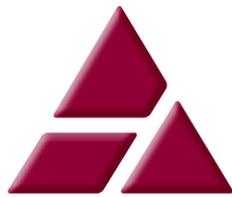




Energy Wholesale Market Review

Week Ending 22nd March 2019



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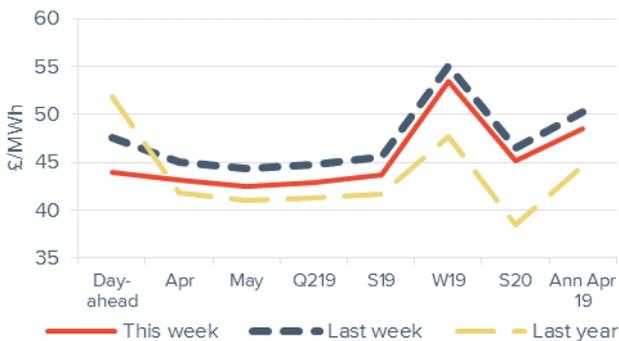
Headlines 22/03/2019

Wholesale power and gas contracts fell across the board this week, with many contracts hitting new lows. Day-ahead gas fell to a 20-month low as comfortable supplies and mild temperatures continued. This trend drove day-ahead power prices to a 17-month low, despite lower wind generation. All baseload power contracts fell week-on-week. Day-ahead power was down 7.4% to end the week at £44.0/MWh. The contract fell to £43.1/MWh on 21 March, a fresh 17-month low as the contract followed its gas counterpart lower. All seasonal power contracts continued lower, dropping 2.7% on average. Summer and winter 19 power contracts fell 4.1% and 2.9% to £43.6/MWh and £53.5/MWh respectively, with summer 19 power at a fresh 11-month low. All gas contracts fell week-on-week, as above seasonal normal temperatures continued to drive down gas demand, leaving the gas system oversupplied for most of the week. Day-ahead gas dropped 5.4% to end the week at a 36.9p/th. The contract dropped to a fresh 20-month low of 36.8p/th on 20 March, as two LNG tankers were scheduled to arrive the following day. Seasonal gas contracts decreased 2.8% on average. Summer 19 gas dropped 5.5% to end the week at 36.9p/th, the lowest since June 2016. Brent crude oil prices rose slightly, up 0.9% to average \$67.6/bl. Within-day oil prices rose to a fresh four-month high of \$68.7/bl on 22 March. API 2 coal prices fell for a third consecutive week, down 3.0% to average \$73.5/t. Within-day prices ended the week at \$73.0/t, a fresh one-year low.

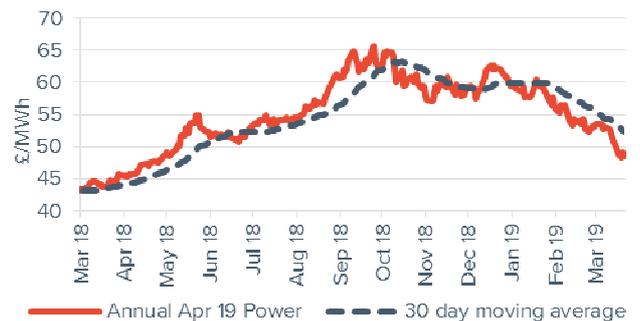
Baseload electricity

- Day-ahead power was down 7.4% at £44.0/MWh.
- The contract fell to £43.1/MWh on 21 March, a 17-month low as the contract followed gas prices lower.
- The April and May 19 power contracts were down 4.3% and 4.2% to £43.1/MWh and £42.4/MWh, respectively.
- Annual April-19 power was 3.4% lower week-on-week, falling to £48.5/MWh.
- The contract is 8.0% below the same time last month (£52.7/MWh), but 8.7% above the same time last year when it was £44.6/MWh.

