

Energy Wholesale Market Review

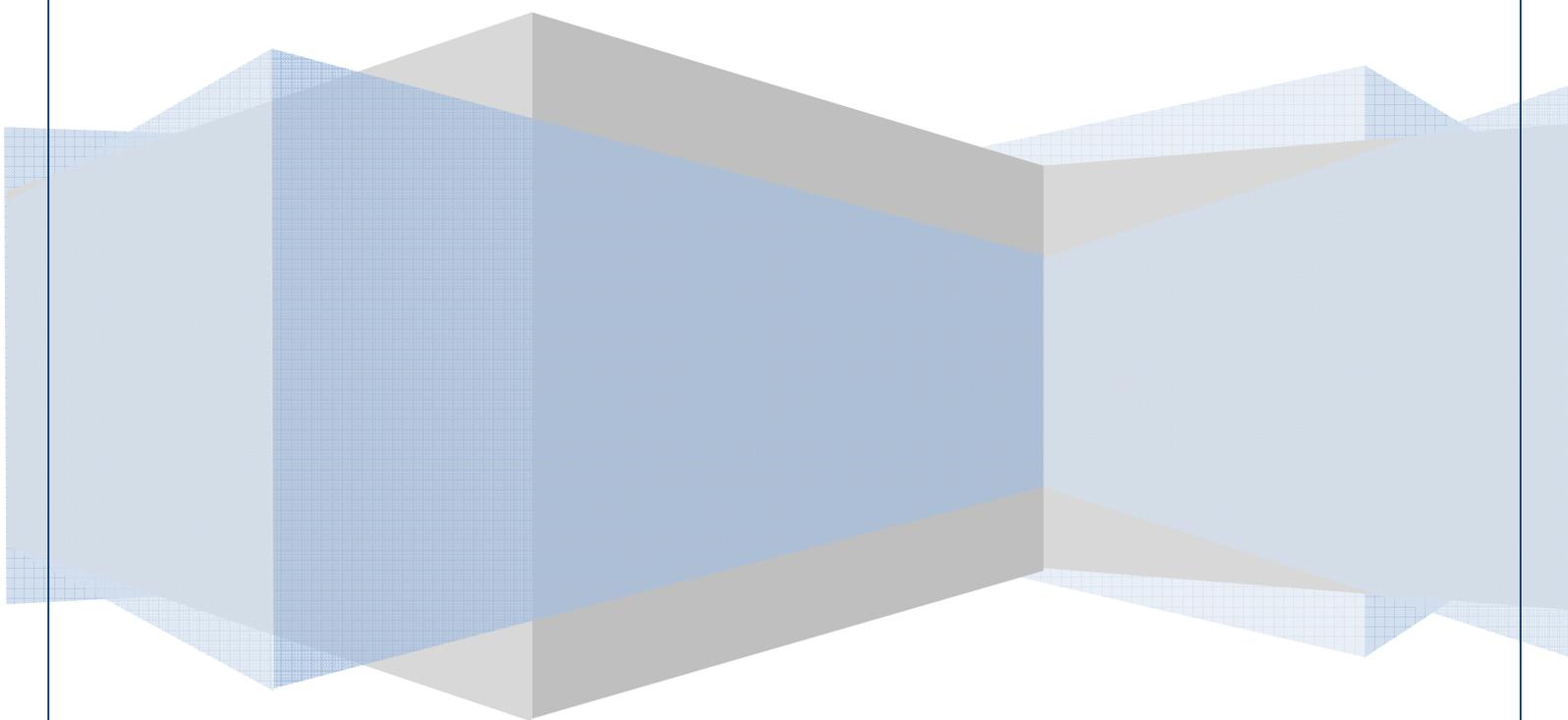
Week Ending 28th June 2019



edw technology

EDW House, Radian Court, Knowlhill, Milton Keynes, MK5 8PJ.

