

Energy Wholesale Market Review

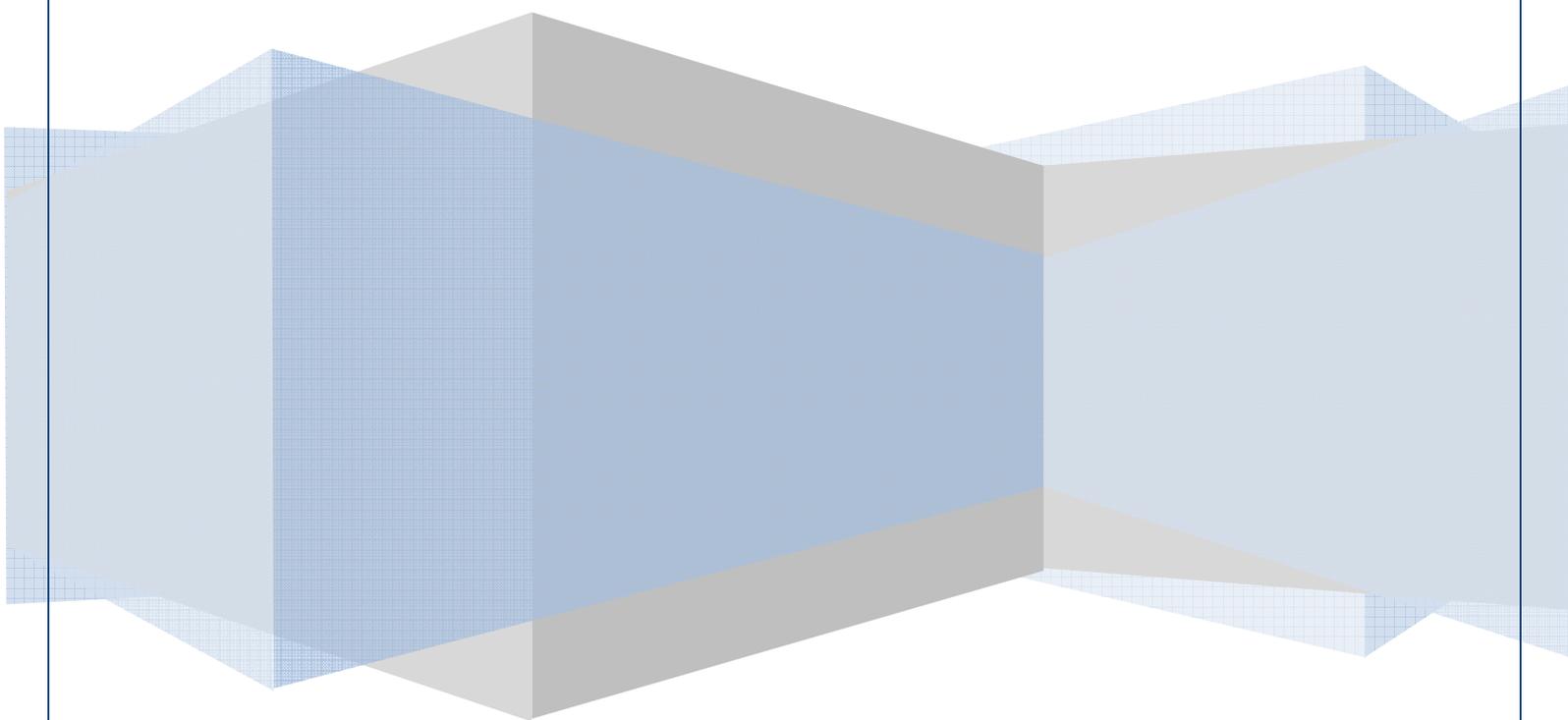
Week Ending 12th July 2019



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Headlines 12/07/2019

All baseload power and gas contracts rose this week. Wholesale prices followed a recovery in EU ETS carbon, Brent crude oil and API 2 coal, with the former setting a fresh 11-year high. Prices were further supported by an undersupplied gas system following unplanned outages in Norway, while weaker wind generation led to an increase in gas for power demand. The day-ahead contract was up 14.6% to end the week at £46.6/MWh, the highest since 24 June. On average, seasonal baseload power contracts were up 7.6% week-on-week, mirroring their gas counterparts. Winter 19 power increased 10.7% to £59.7/MWh, the highest since the end of April. All gas contracts rose as the gas system was undersupplied for much of the week due to unplanned outages at Nyhamna and Langedred reducing flows from Norway, whilst planned maintenance at Troll saw lower than expected flows at times. Day-ahead gas was up 25.8% week-on-week to 34.4p/th, having peaked at 35.0p/th on 11 July. On average seasonal contracts were 8.9% higher week-on-week, supported by a recovery in Brent crude oil prices. Brent crude oil rose 2.0% to average \$65.7/bl. Prices peaked at \$67.6/bl on 11 July, the highest since 30 