

# April 2016 Newsletter



energy  
services  
BUSINESS POWER LTD

## Dear Customer

Wholesale energy prices traded steadily through March with the volatility seen in February diminishing somewhat as Brent Crude oil prices found a level around \$40. The full effect of the closure of several coal fired power stations at the end of March remains to be seen as spring arrives and temperatures increase, dampening demand across the board.

## Main Drivers

- Financial Speculation & Trading Activity
- Plant Maintenance & Outages
- UK Coal Fired Power Station Closures
- UK Distribution & Transportation Network Upgrade
- UK Government Green Taxes (RO / FiT / EMR CfD & CM)
- Geopolitical Tensions in the Middle East & Eastern Europe
- Global Oil & Coal Prices
- UK & European Carbon Prices
- Seasonal Supply and Demand Balance

## General Comments

UK Gas prices were influenced by moving oil prices, falling demand, mixed Norwegian gas flows and a continued outage at the Rough storage facility. Despite all these factors, forward 12 month wholesale prices finished March almost on par with the start of the month.

Wholesale electricity prices as usual followed a similar pattern to the gas market however prices were impacted further out on the curve by the Government's decision to bring forward the Capacity Market scheme by a year to cover the 2017/2018 winter causing an increase in EMR levies.

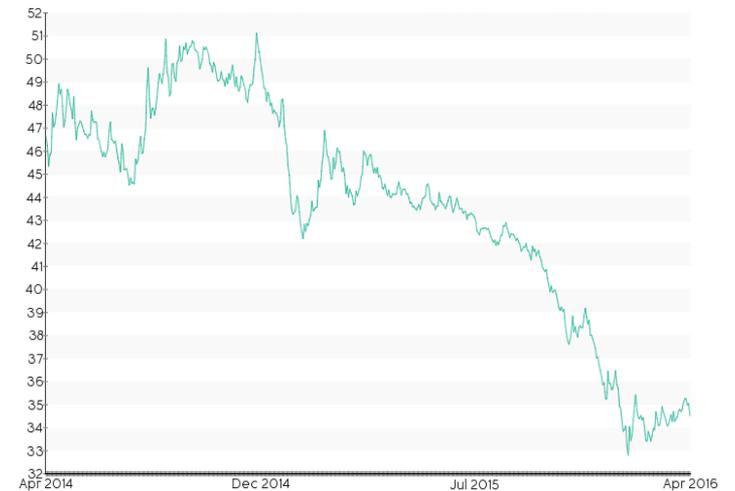
Over the last week of March, four coal fired power stations were scheduled to cease production losing around 8GW of generation however the Eggborough station in Yorkshire and Fiddlers Ferry plant in Cheshire have both been reprieved at the last minute for another 12 months. Longannet coal power plant in Scotland and Ferrybridge plant in Yorkshire have closed.

Oil prices rose in the first few days of March but then hovered around the \$40 mark eventually sliding just below as US stock levels reached another record high.

Coal prices and EU carbon prices have remained steady.

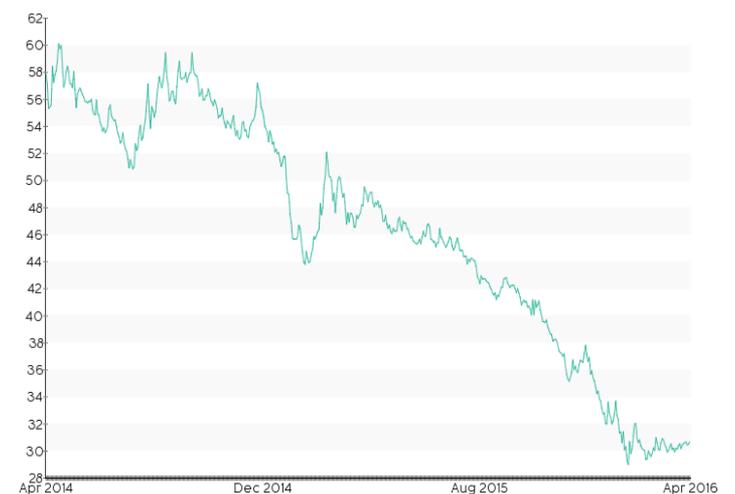
## Electricity

Annual Forward Baseload Price (Flat Cost)



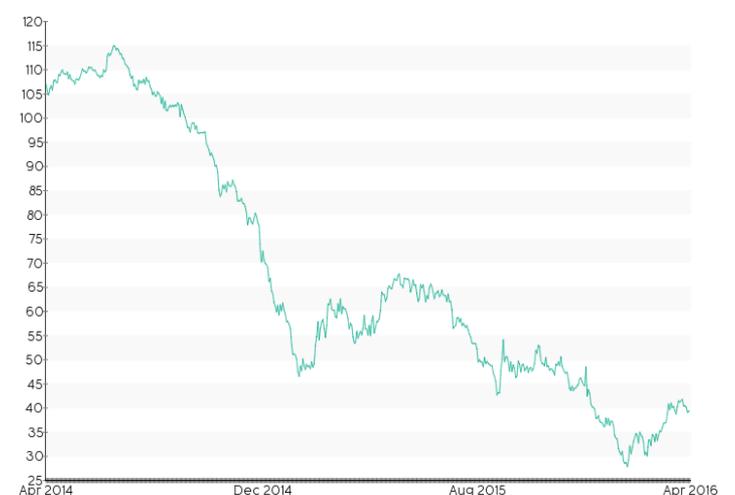
## Gas

UK October Gas Year Price (Flat Cost)



## Oil

Front Month Price (Brent Crude)



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