Phone: +44 (0)8448 802 489
Email: info@edwtech.com
Website: edwtech.com





Contents

Baseload electricity	3
Peak electricity	3
Seasonal power prices	4
Commodity price movements	4
Supplier tariff movements	4
Wholesale price snapshot	5
About EDW Technology Limited	6



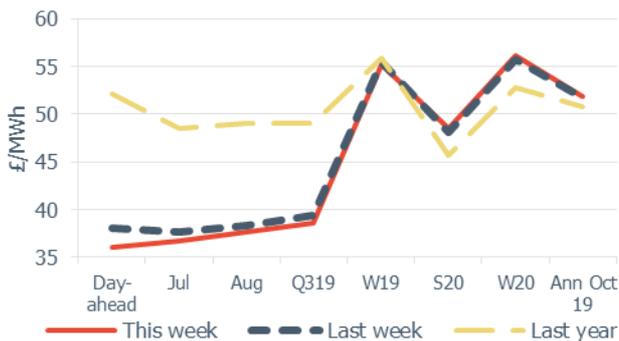
Headlines 28/06/2019

The majority of wholesale power and gas contracts fell week-on-week, as above seasonal normal temperatures caused by winds from the Sahara, led to weaker demand for gas, whilst power prices were pressured by an uptick in wind generation. Amid the record-breaking temperatures, day-ahead gas dropped to a two-year low of 25.2p/th on 26 June, whilst winter 19 gas was 2.1% lower, ending the week at 49.8p/th, the first time the contract has been below 50p/th since April 2018. Most power contracts followed their gas counterparts lower despite a 5.9% increase in EU ETS carbon prices. The day-ahead contract was 5.0% lower at £36.1/MWh, a near one-month low. On average, seasonal baseload power contracts were up 0.7% week-on-week, with both summer 20 and winter 20 rising by 0.8% to end the week at £48.4/MWh and £56.1/MWh, respectively. Brent crude oil rose for a fourth consecutive week, up by 5.2% to average \$65.7/bl, supported by expectations that OPEC will agree to extend current production cuts into H219 at its meeting on 1-2 July and optimism over US-China trade talks at the G20 summit in Japan. API 2 coal prices reversed recent downward movements, up 1.9% to average \$64.3/t. EU ETS carbon prices recovered further last week, rising 5.9% to average €26.5/t. EUAs peaked at €27.5/t on 26 June, a fresh two-month high and approaching April's 11-year high of €27.8/t.

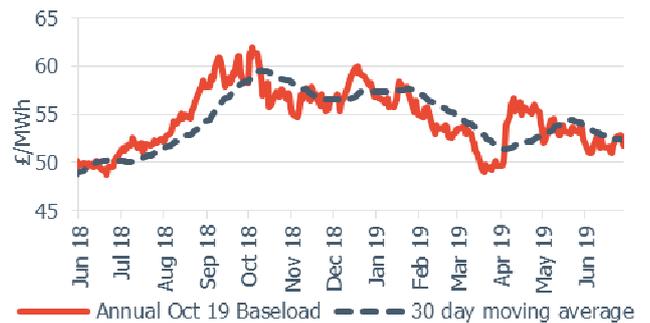
Baseload electricity

- The day-ahead contract was 5.0% lower at £36.1/MWh, a near one-month low. Day-ahead power is 30.8% lower than the same time last year (£52.2/MWh).
- Month-ahead (July) power fell 2.5% to end the week at £36.8/MWh.
- Annual October 19 power rose slightly, up 0.1% week-on-week to £51.8/MWh.
- The contract is 1.2% lower than the same time last month (£52.4/MWh), but 2.1% higher than the same time last year (£50.8/MWh).

Forward curve comparison



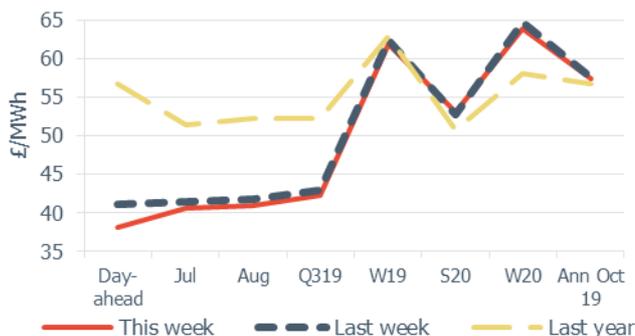
Annual October contract



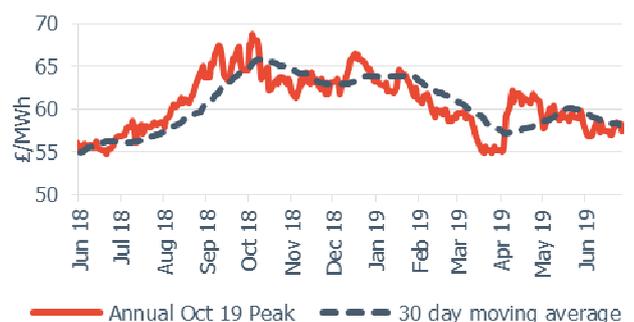
Peak electricity

- Day-ahead peak power dropped 7.5% to £38.0/MWh, £1.9/MWh above its baseload counterpart.
- Day-ahead peak power is 33.0% lower than the same time last year when it was £56.8/MWh.
- July 19 peak power decreased 2.1% to end the week at £40.6/MWh.
- Annual October 19 peak power slipped 0.2% to £57.5/MWh, £5.7/MWh above its baseload power counterpart.
- The contract is 1.5% below its value this time last month (£58.3/MWh), and 1.2% above the same time last year when it was £56.8/MWh.