May. API 2 coal prices soared 5.1% to average \$68.2/t, reaching a near nine-week high of \$69.1/t on 11 July. EU ETS carbon prices were up 3.2% to average €27.4/t, going above €28/t on 10 July for the first time since April 2008.

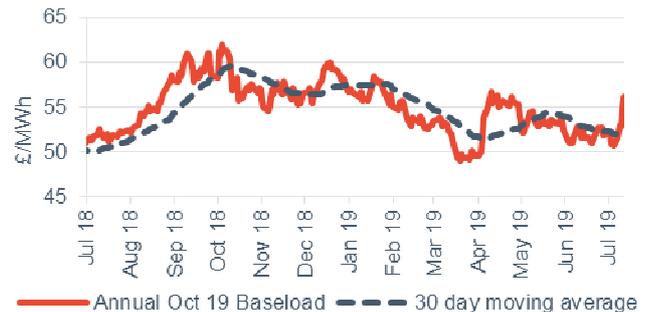
Baseload electricity

- The day-ahead contract was 14.6% higher at £46.6/MWh, a two-week high. Day-ahead power is 19.0% lower than the same time last year (£57.5/MWh).
- August and September 19 power were up 17.2% and 11.8% to £44.6/MWh and £46.4/MWh respectively.
- Annual October 19 power gained 10.6% week-on-week to £56.2/MWh.
- The contract is 8.9% higher than the same time last month (£51.6/MWh), and 9.0% above the same time last year (£51.5/MWh).

Forward curve comparison



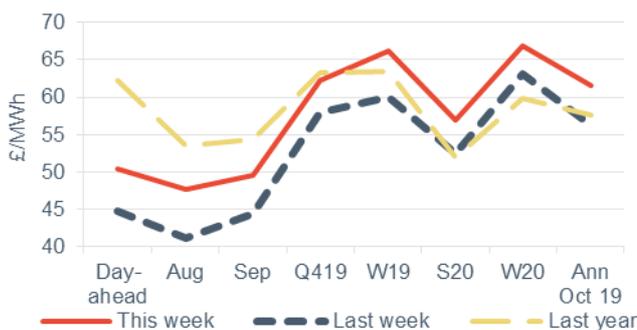
Annual October contract



Peak electricity

- Day-ahead peak power gained 12.8% to £50.5/MWh, £3.9/MWh above its baseload counterpart.
- Day-ahead peak power is 18.9% lower than the same time last year when it was £62.3/MWh.
- August and September 19 peak power rose 15.8% and 11.4% to £47.6/MWh and £49.6/MWh respectively.
- Annual October 19 peak power was up 9.3% to £61.5/MWh, £5.3/MWh above its baseload power counterpart.
- The contract is 6.8% above its value this time last month (£57.6/MWh), and 6.6% higher than the same time last year when it was £57.7/MWh.

