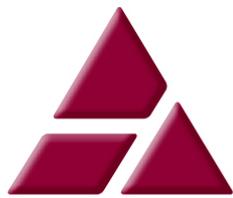


# Energy Wholesale Market Review

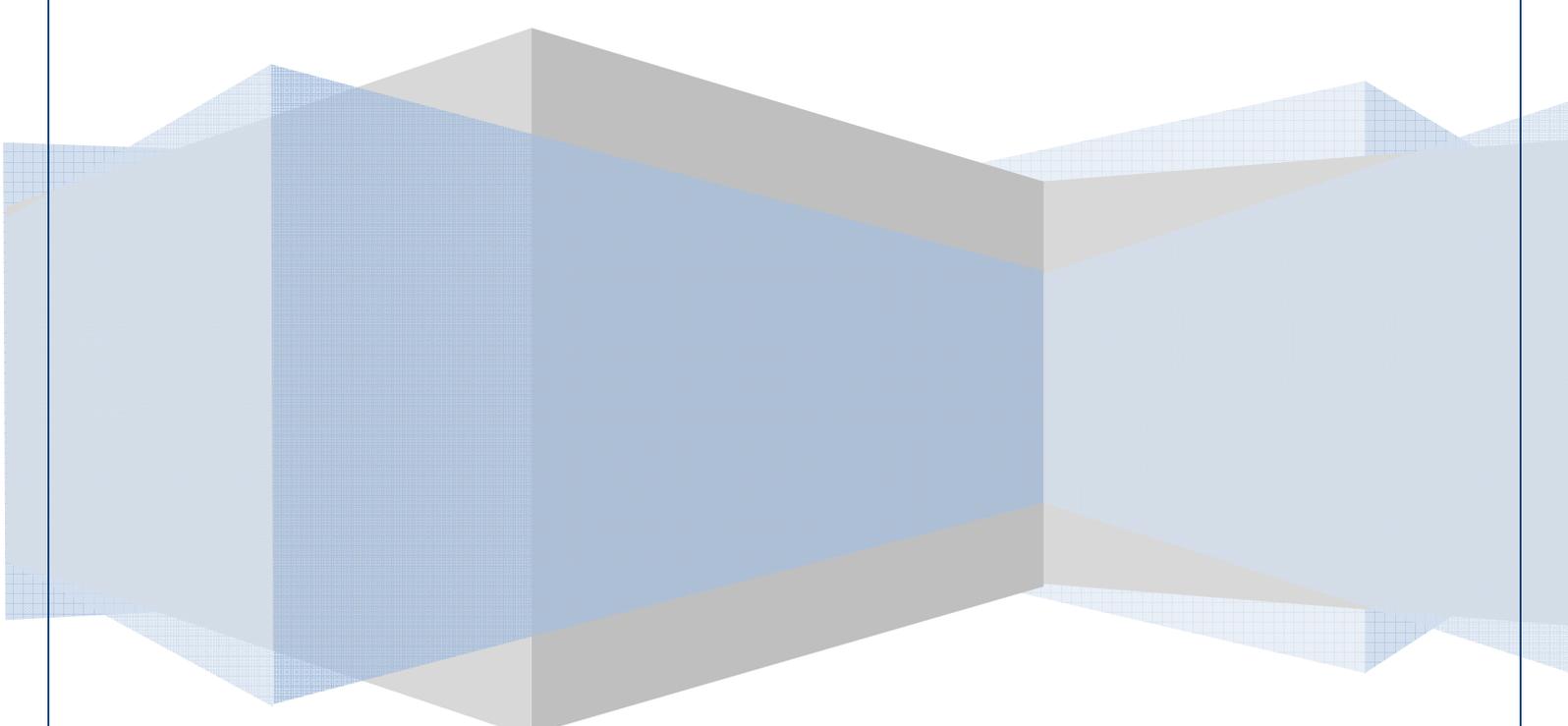
Week Ending 21<sup>st</sup> June 2019



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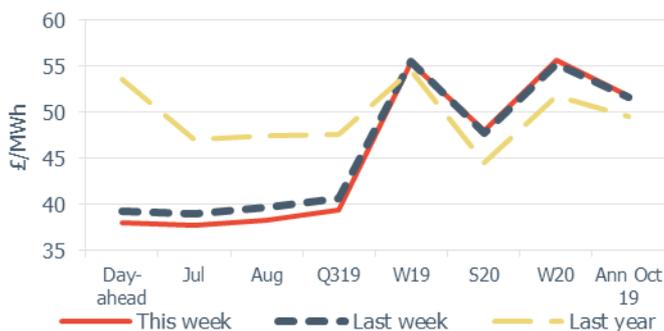
## Headlines 21/06/2019

