



Energy Wholesale Market Review

Week Ending 14th June 2019



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Headlines 14/06/2019

The majority of baseload power contracts fell week-on-week, with near-term contracts up to and including August 19 power unchanged. The day-ahead contract was unchanged week-on-week at £39.3/MWh, having risen to a two-week high of £40.5/MWh on 11 June as low wind generation was expected the following day. All seasonal power contracts moved lower, falling 0.3% on average. Winter 19 power declined 0.5% to £55.4/MWh at the end of the week, having started the week at £56.9/MWh. All gas contracts moved lower week-on-week, amid comfortable gas supplies and forecasts of warmer temperatures easing expected LDZ demand. Day-ahead gas was 3.0% lower at 27.7p/th, having peaked at 30.0p/th on 13 June as temperatures were forecast to remain well below seasonal normal the following day. Seasonal contracts fell 1.3% on average, with winter 19 gas 1.3% lower week-on-week at 51.3p/th. Brent crude oil rose for the first time in four weeks, up by only 0.3% to average \$61.8/bl, supported by reports of attacks on two oil tankers in the Gulf of Oman. API 2 coal prices were unchanged this week, averaging \$64.2/t. Demand for coal in Europe remains relatively low, with total coal imports into Europe at 49mt between January-May, down 10% year-on-year. EU ETS carbon prices reversed the previous week's decline, lifting 3.3% to average €25.0/t, supported by a drop in auction volumes this week following a public holiday on Monday, and a lack of a bi-weekly Polish auction on Wednesday.

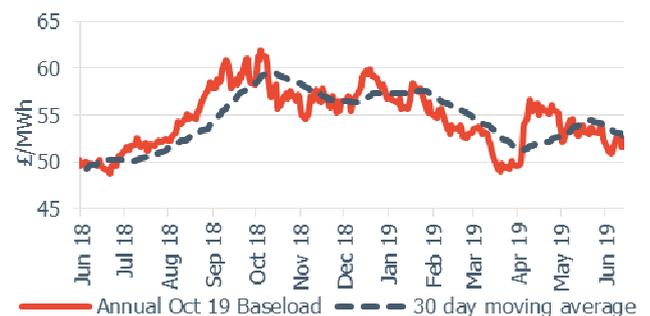
Baseload electricity

- Day-ahead power was unchanged from the previous week at £39.3/MWh. The contract is 27% lower than the same time last year (£53.8/MWh).
- Month-ahead power slipped 0.1%, ending the week at £39.0/MWh.
- Annual October 19 power was down 0.3% week-on-week at £51.6/MWh.
- The contract is 3.0% lower than the same time last month (£53.2/MWh), but 4.1% higher than the same time last year (£49.6/MWh).