Forward curve comparison



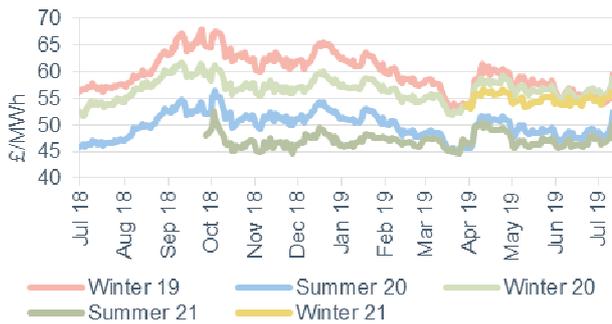
Annual October contract





Seasonal power prices

Seasonal baseload power contracts



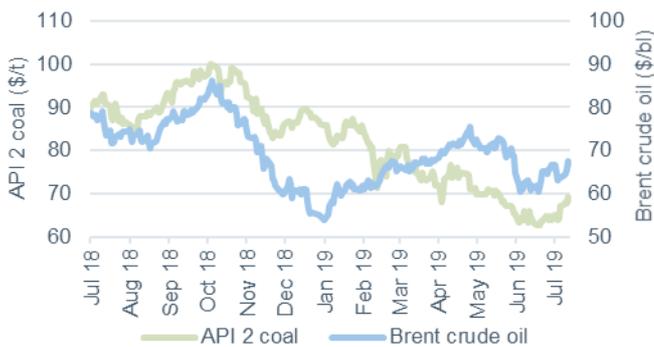
Seasonal baseload power curve



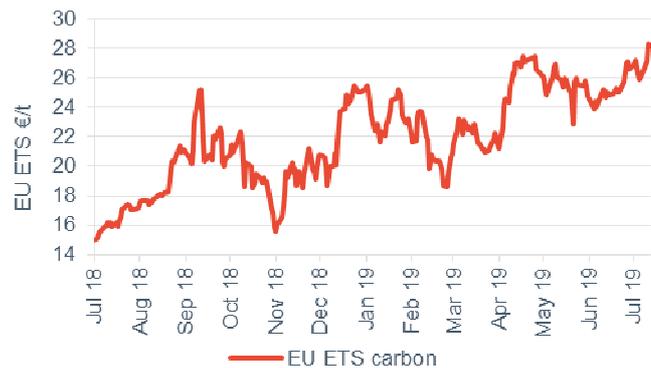
- On average, seasonal baseload power contracts were up 7.6%, mirroring their gas counterparts.
- Winter 19 power rose 10.7% to £59.7/MWh, the highest since the end of April 2019.
- Summer 20 power was up 10.5% to £52.6/MWh.
- Seasonal peak power contracts gained 7.2% on average.
- Winter 19 peak power was 10.0% higher at £66.1/MWh, £6.4/MWh below its baseload counterpart.

Commodity price movements

Oil and coal



Carbon



- Brent crude oil rose 2.0% to average \$65.7/bbl. Prices hit \$67.6/bbl on 11 July, the highest since 30 May.
- Oil prices were supported by news of a 9.5mn barrel decline in US crude stocks the previous week, while a potential hurricane led to deep sea wells and production platforms in the Gulf of Mexico being evacuated.
- Rising tensions in the Middle East involving Iran and threats to block the Strait of Hormuz will add to support from OPEC's recent decision to extend production cuts into 2020.
- API 2 coal prices gained 5.1% to average \$68.2/t, reaching a near nine-week high of \$69.1/t on 11 July.
- Coal prices have followed a recovery in oil and a rise in demand in Asia due to summer cooling season.
- EU ETS carbon prices went above €28/t for the first time since April 2008. Prices averaged €27.4/t, up 3.2% from the previous week.
- On the continent, unplanned outages and maintenance resulted in around a third of France's nuclear fleet being offline due to warmer river temperatures and lower water levels.
- This, combined with weak wind generation across Europe, has led to more carbon intensive plant running, and therefore greater demand for EUAs.
- Comments from nominated European Commission President Ursula von der Leyen promised to introduce legislation within her first 100 days in office to extend the bloc's emissions cut target from 40% to 50% by 2030. This tougher target equals a tighter emissions cap and would see tighter EUA supplies.

Supplier tariff movements

In May, 19 suppliers decreased the price of their cheapest tariff or launched new cheaper tariffs, while four suppliers increased the price of their cheapest available tariff. E.ON UK launched a new Fix Online Exclusive tariff priced £114/year lower at £943/year on average, while EDF Energy launched its Energy Online Exclusive Jul21 tariff priced £155/year lower at £999/year on average and Scottish Power launched a new version of its Super Saver tariff priced £107/year lower at £1,066/year on average.



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	12 Jul 19	34.40	51.49	46.60	56.16	68.65	28.16	66.80
Two weeks ago	5 Jul 19	27.35	45.92	40.65	50.78	67.00	25.84	63.58
Four weeks ago	14 Jun 19	27.70	47.73	39.25	51.58	63.25	24.84	61.21
Last year	13 Jul 18	57.10	52.23	57.50	51.53	91.00	15.90	73.53
Year-on-year % change		-39.8%	-1.4%	-19.0%	9.0%	-24.6%	77.1%	-9.2%
Year high		79.75	65.85	73.00	69.61	100.15	28.27	86.12
Year low		25.15	45.50	35.60	48.18	62.75	15.60	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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