

Energy Wholesale Market Review

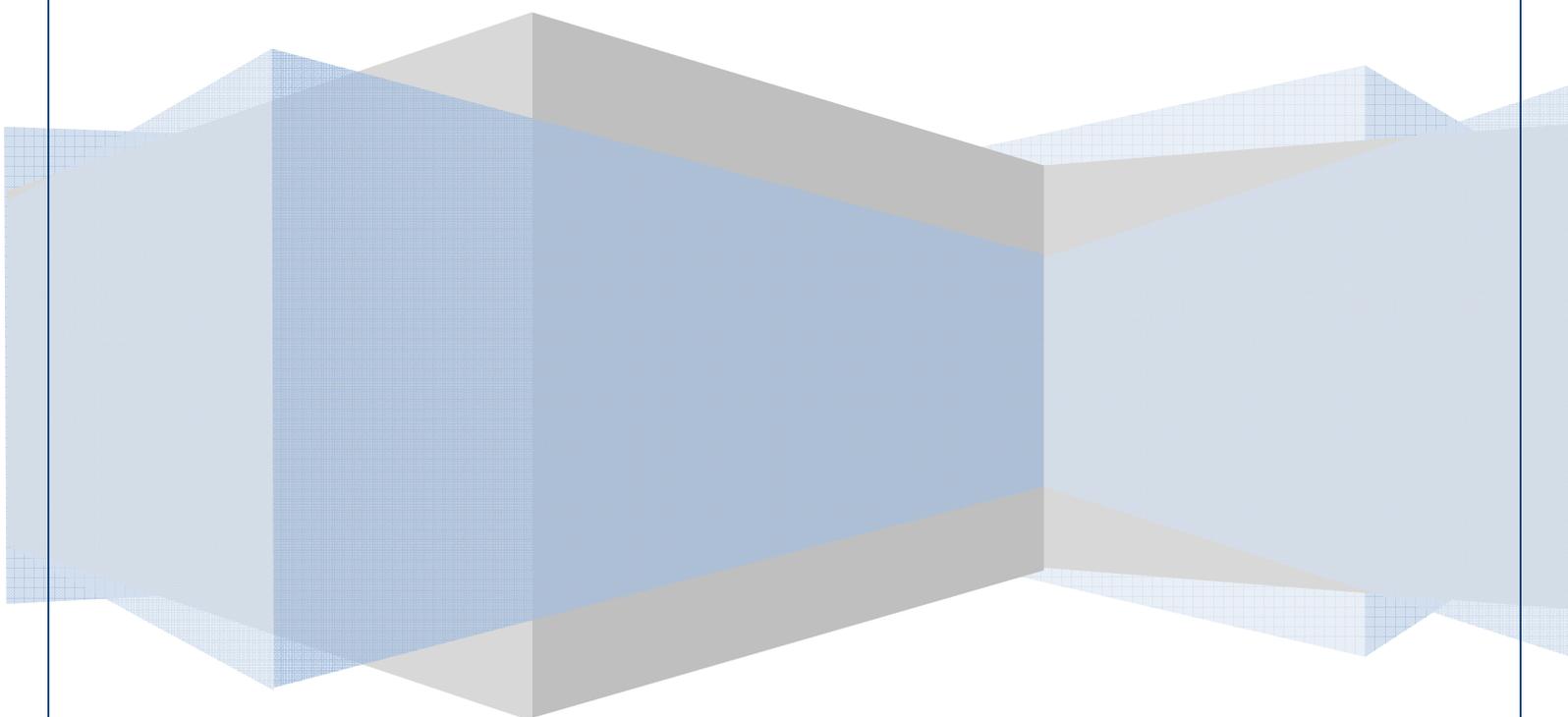
Week Ending 17th August 2018



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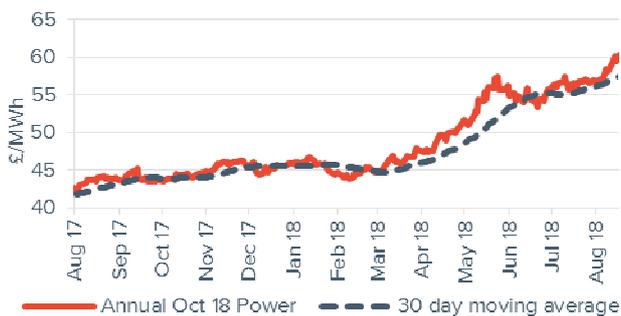
Headlines 17/08/2018