Forward curve comparison



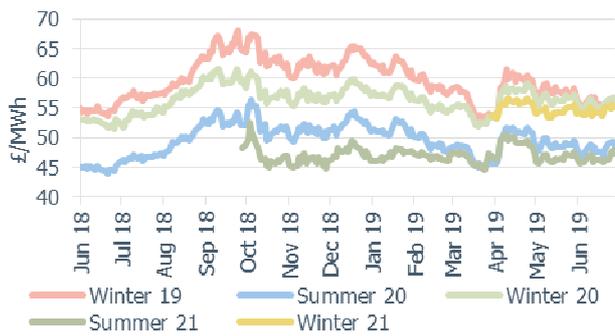
Annual October contract



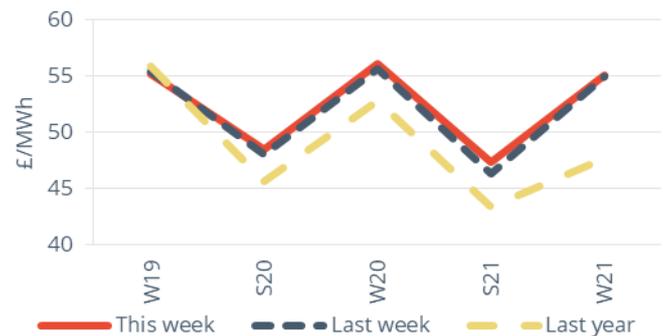


Seasonal power prices

Seasonal baseload power contracts



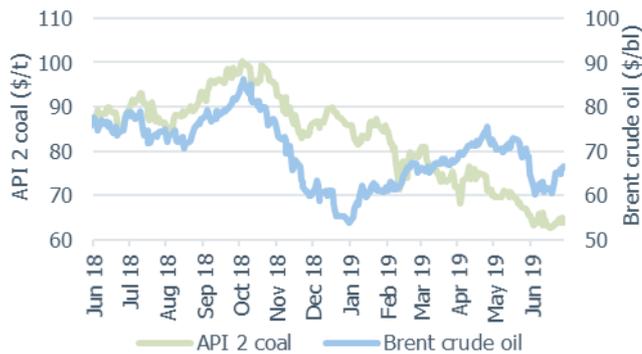
Seasonal baseload power curve



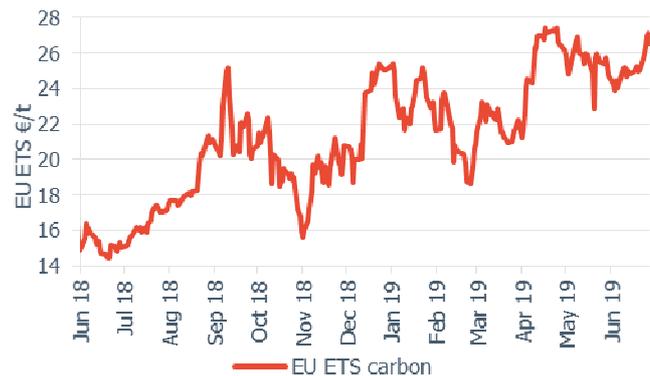
- On average, seasonal baseload power contracts were up 0.7%, mirroring their gas counterparts.
- Both summer 20 and winter 20 rose by 0.8% to £48.4/MWh and £56.1/MWh, respectively.
- However, winter 19 power was slightly lower, down 0.5% at £55.2/MWh.
- Seasonal peak power contracts experienced mixed movements, with winter 19 and 20 moving lower, whilst summer 20 and 21 rose.
- Winter 19 peak power slipped 1.0% to £61.8/MWh, whilst summer 20 peak power lifted 0.7% to £53.1/MWh.

