

Energy Wholesale Market Review

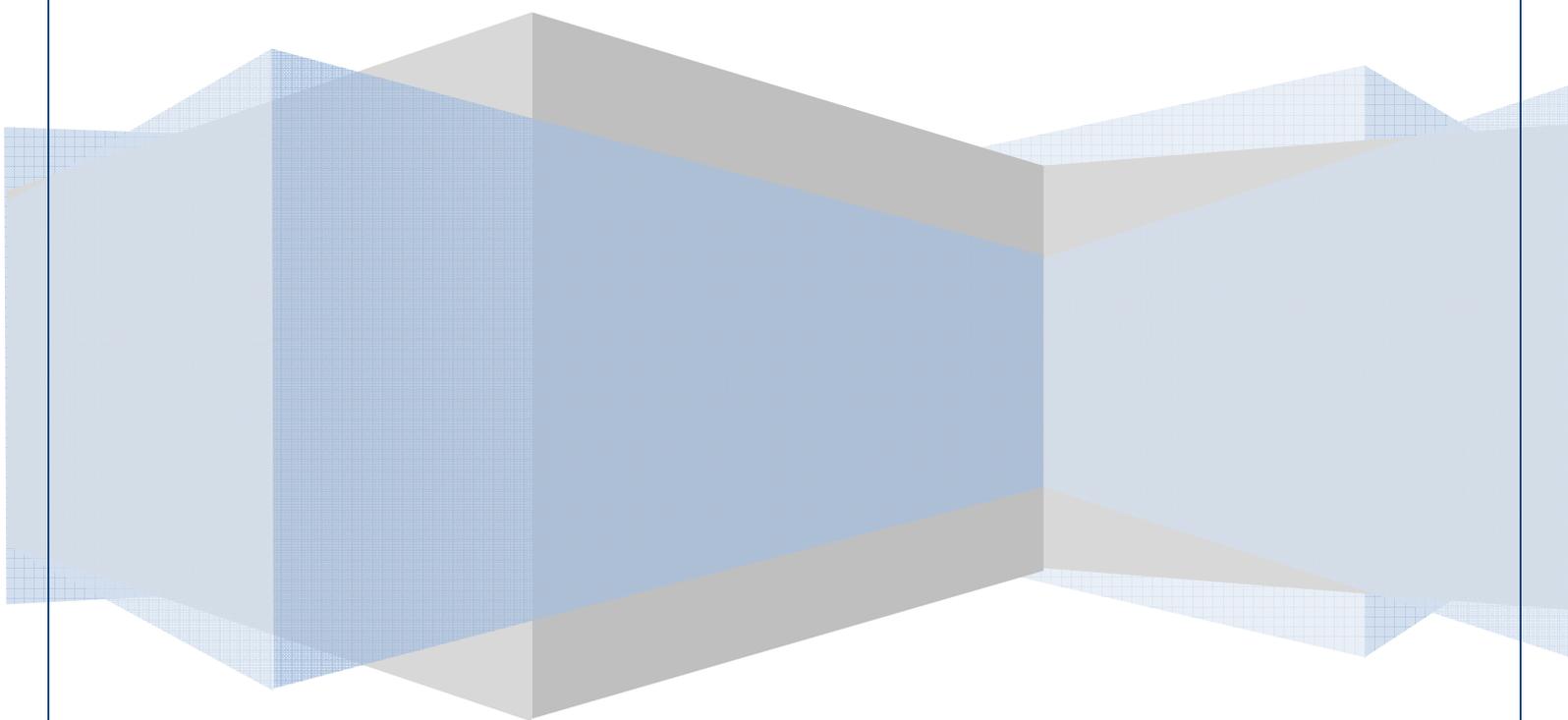
Week Ending 18th October 2019



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Headlines 18/10/2019

The majority of power and gas contracts decreased this week. Day-ahead contracts were an exception with day-ahead gas jumping 21.7% to 28.0p/th, driven by rising demand amid colder temperatures and weaker wind generation. Day-ahead power lifted 2.9% to £42.2/MWh, with low levels of wind generation expected on Monday. November 2019 gas lost 1.6% to 41.7p/th and December 19 gas dropped 4.3% to 46.8p/th. Seasonal gas contracts fell 4.0% on average with summer 20 gas dropping 4.6% to 42.3p/th. Month-ahead power lifted 0.2% to £49.2/MWh and December 19 power lost 1.3% to £51.7/MWh. Seasonal power prices slipped 1.3% on average. Summer 20 power edged 0.8% lower to £47.3/MWh and the winter 20 contract decreased 1.1% to £54.2/MWh. Brent crude oil rose 0.7% to average \$59.1/bl. Prices were pushed higher by news of shutdowns at the UK's Buzzard oilfield and the Forties pipeline although gains were limited by concerns of slower economic growth in China and news that US crude inventories rose more than expected. EU ETS carbon jumped 8.6% to average €25.0/t, following the agreement of a Brexit deal between the EU and the UK. API 2 coal gained 1.4% to average \$68.6/t.