All gas and power contracts rose this week, with all seasonal contracts hitting fresh highs as bullish market fundamentals, including 10-year high carbon prices and rising coal prices, continued to give support. EU ETS carbon prices increased 2.8% to average €18.1/t this week. Prices were supported by an announcement from the European Commission that German auctions will be postponed from 9 November until Q1 19, deferring the sale of 21.8 million allowances until next year. Day-ahead gas prices gained 7.6% to 63.5p/th, a five-month high. Prices have been influenced by high EU ETS carbon prices, upcoming strikes in the North Sea, and annual maintenance affecting Norwegian gas supplies. Day-ahead power prices rose 5.5% to end the week up at a fresh five-month high of £63.3/MWh, with higher gas prices and low wind output forecast for early next week. All seasonal gas and power contracts increased this week, hitting fresh highs on 17 August. Seasonal gas contracts gained 2.5% on average. Winter 18 gas increased 5.6% to 69.3p/th. Seasonal power contracts went up 2.3% on average. Winter 18 power was up 4.2% to £66.3/MWh. Brent crude oil prices fell for the fourth consecutive week, lowering 1.9% to average \$72.1/bl. The announcement of an unexpected build in US crude stockpiles, up by 6.8mn barrels, led prices to drop below \$70.5/bl on 15 August. API 2 coal rose 1.3% to average \$88.4/t this week.

Baseload electricity

- Day-ahead power rose 5.5% week-on-week to £63.3/MWh (up from £60.0/MWh), a five-month high.
- Towards the end of the week, prices recovered earlier losses, following gas prices higher and forecasts of low wind output early next week.
- September 18 power gained 4.3% to £62.5/MWh.
- October 18 power gained 4.4% to £63.1/MWh.
- The annual October 18 power contract gained 3.3% to £60.2/MWh (up from £58.2/MWh), the highest since our records began in 2015.
- The contract is £3.5/MWh (6.2%) higher than the same period last month, and 36.9% above last year when it was £44.0/MWh.

Annual October contract



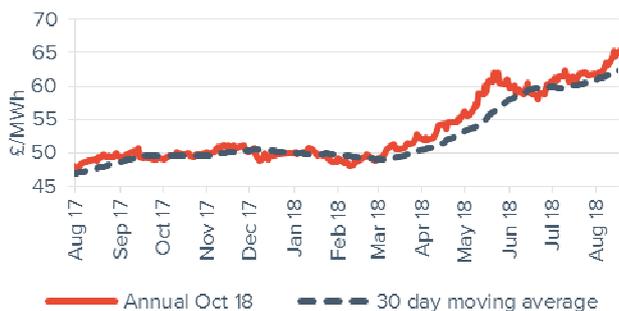
Forward curve comparison



Peak electricity

- Day-ahead peak power surged 5.9% week-on-week to £67.8/MWh. This is £4.5/MWh above its baseload counterpart, an increase of £0.5/MWh in the spread between the two.
- Month-ahead peak power gained 4.1% to £66.1/MWh.
- Week-on-week, annual October 18 peak power increased 3.1% to £65.3/MWh. The contract is £5.1/MWh above its baseload power counterpart.
- The contract was 3.1% above its price last month (£61.8/MWh).

Annual October contract



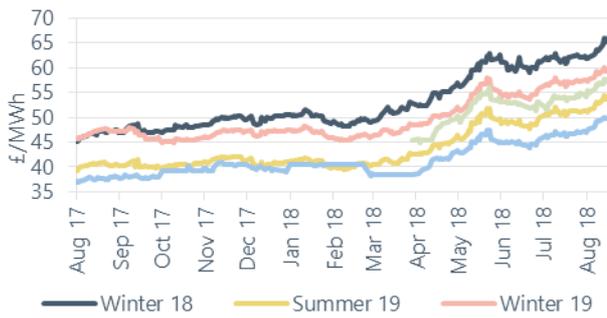
Forward curve comparison



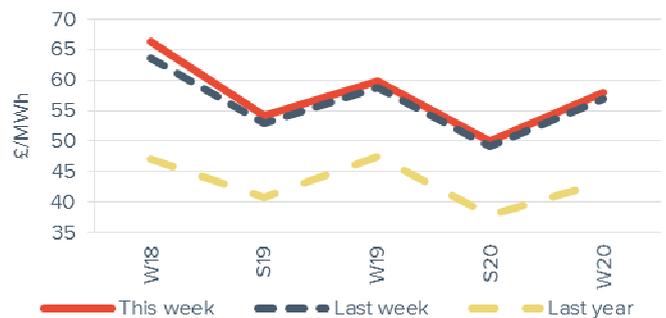


Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve



- Week-on-week, seasonal contracts were up 2.3% on average.
- All seasonal baseload power contracts hit fresh highs on 17 August, with winter 18 power rising 4.2% to £66.3/MWh, the highest on our records dating back to September 2015.
- Summer and winter 19 gained 2.3% and 1.6% to £54.1/MWh and £59.8/MWh respectively.
- All seasonal peak power contracts hit fresh highs this week.
- Week-on-week, seasonal peak power contracts increased 2.3% on average for a consecutive week. Prices have continued to find support from bullish gas and carbon prices.
- Winter 18 and summer 19 gained 3.9% and 2.1% to £72.5/MWh and £58.2/MWh respectively.