Baseload power contracts up to and including winter 19 power were down week-on-week, whilst contracts beyond this rose. Power prices mirrored their gas counterparts as warmer temperatures are expected next week. The day-ahead contract was 3.2% lower at £38.0/MWh, a fresh two-week low. Q319 power decreased 3.1% week-on-week to £39.4/MWh. This is the first time a front-quarter baseload power contract has gone below £40.0/MWh since Q317 power in June 2017. On average, seasonal baseload power contracts were up 0.3% week-on-week, with all contracts mirroring their gas counterparts. All gas contracts up to and including winter 19 were lower week-on-week. Gas prices were pressured by forecasts of temperatures well above seasonal normal levels, and the expectation of comfortable gas supplies. Day-ahead gas was down 5.2% to end the week at 26.3p/th, the lowest since level September 2016. On average, seasonal contracts were 0.4% higher, supported by a recovery in Brent crude oil prices. Brent crude oil prices rose for a second consecutive week, up by 1.0% to average \$62.4/bl. Prices were supported by growing tensions between Iran and the US, following news that Iran shot down a US military drone. API 2 coal prices slipped 1.7%, averaging \$63.1/t. EU ETS carbon prices edged 0.3% higher to average €25.1/t. This was despite pressure following an increase in the number of auctions which took place compared to the previous week, boosting the supply of EUAs.

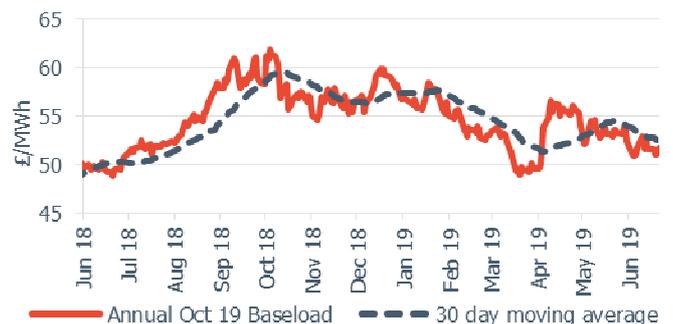
### Baseload electricity

- The day-ahead contract was 3.2% lower at £38.0/MWh, a fresh two-week low. Day-ahead power is 29.0% lower than the same time last year (£53.5/MWh).
- Month-ahead (July) power ended the week at £37.7/MWh.
- Annual October 19 power rose by 0.3% week-on-week to £51.7/MWh.
- The contract is 2.9% lower than the same time last month (£53.3/MWh), but 4.5% higher than the same time last year (£49.5/MWh).

