



Energy Wholesale Market Review

Week Ending 27th September 2019



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Headlines 27/09/2019

Nearly all wholesale power and gas contracts, and commodities moved lower. The exception was the day-ahead contracts, with day-ahead power and gas rising 4.6% and 11.5% to £40.0/MWh and 26.8p/th respectively, supported by weaker wind generation and cooler temperatures forecast next week. October and November 19 power dropped 0.9% and 2.2% to £42.0/MWh and £51.9/MWh respectively. The expected return of the Hartlepool 2 (580MW) nuclear reactor on 19 October will bring total available nuclear capacity to 7.5GW (out of 9.0GW), helping offset any periods of lower wind generation this winter. All seasonal power contracts declined, dropping 0.7% on average. October and November 19 gas were down 1.9% and 1.8% to 32.0p/th and 45.1p/th respectively.

October 19 gas has been pressured by expectations of comfortable gas supplies next month as the usual maintenance in September comes to an end and several LNG tankers are scheduled to arrive early in the month. All seasonal gas contracts moved lower, down 0.8% on average. Brent crude oil fell 3.8% to average \$63.1/bl, with prices slipping from recent highs as previous concerns of lower Saudi Arabian production have eased. API 2 coal prices reversed the previous week's gains, dropping 3.5% to average \$67.6/t, its first weekly decline in four weeks.

EU ETS carbon fell 2.5% to average €25.5/t, despite the UK Supreme Court's ruling that the prorogation of Parliament was unlawful, which will likely ease concerns of a no-deal Brexit flooding the market with EUAs.

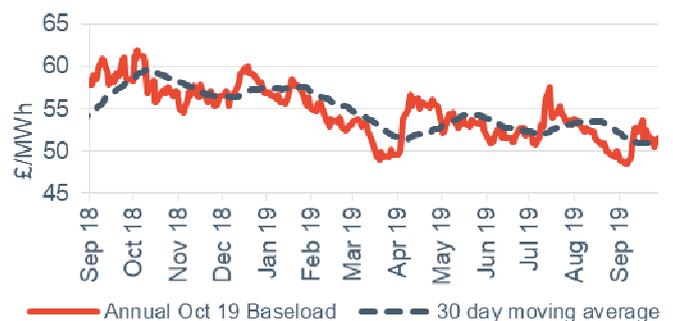
Baseload electricity

- Day-ahead power rose 4.6% to £40.0/MWh, supported by higher gas prices and weaker wind generation.
- Month-ahead power fell 0.9% to £42.0/MWh and November 19 power dropped 2.2% to £51.9/MWh.
- Q419 power decreased 1.6% to £49.6/MWh.
- The annual October 19 power contract declined 0.6% to end the week at £51.6/MWh. This is 11.7% lower than the same time last year (£58.4/MWh).

Forward curve comparison



Annual October contract



Peak electricity

- Day-ahead peak power rose 12.7% to £46.5/MWh, £6.5/MWh above its baseload counterpart.
- October 19 peak power slipped 0.3% to £46.9/MWh.
- November 19 peak power lowered 2.4% to £59.5/MWh.
- Annual October 19 peak power was 0.7% lower at £56.9/MWh, £7.8/MWh above its baseload power
- The contract is 2.4% above its value this time last month (£55.6/MWh), but 11.9% below the same time last year when it was £64.7/MWh.

Forward curve comparison



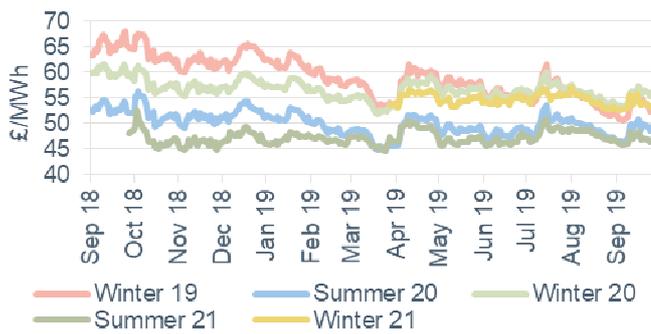
Annual October contract



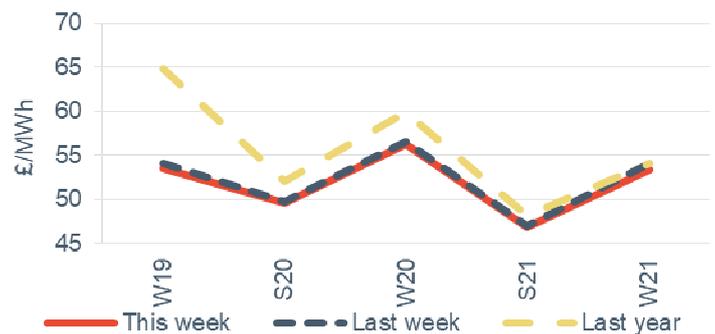


Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve

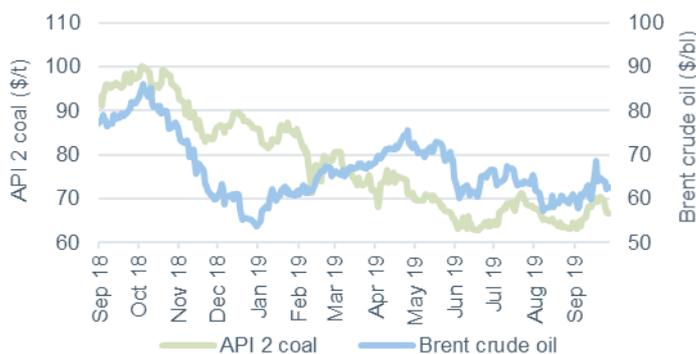


- All seasonal baseload power contracts moved lower, down 0.6% on average.
- Winter 19 power declined 0.9% to £53.6/MWh, while summer 20 lost 0.3% to £49.6/MWh.