Commodity price movements

Oil and coal



Carbon



- The weekly average Brent crude oil price fell for the fourth consecutive week, losing 1.9% to average \$72.1/b, down from \$73.4/b last week.
- Prices started the week at \$73.0/b, amid expectations of a tighter market following US sanctions on Iran.
- Prices gained support towards the end of the week following news of trade talks between the US and China in late August.
- API 2 coal rose 1.3% to average \$88.4/t this week.
- EU ETS carbon prices rose for the eighth consecutive week, increasing 2.8% to average €18.1/t this week, up from €17.6/t last week.
- Prices started the week up at €18.0/t on 13 August, rising to a fresh 10-year high on 15 August at €18.3/t, following an announcement from the European Commission that German auctions will be postponed from 9 November until Q119, deferring the sale of 21.8 million allowances until next year.

Supplier tariff movements

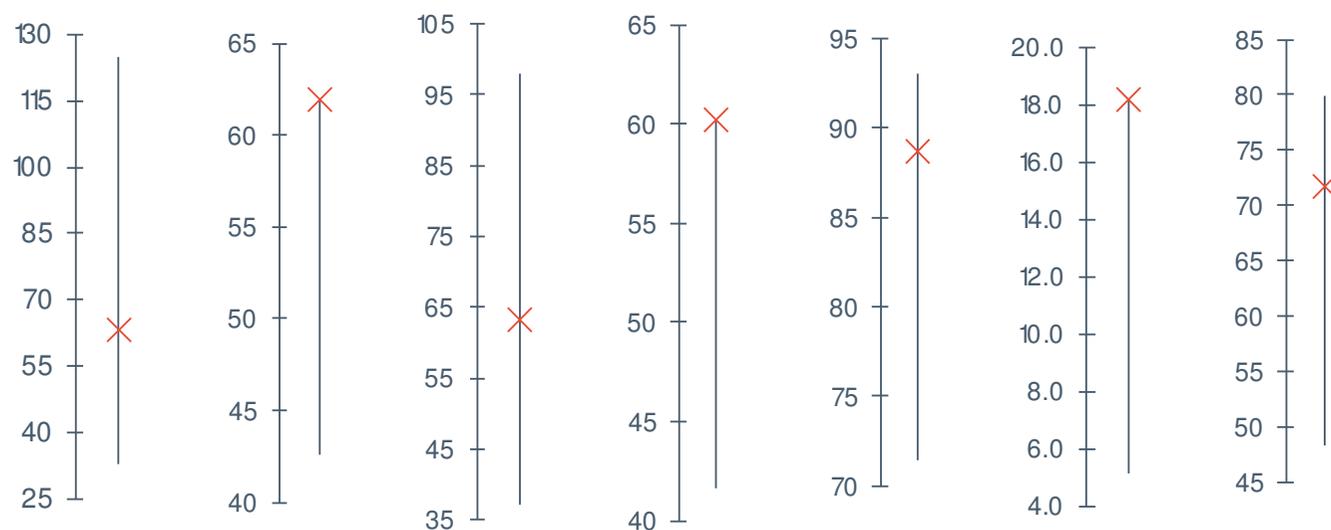
In June, 23 suppliers changed their price banding, with a slight majority of the changes being price increases. The largest price increase was recorded from Economy Energy, which retracted its Switch Saver variable tariff priced at £810/year in average to leave just one variable tariff available for 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	17 Aug 18	63.50	61.95	63.25	60.18	88.75	18.17	71.76
Last weeks ago	10 Aug 18	59.00	59.40	59.95	58.23	88.00	17.75	72.12
Four weeks ago	20 Jul 18	58.30	57.72	57.35	56.67	91.00	17.06	73.26
Last year	18 Aug 17	43.95	44.56	47.50	43.95	78.50	5.80	51.12
Year-on-year %change		44.5%	39.0%	33.2%	36.9%	13.1%	213.3%	40.4%
Year high		125.00	61.95	98.00	60.18	93.10	18.17	79.83
Year low		33.00	42.56	37.10	41.63	71.40	5.10	48.18

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