Forward curve comparison



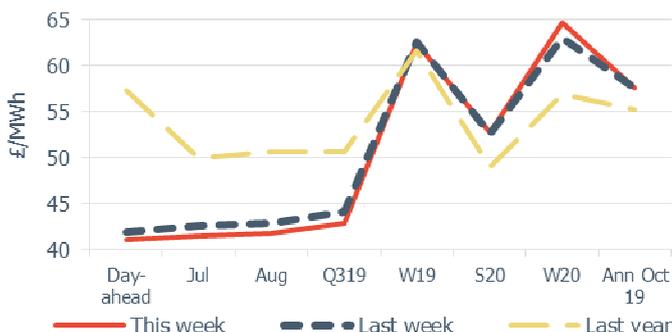
Annual October contract



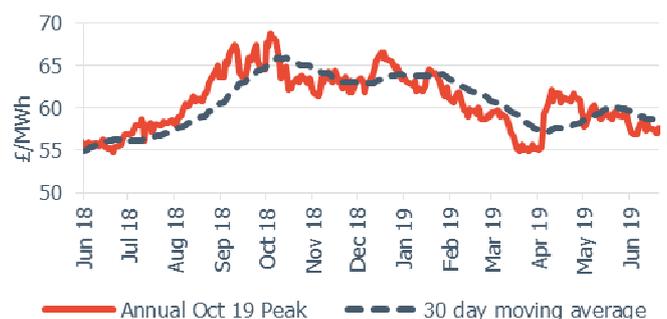
### Peak electricity

- Day-ahead peak power fell 1.8% to £41.1/MWh, £3.1/MWh above its baseload counterpart.
- Day-ahead peak power is 28.4% lower than the same time last year when it was £57.4/MWh.
- July 19 peak power decreased 2.7% to end the week at £41.4/MWh.
- Annual October 19 peak power was unchanged, remaining at £57.6/MWh, £5.9/MWh above its baseload power counterpart.
- The contract is 2.5% below its value this time last month (£59.1/MWh), but 4.2% above the same time last year when it was £55.3/MWh.

Forward curve comparison



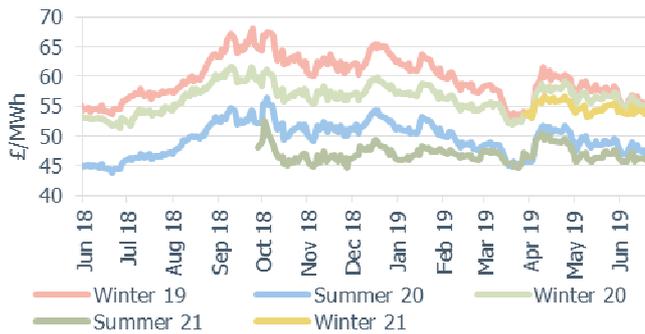
Annual October contract





## Seasonal power prices

### Seasonal baseload power contracts



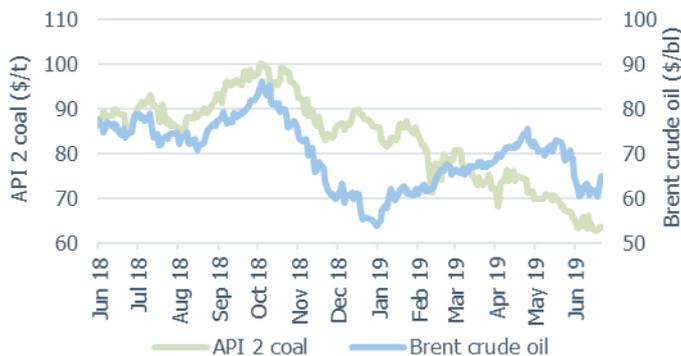
### Seasonal baseload power curve



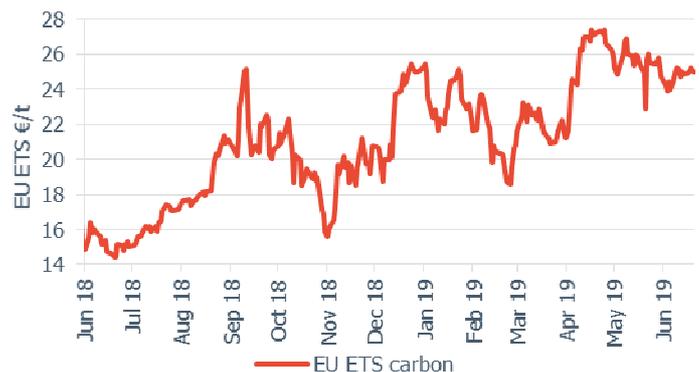
- On average, seasonal baseload power contracts were up 0.3%, mirroring their gas counterparts.
- Winter 19 power was slightly lower, down 0.2% at £55.4/MWh. The contract hit a near three-month low of £54.9/MWh on 19 June.
- Most seasonal peak power contracts rose, gaining 0.9% on average.
- Winter 19 peak power slipped 0.2% to £62.5/MWh, whilst summer 20 peak power lifted 0.2% to £52.7/MWh.

