



# Energy Wholesale Market Review

Week Ending 11<sup>th</sup> October 2019



**edw** technology

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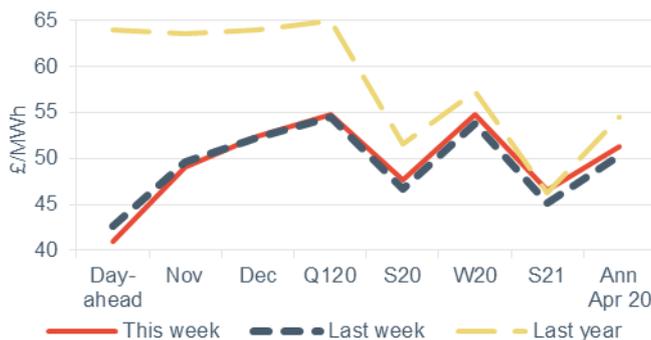
## Headlines 11/10/2019

Most near-term gas and power contracts decreased this week; however, long-term contracts moved higher. Day-ahead gas fell 28.1% to 23.0p/th, with warmer than expected temperatures resulting in weaker gas demand. In addition, the arrival of three LNG tankers kept the system comfortably supplied. This also weighed on the month-ahead contract, which slipped 1.4% to 42.4p/th. Further along the curve, summer 20 gas rose 2.8% to 44.3p/th and winter 20 gas climbed 2.7% to 53.7p/th. Day-ahead power lost 4.0% to £41.0/MWh, amid strong levels of wind generation throughout the week. November 19 power dropped 0.9% to £49.1/MWh. Seasonal power contracts followed their gas counterparts with summer 20 power lifting 2.0% to £47.7/MWh and winter 20 power gaining 1.8% to £54.8/MWh. Brent crude oil slipped 0.7% to average \$58.7/bl, pressured by ongoing concerns of slowing global demand growth and a larger than expected rise in US crude stocks. API 2 coal gained 2.9% to average \$67.6/t, driven by lower domestic coal production and low coal stocks in India and a decrease in gas-fired generation in Germany. EU ETS carbon fell 5.2% to average €23.0/t, amid lower thermal generation as a result of strong wind output and ongoing uncertainty surrounding Brexit and US-China trade talks.

### Baseload electricity

- Day-ahead power lost 4.0% to £41.0/MWh, following its gas counterpart lower.
- Month-ahead power slipped 0.9% to £49.1/MWh, while December 19 power lifted 0.1% to £52.4/MWh.
- Q120 power gained 0.6% to £54.8/MWh.
- The annual April 20 power contract climbed 1.9% to end the week at £51.2/MWh. This is down 5.9% lower than the same time last year (£54.5/MWh).

Forward curve comparison



Annual April contract



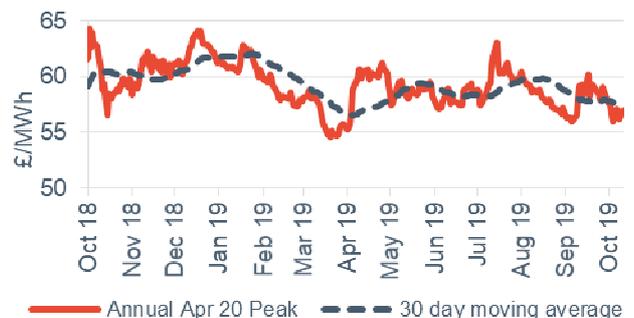
### Peak electricity

- Day-ahead peak power lifted 4.6% to £49.0/MWh, £8.0/MWh above its baseload counterpart.
- November 19 peak power lost 0.9% to £56.2/MWh.
- December 19 peak power edged 0.2% higher to £58.7/MWh.
- Annual April 20 peak power was 1.9% higher at £57.0/MWh, £5.8/MWh above its baseload power counterpart.
- The contract is 4.0% below its value this time last month (£59.4/MWh).

