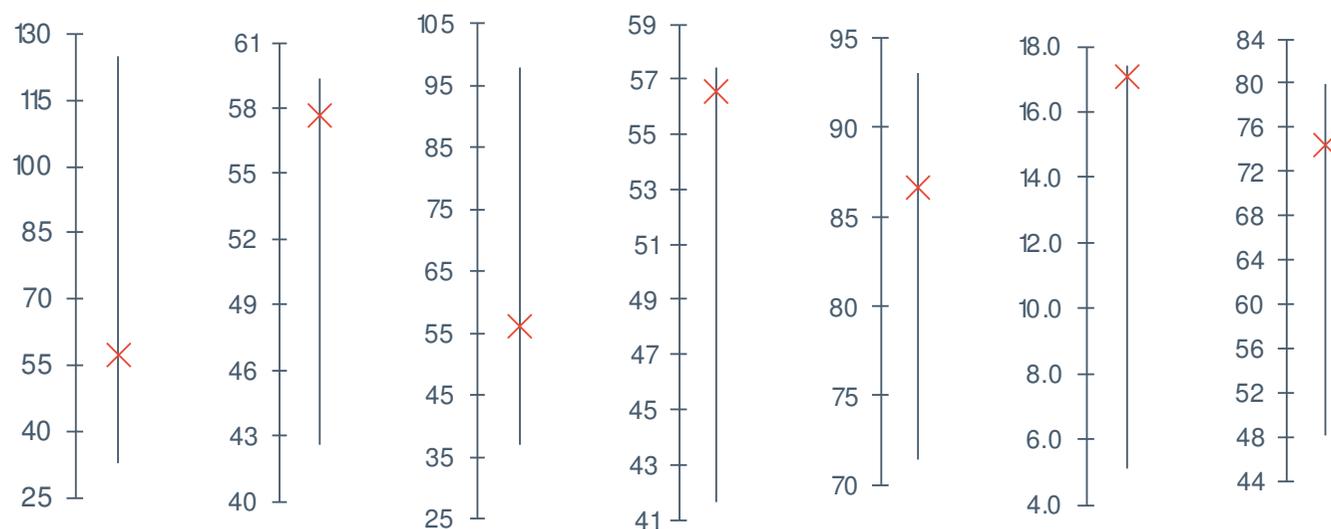
In June, 23 suppliers changed their price banding, with a slight majority of the changes being price increases. The largest price increase was recorded from Economy Energy, which retracted its Switch Saver variable tariff priced at £810/year in average to leave just one variable tariff available for 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)
This week	27 Jul 18	57.55	57.62	56.10	56.58	86.60	17.05	74.40
Two weeks ago	20 Jul 18	58.30	57.72	57.35	56.67	91.00	17.06	73.26
Four weeks ago	29 Jun 18	53.40	57.12	52.15	55.48	88.75	15.01	78.73
Last year	28 Jul 17	38.50	43.41	40.15	42.18	73.30	5.12	51.73
Year-on-year % change		49.5%	32.7%	39.7%	34.2%	18.1%	233.0%	43.8%
Year high		125.00	59.39	98.00	57.46	93.10	17.39	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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