Baseload electricity

- Day-ahead power gained 2.9% to £42.2/MWh, following forecasts of low wind generation on Monday.
- Month-ahead power lifted 0.2% to £49.2/MWh, while December 19 power lost 1.3% to £51.7/MWh.
- Q120 power slipped 1.2% to £54.1/MWh.
- The annual April 20 power contract declined 1.0% to end the week at £50.7/MWh. This is 5.0% lower than the same time last year (£53.4/MWh).

Forward curve comparison



Annual April contract



Peak electricity

- Day-ahead peak power fell 5.1% to £46.5/MWh, £4.3/MWh above its baseload counterpart.
- November 19 peak power rose 0.8% to £56.6/MWh.
- December 19 peak power decreased 1.1% to £58.2/MWh.
- Annual April 20 peak power was 1.0% lower at £56.4/MWh, £5.7/MWh above its baseload power counterpart.
- The contract is 3.3% below its value this time last year (£58.3/MWh).

Forward curve comparison



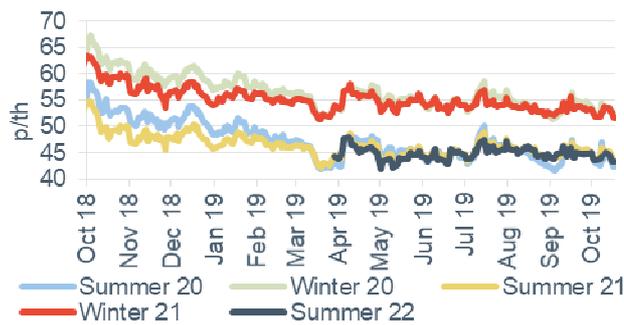
Annual April contract





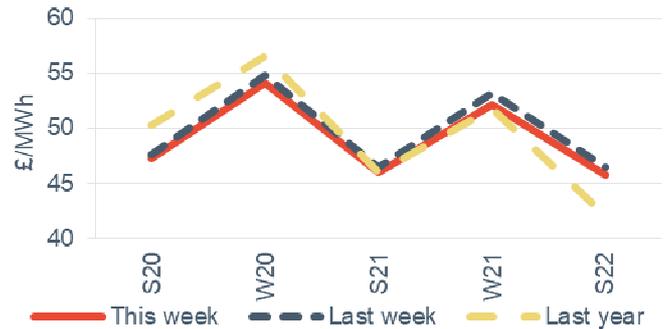
Seasonal power prices

Seasonal baseload power contracts



- All seasonal baseload power contracts decreased, falling 1.3% on average.
- Summer 20 power slipped 0.8% to £47.3/MWh, while winter 20 decreased 1.1% to £54.2/MWh.

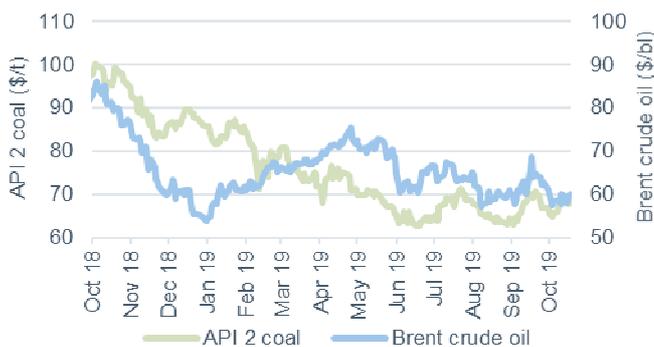
Seasonal baseload power curve



- Seasonal peak power contracts were 1.0% lower on average.
- Summer 20 peak power fell 1.0% to £51.1/MWh.