Forward curve comparison



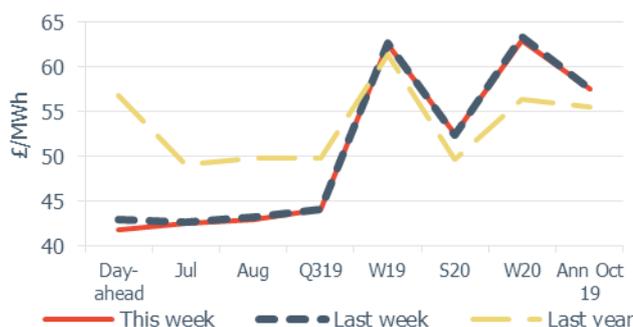
Annual October contract



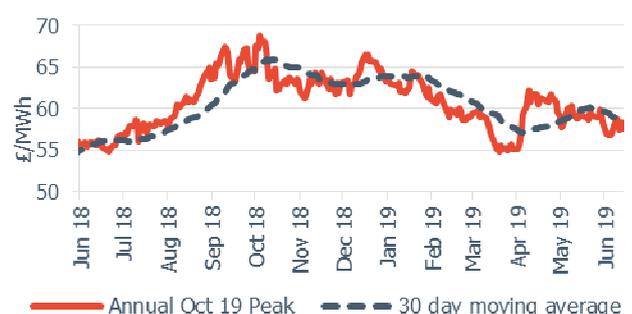
Peak electricity

- Day-ahead peak power fell 2.7% to £41.9/MWh, £2.6/MWh above its baseload counterpart.
- Day-ahead peak power is 26.3% lower than the same time last year when it was £56.8/MWh.
- July 19 peak power slipped 0.3% to end the week at £42.6/MWh.
- Annual October 19 peak power was up slightly, lifting 0.1% to end the week at £57.6/MWh, £6.0/MWh above its baseload power counterpart.
- The contract is 2.5% below its value this time last month (£59.1/MWh), but 3.6% below the same time last year when it was £55.6/MWh.

Forward curve comparison



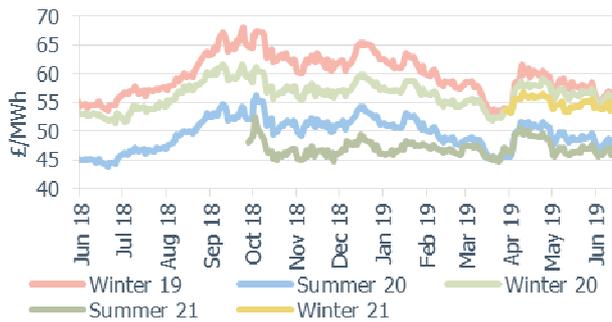
Annual October contract



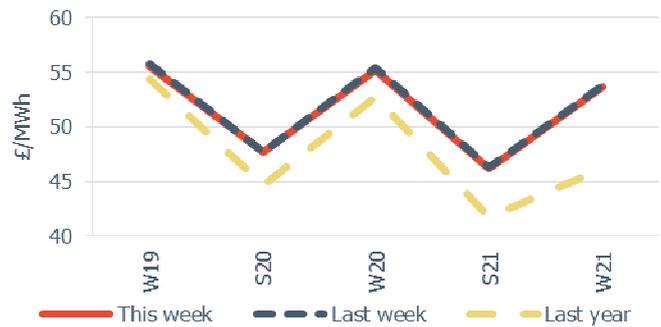


Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve



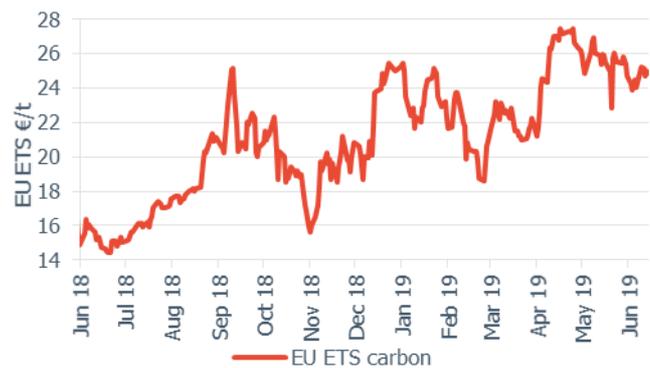
- All seasonal power contracts moved lower, falling 0.3% on average.
- Winter 19 power declined 0.5% to £55.5/MWh at the end of the week. The contract is 2.0% higher than the same time last year (£54.4/MWh).
- Seasonal peak power contracts gained 0.2% on average, as summer 21 rose 1.1% to £51.8/MWh.
- Both winter 19 and 20 peak power fell, down 0.2% and 0.7% to £62.9/MWh and £62.9/MWh respectively.