- Seasonal peak power contracts were 0.5% lower on average.
- Winter 19 peak power decreased 0.7% to £60.0/MWh.

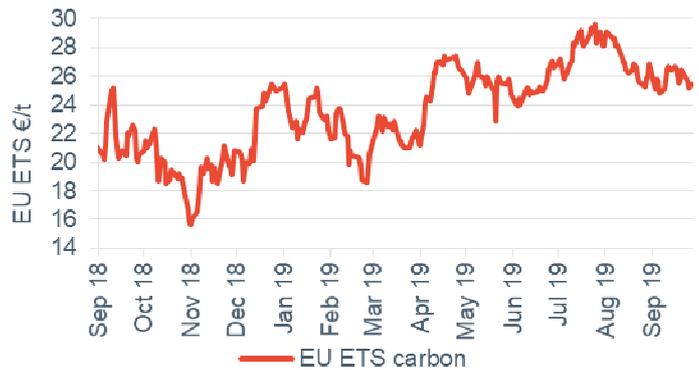
Commodity price movements

Oil and coal



- Brent crude oil fell 3.8% to average \$63.1/b.
- Prices have slipped from recent highs as previous concerns of lower Saudi Arabian production have eased, with the country's production recovering to above 10.5mn bpd, 1.5mn below pre-attack levels.
- Last week, the International Energy Agency (IEA) announced it may lower its growth estimate forecasts for global oil demand for 2019 and 2020 if global economic growth continues to weaken.
- API 2 coal prices reversed the previous week's gains, dropping 3.5% to average \$67.6/t.
- Prices have been pressured by weaker demand amid lower gas prices and high coal stocks, with ARA terminals rising to 7.1mt, the highest since May.

Carbon



- EU ETS carbon fell 2.5% to average €25.5/t.
- Although the UK Supreme Court's ruling that the prorogation of Parliament was unlawful will likely ease concerns of a no-deal Brexit flooding the market with EUAs, carbon prices have fallen as higher volumes of EUAs were auctioned this week.
- In addition, forecasts of higher wind generation early in October in parts of NW Europe will also ease demand for EUAs next week.

Supplier tariff movements

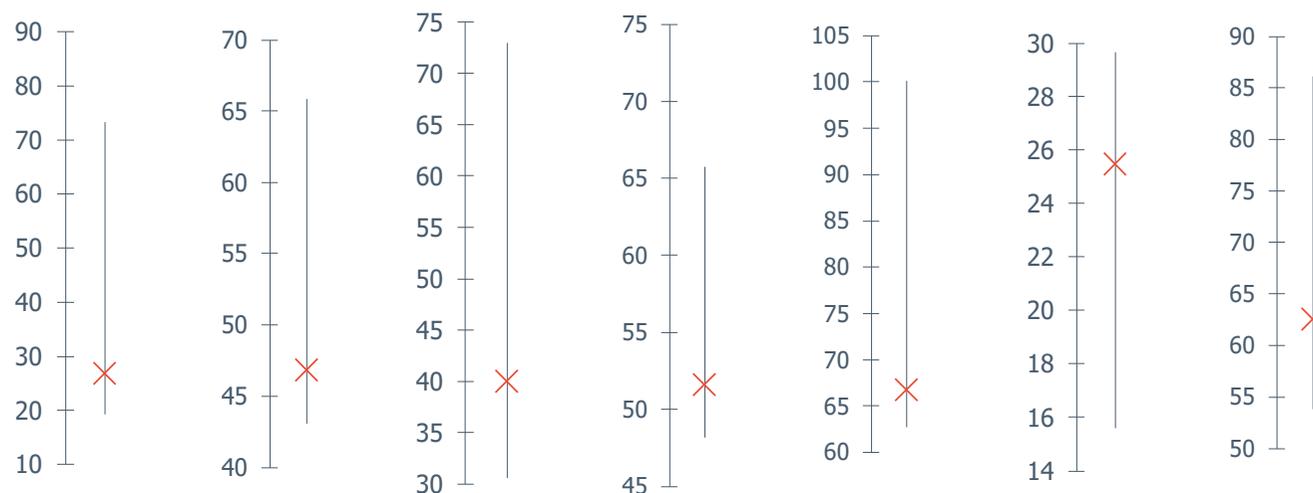
In August, 25 suppliers reduced the price of their cheapest available tariff, while 10 suppliers increased the price of their cheapest tariff. All of the large suppliers, excluding npower, dropped the price of their cheapest available tariff. British Gas reduced the price of its Energy Plus Protection Green tariff by £266/year to £954/year on average. The cheapest tariff available in August was from Outfox the Market priced at £846/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	27 Sep 19	26.75	46.82	40.00	51.58	66.75	25.48	62.56
Two weeks ago	20 Sep 19	24.00	47.37	38.25	51.90	70.55	26.41	64.86
Four weeks ago	30 Aug 19	27.75	44.80	39.25	49.96	64.50	26.85	60.90
Last year	28 Sep 18	73.25	62.79	67.10	58.43	97.25	20.55	81.70
Year-on-year % change		-63.5%	-25.4%	-40.4%	-11.7%	-31.4%	24.0%	-23.4%
Year high		73.25	65.85	73.00	65.73	100.15	29.66	86.12
Year low		19.30	43.07	30.60	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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