Forward curve comparison



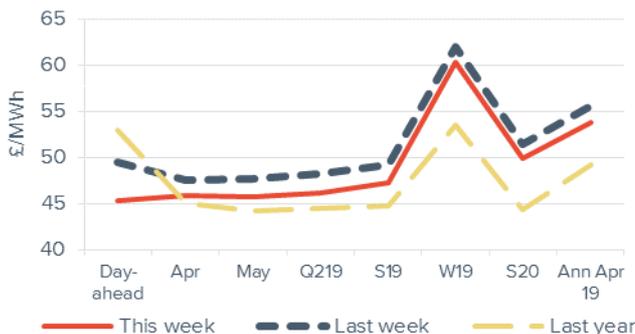
Annual April contract



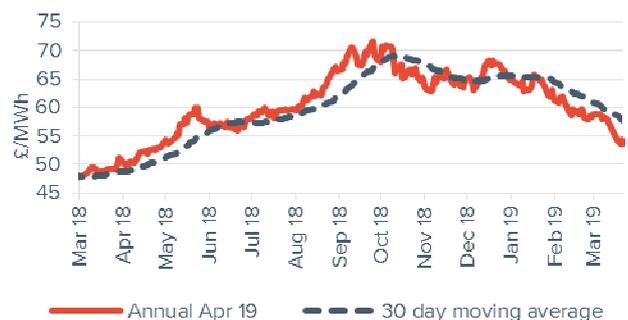
Peak electricity

- Day-ahead peak power decreased 8.3% to £45.4/MWh, just £1.4/MWh above its baseload counterpart.
- Day-ahead peak power is 14.3% lower than the same time last year when it was £53.0/MWh.
- April and May 19 peak power fell 3.5% and 4.1% to £45.9/MWh and £45.7/MWh, respectively.
- Annual April 19 peak power decreased 3.2% to £53.8/MWh, remaining £5.3/MWh above its baseload power counterpart.
- The contract is 7.4% below its price last month (£58.1/MWh), but 9.4% higher than its value last year (£49.2/MWh).

Forward curve comparison



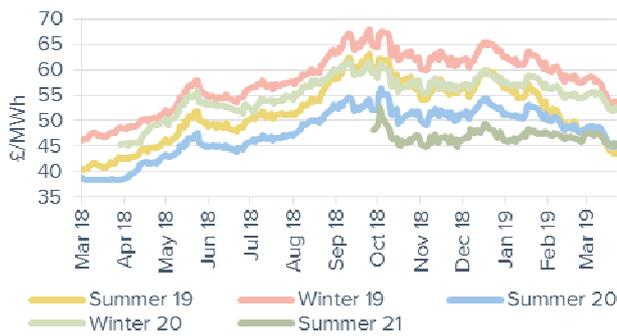
Annual April contract





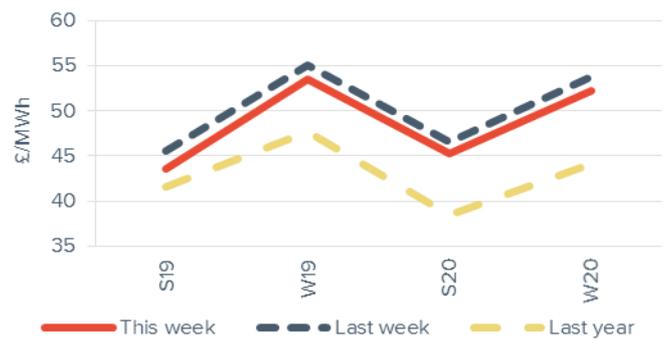
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts continued to drop further, decreasing 2.7% on average.
- Summer and winter 19 power fell 4.1% and 2.9% to £43.6/MWh and £53.5/MWh, respectively.

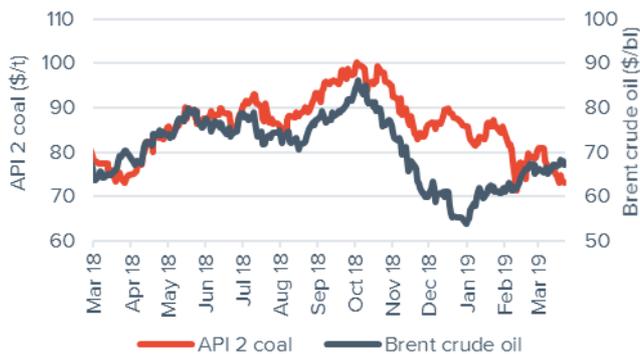
Seasonal baseload power curve



- All seasonal peak power contracts were lower this week, falling 2.4% on average.
- The summer 19 peak contract was down 4.0% at £47.3/MWh, remaining £3.7/MWh above its baseload power counterpart.

Commodity price movements

Oil and coal



- Brent crude oil prices rose slightly, up 0.9% to average \$67.6/bl. Within-day oil prices rose to a fresh four-month high of \$68.7/bl on 22 March.
- This week, OPEC announced that it would be cancelling its technical meeting in April. The group does not believe that the meeting would have provided enough time to properly evaluate the latest production cuts, meaning the cuts will not continue until the next meeting in June.
- API 2 coal prices fell for a third consecutive week, down 3.0% to average \$73.5/t.
- Within-day prices ended the week at \$73.0/t, a fresh one-year low. Coal prices have been pressured by weaker demand as gas prices continue to fall and warmer temperatures ease conventional power generation in the Northern Hemisphere.