## Commodity price movements

### Oil and coal



### Carbon



- Brent crude oil prices rose for a second consecutive week, up by 1.0% to average \$62.4/bl.
- Prices were supported by growing tensions between Iran and the US, following news that Iran shot down a US military drone. Tensions in the Middle East have resulted in a sharp rise in insurance for tankers in the region, and the addition of a risk premium to oil prices.
- API 2 coal prices slipped 1.7%, averaging \$63.1/t. Coal prices started the week at \$62.8/t, the lowest since March 2017 as demand remains low as ARA coal stocks were at 6.8mt as of 17 June.
- With temperatures expected to exceed 35°C in Germany this week, and forecasts of lower wind output, coal-fired generation will likely rise to meet the increase in cooling demand and will act as a bullish influence on coal prices in the weeks ahead.
- EU ETS carbon prices edged 0.3% higher to average €25.1/t.
- This was despite pressure following an increase in the number of auctions which took place compared to the previous week, boosting the supply of EUAs.
- Support for carbon prices is expected in the month-ahead as forecasts of warmer weather across Europe will lead to a rise in cooling-demand, some of which will be met by thermal generation.

## Supplier tariff movements

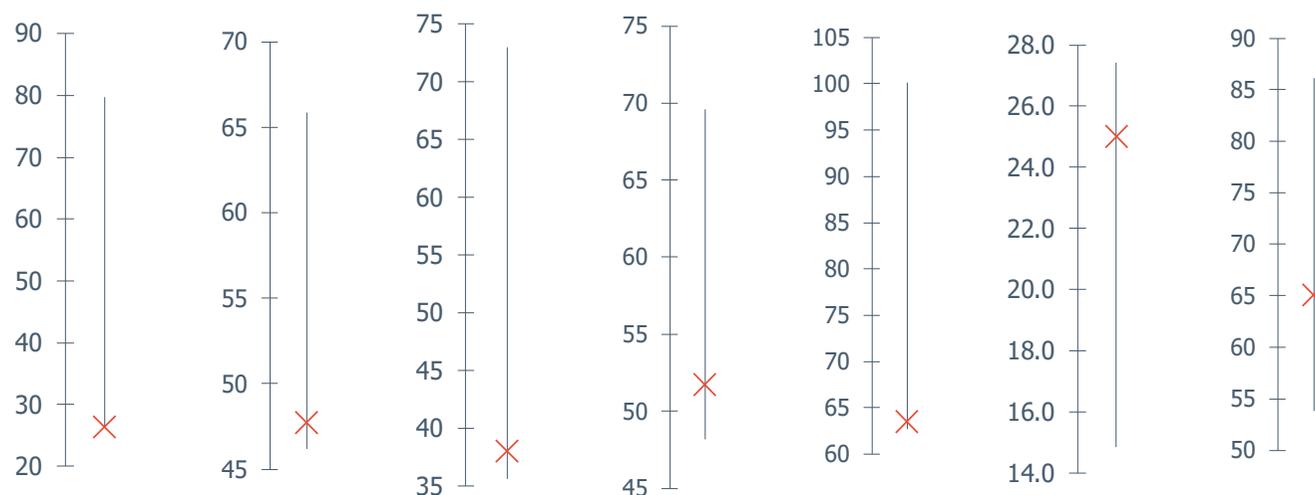
In April, 14 suppliers decreased the price of their cheapest tariff or launched new cheaper tariffs, while 14 suppliers increased the price of their cheapest available tariff. Eversmart Energy launched a new fixed tariff which was £178/year lower than its variable tariff, while ESB Energy launched an 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	21 Jun 19	26.25	47.70	38.00	51.73	63.50	25.02	65.06
Two weeks ago	14 Jun 19	27.70	47.73	39.25	51.58	63.25	24.84	61.21
Four weeks ago	24 May 19	29.90	49.84	37.00	53.28	67.15	25.51	68.50
Last year	22 Jun 18	53.20	49.89	53.50	49.49	84.90	15.13	74.00
Year-on-year % change		-50.7%	-4.4%	-29.0%	4.5%	-25.2%	65.4%	-12.1%
Year high		79.75	65.85	73.00	69.61	100.15	27.43	86.12
Year low		26.25	46.18	35.60	48.18	62.75	14.83	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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