Commodity price movements

Oil and coal



Carbon



- Brent crude oil rose for the first time in four weeks, up by only 0.3% to average \$61.8/bl.
- Brent crude oil prices dropped as low as \$59.6/bl on 12 June, pressured by reports of another weekly rise in US crude stocks the previous week. However, prices soon recovered, going above \$62.5/bl, following reports of attacks on two oil tankers in the Gulf of Oman. The US government has since blamed Iran for the attacks, claims which Iran has called "unfounded".
- API 2 coal prices were unchanged, averaging \$64.2/t. Demand for coal in Europe remains relatively low, with total coal imports into Europe at 49mt between January-May, down 10% year-on-year. Coal imports have been lower due to milder weather, high coal inventories at ARA terminals (stocks ended May at 6.6mt), and high LNG send-out driving gas prices lower.
- EU ETS carbon prices reversed the previous week's decline, lifting 3.3% to average €25.0/t.
- Carbon prices were supported by a drop in auction volumes this week following a public holiday on Monday, and a lack of a bi-weekly Polish auction on Wednesday, meaning only 8.8mt of EUAs were available.
- Uncertainties around Brexit continues to pressure prices, as MPs rejected plans from Labour for a no-deal vote, which hoped to stop the UK leaving the EU without any agreement on 31 October.

Supplier tariff movements

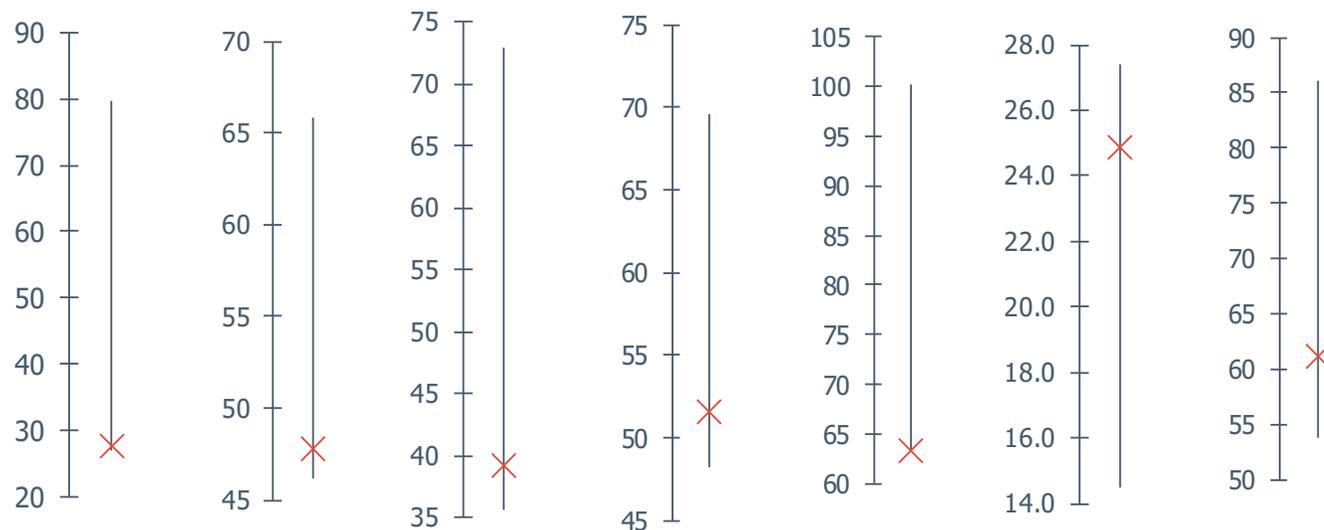
In April, 14 suppliers decreased the price of their cheapest tariff or launched new cheaper tariffs, while 14 suppliers increased the price of their cheapest available tariff. Eversmart Energy launched a new fixed tariff which was £178/year lower than its variable tariff, while ESB Energy launched an exclusive tariff with uSwitch priced at £978/year, £120/year lower than its next cheapest two-year tariff.



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	14 Jun 19	27.70	47.73	39.25	51.58	63.25	24.84	61.21
Two weeks ago	7 Jun 19	28.55	48.34	39.25	51.74	65.85	24.33	62.50
Four weeks ago	17 May 19	30.45	49.99	40.85	53.16	70.00	25.50	72.93
Last year	15 Jun 18	55.75	49.94	53.75	49.56	89.05	14.70	75.28
Year-on-year % change		-50.3%	-4.4%	-27.0%	4.1%	-29.0%	69.0%	-18.7%
Year high		79.75	65.85	73.00	69.61	100.15	27.43	86.12
Year low		26.90	46.18	35.60	48.18	63.25	14.46	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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