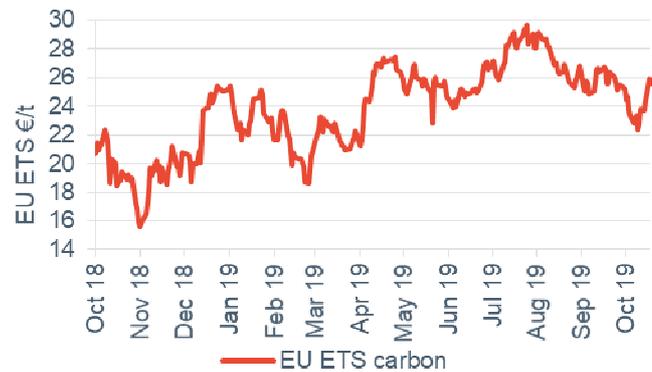
Commodity price movements

Oil and coal



- Brent crude oil rose 0.7% to average \$59.1/bl.
- Prices were pushed higher by news of shutdowns at the UK's Buzzard oilfield and the Forties pipeline.
- However, gains were limited by concerns of slower economic growth in China and news that US crude inventories rose more than expected the previous week.
- API 2 coal prices gained 1.4% to average \$68.6/t.
- Strikes at French nuclear, hydro and gas-fired power stations resulted in a loss of 4.7GW of generation capacity, providing opportunity for coal-fired generators to fill the gap.

Carbon



- EU ETS carbon jumped 8.6% to average €25.0/t.
- Prices were supported by the agreement of a Brexit deal between the EU and the UK.
- However, some uncertainty remains with the deal still requiring approval by both the UK and EU parliaments.

Supplier tariff movements

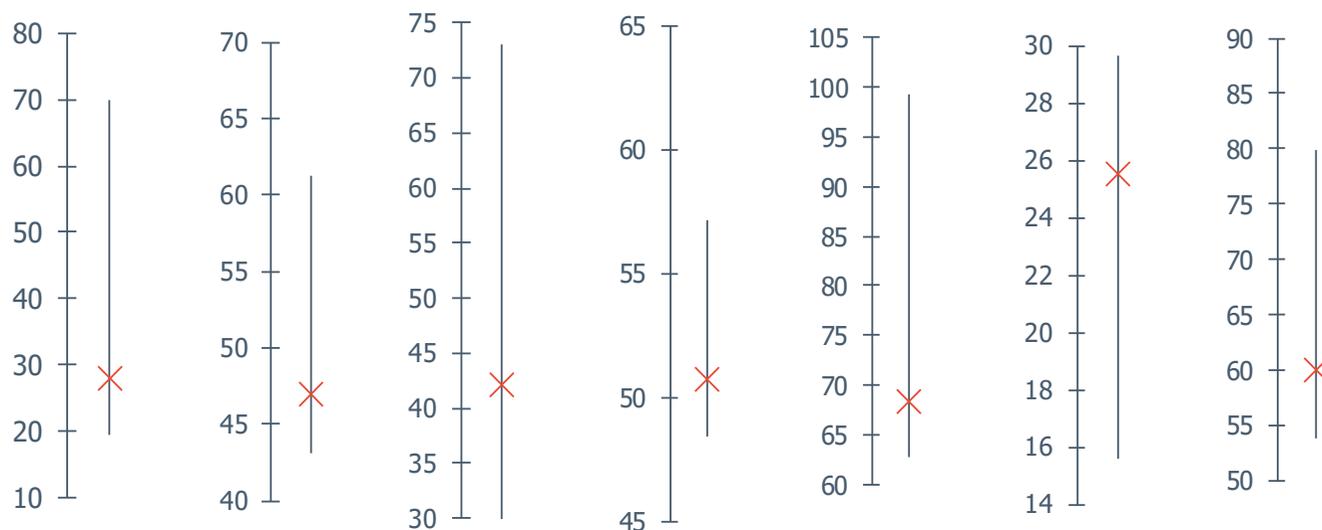
In September, 20 suppliers reduced the price of their cheapest available tariff, while nine suppliers increased their cheapest tariff price. Outfox the Market continued to offer the cheapest available tariff priced at £864/year on average, followed by Green priced at £867/year on average. EDF Energy reduced the price of its cheapest available tariff, with its new Simply Online Apr21 tariff priced at £931/year on average. ENGIE's cheapest available tariff increased by £76/year to £1,101/year on average, after it removed its one year tariff, offering only two year tariffs instead.



Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	18 Oct 19	28.00	46.94	42.20	50.72	68.35	25.54	60.00
Last week	11 Oct 19	23.00	48.98	41.00	51.22	69.05	23.81	60.07
Four weeks ago	20 Sep 19	24.00	50.50	38.25	53.14	70.55	26.41	64.86
Last year	19 Oct 18	68.00	57.32	64.40	53.41	99.25	19.45	79.88
Year-on-year % change		-58.8%	-18.1%	-34.5%	-5.0%	-31.1%	31.3%	-24.9%
Year high		70.00	61.20	73.00	57.14	99.25	29.66	79.90
Year low		19.30	43.07	29.25	48.38	62.75	15.60	53.82

This table shows the prices this week compared with prices from the last 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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