Carbon



- EU ETS carbon prices fell 5.6% to average €21.3/t. Within-day carbon prices dropped as low as €20.7/t on 20 March, a near one-month low.
- Carbon prices have been pressured by waning demand for coal-fired power generation in Europe as warmer weather dampens electricity demand, and very low gas prices continue to drive the favourability of CCGT generation in the supply mix.
- Brexit negotiations continue to add uncertainty to the EU ETS market, but the news that a 'hard-Brexit' has been ruled out for 29 March, and an unconditional extension has been set for 12 April with the potential for a further delay until 22 May, has provided some respite for falling carbon prices.

Supplier tariff movements

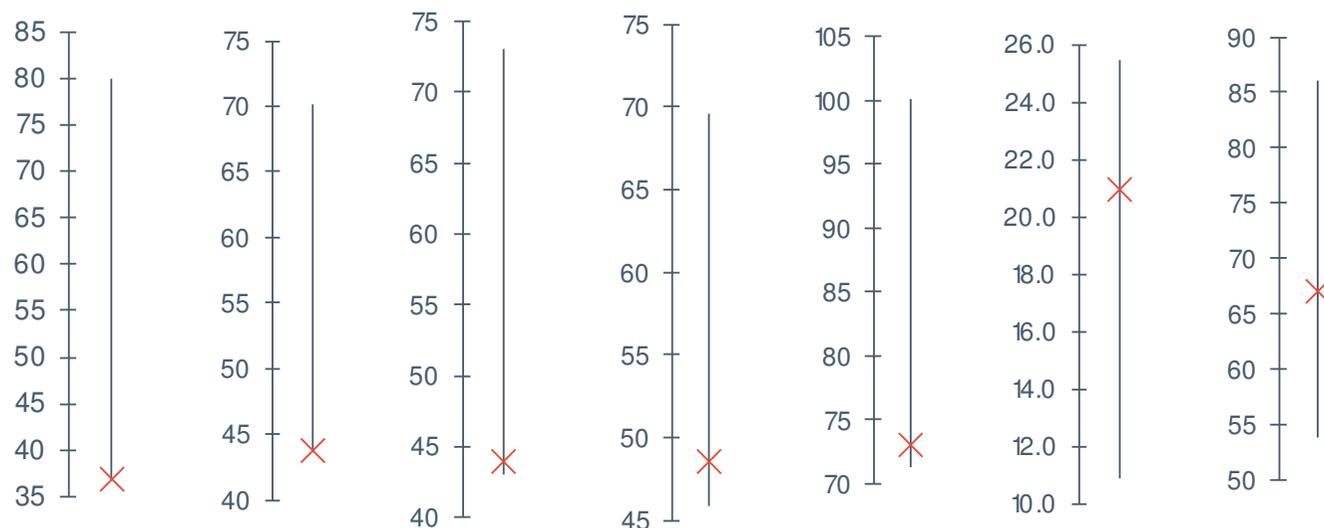
In February, 13 suppliers moved up price bandings with their cheapest dual fuel products, compared to six suppliers in January. This is the first time that Outfox the Market has not had the cheapest or one of the cheapest tariffs in the market following an increase of £66/year due to the removal of its Zapp! Tariff. 11 suppliers moved down one or more price bandings, of which First Utility reduced its cheapest tariff prices by £85/year to below £1,000/year on average. This is the first time since December 2016 that its tariff has been among the cheapest 10 suppliers



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	22 Mar 19	36.90	43.76	44.00	48.54	73.00	20.95	67.02
Two weeks ago	15 Mar 19	39.00	45.68	47.50	50.27	74.90	22.86	66.97
Four weeks ago	22 Feb 19	44.75	51.33	49.10	52.74	78.75	18.73	67.44
Last year	23 Mar 18	53.60	44.03	51.80	44.64	74.25	12.42	69.00
Year-on-year %change		-31.2%	-0.6%	-15.1%	8.7%	-1.7%	68.7%	-2.9%
Year high		80.00	70.19	73.00	69.61	100.15	25.42	86.12
Year low		36.80	43.56	43.05	45.86	71.25	10.90	53.82

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 18 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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