Commodity price movements

Oil and coal



Carbon



- Brent crude oil rose for a fourth consecutive week, up by 5.2% to average \$65.7/bbl.
- Prices were supported towards the end of the week by anticipation that the G20 summit in Japan would see a continuation of previously collapsed trade talks between the US and China. This, in combination with expectations that OPEC will agree to extend production cuts into the second half of the year at its meeting on 1-2 July, pushed prices to \$66.8/bbl, a fresh one-month high.
- API 2 coal prices reversed recent downward movements, up 1.9% to average \$64.3/t. Coal prices recovered slightly last week following an uptick in demand due to record high temperatures across Europe, which led to higher cooling demand.
- EU ETS carbon prices recovered further, rising 5.9% to average €26.5/t. EUAs peaked at €27.5/t on 26 June, a fresh two-month high and approaching April's 11-year high of €27.8/t.
- Carbon prices were supported by a combination of lower auction volumes and a heatwave across Europe. The heatwave led to a rise in cooling-demand, some of which was met by thermal generation and therefore increased demand for EUAs.
- Despite the recent recovery in EU ETS carbon prices, some analysts are cutting forecasts for the remainder of 2019. Energy Aspects have reportedly cut Q319 and Q419 average predictions to €24.3/t and €27.3/t respectively, as the risk of a no-deal Brexit continues to loom.

Supplier tariff movements

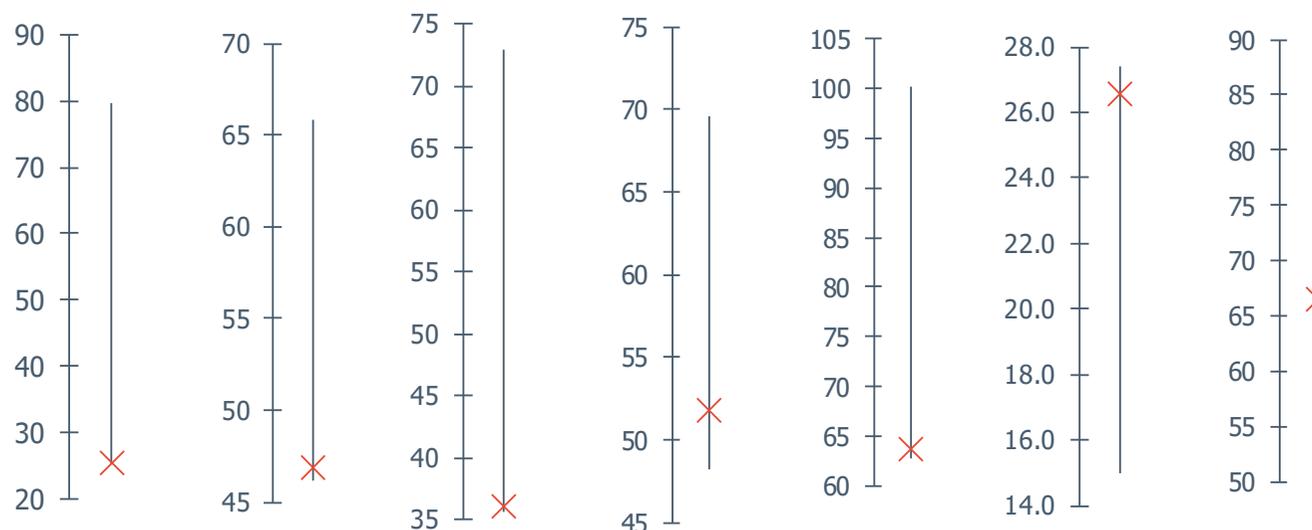
In April, 14 suppliers decreased the price of their cheapest tariff or launched new cheaper tariffs, while 14 suppliers increased the price of their cheapest available tariff. Eversmart Energy launched a new fixed tariff which was £178/year lower than its variable tariff, while ESB Energy launched an 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	28 Jun 19	25.60	46.92	36.10	51.80	63.75	26.57	66.53
Two weeks ago	21 Jun 19	26.25	47.70	38.00	51.73	63.50	25.02	65.06
Four weeks ago	31 May 19	27.50	48.94	35.60	52.43	65.40	24.72	64.87
Last year	29 Jun 18	53.40	51.81	52.15	50.76	88.75	15.01	78.73
Year-on-year % change		-52.1%	-9.4%	-30.8%	2.1%	-28.2%	77.0%	-15.5%
Year high		79.75	65.85	73.00	69.61	100.15	27.43	86.12
Year low		25.15	46.18	35.60	48.18	62.75	15.01	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.

EDW Technology Limited

EDW House

Radian Court

Knowlhill

Milton Keynes

MK5 8PJ

UK

Tel: +44 (0) 8448 802 489

Fax: +44 (0) 8448 802 487

Website: www.edwtech.com

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