Forward curve comparison



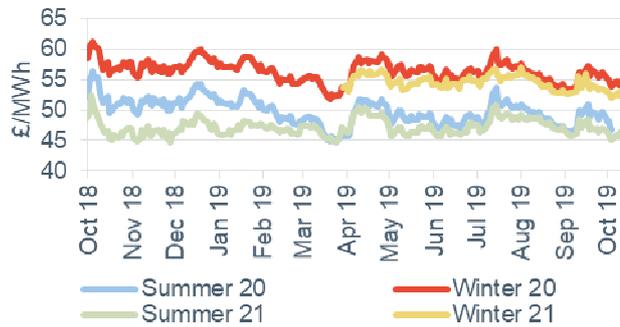
Annual April contract



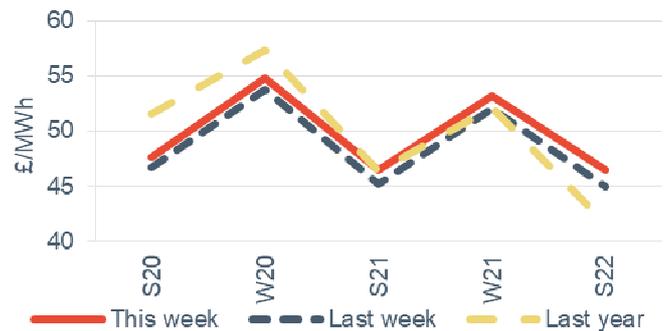


## Seasonal power prices

Seasonal baseload power contracts



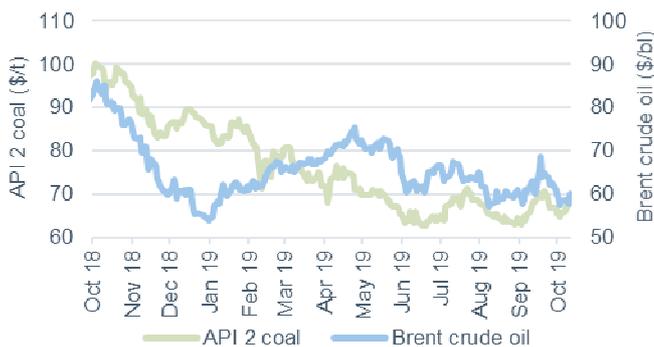
Seasonal baseload power curve



- All seasonal baseload power contracts rose, increasing 2.5% on average.
- Summer 20 power gained 2.0% to £47.7/MWh, while winter 20 climbed 1.8% to £54.8/MWh.
- Seasonal peak power contracts were 1.9% higher on average.
- Summer 20 peak power lifted 1.6% to £51.6/MWh.

## Commodity price movements

Oil and coal



Carbon



- Brent crude oil slipped 0.7% to average \$58.7/bl.
- Prices were pressured by ongoing concerns of slowing global demand growth.
- In addition, a larger than expected rise in US crude stocks provided further downward momentum.
- However, prices received some support on Friday following reports of a missile attack on an Iranian oil tanker off the coast of Saudi Arabia.
- API 2 coal prices gained 2.9% to average \$67.6/t.
- Low coal stocks in India and decreasing coal production in the country provided support to coal prices.
- EU ETS carbon fell 5.2% to average €23.0/t.
- Ongoing certainty surrounding Brexit and US-China trade talks pushed prices lower.
- Additionally, forecasts of strong renewable generation on the continent in the coming weeks and full EUA auction volumes are expected to continue to pressure carbon prices.

## 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	11 Oct 19	23.00	48.98	41.00	51.22	69.05	23.81	60.07
Two weeks ago	4 Oct 19	32.00	47.66	42.70	50.26	65.60	23.34	58.18
Four weeks ago	13 Sep 19	30.60	49.16	41.80	52.33	68.25	26.39	59.99
Last year	12 Oct 18	64.75	57.18	63.90	54.46	95.75	20.28	80.87
Year-on-year % change		-64.5%	-14.3%	-35.8%	-5.9%	-27.9%	17.4%	-25.7%
Year high		70.00	63.10	73.00	57.14	99.25	29.66	81.25
Year low		19.30	43.07	29.25	48.38	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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