

# Energy Wholesale Market Review

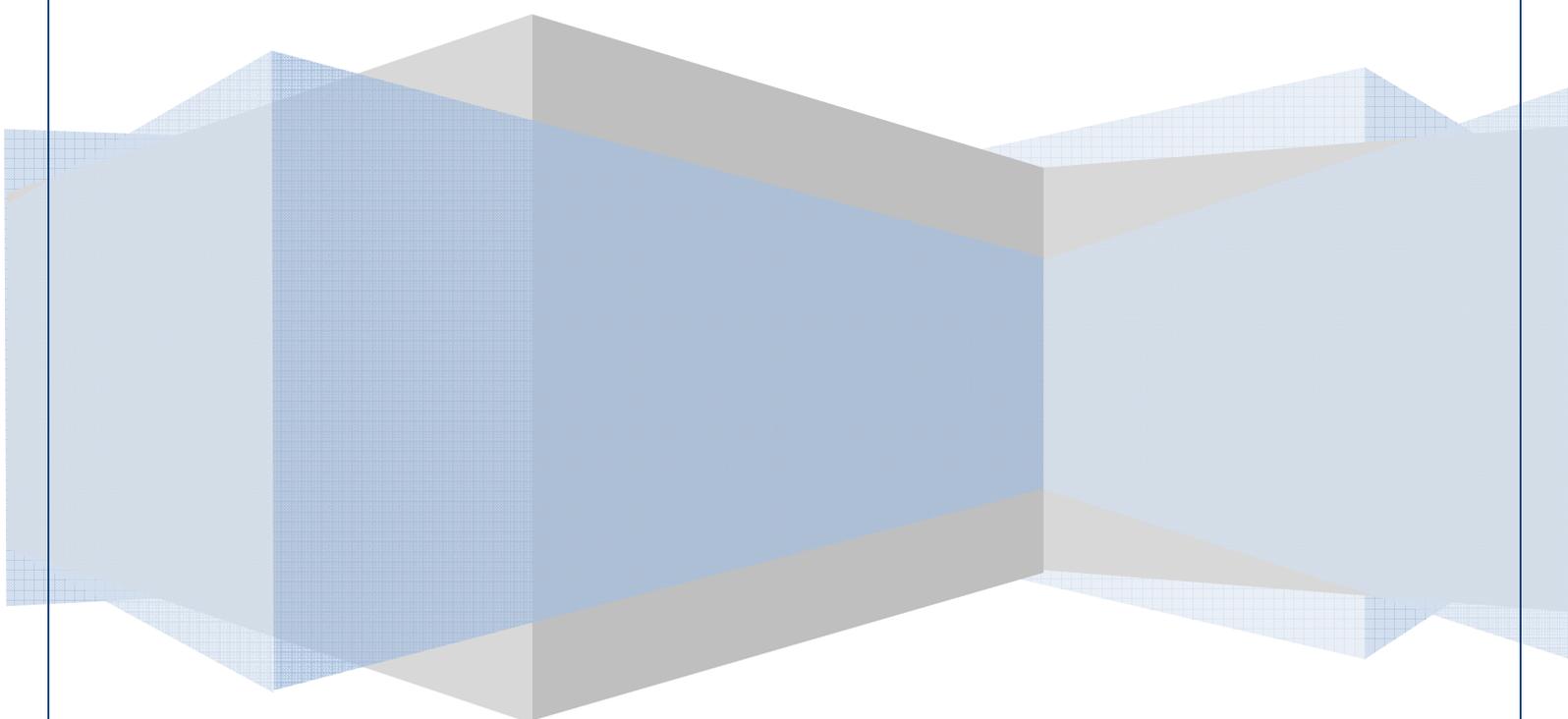
Week Ending 6<sup>th</sup> December 2019



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## Headlines 06/12/2019

All power and gas contracts fell this week as temperatures rose above 10°C. Day-ahead gas fell 27.8% to 30.60p/th, with record high LNG send-out this week adding additional downward pressure to prices. Day-ahead power followed its gas counterpart and fell 25.4% to £37.00/MWh as high wind generation extended losses from a general decrease in power consumption. January 20 gas was down 9.7% at 39.34p/th, and February 20 gas decreased 8.0% to 39.94p/th. All seasonal gas contracts declined this week, down by 5.4% on average. Summer 20 and winter 20 gas dropped 8.5% and 5.1% respectively, subsiding to 35.08p/th and 45.92p/th. All seasonal power contracts declined this week, down on average by 3.4%. Summer 20 power decreased 5.4% to £42.45/MWh, while winter 20 fell 3.1% to £50.53/MWh. Brent crude oil fell 2.3% to \$62.24/bl as OPEC allies agreed to deepen oil supply cuts in the first quarter of 2020 by 500,000 bl/d, though failed to commit to any change to oil supply for the rest of the year. The cut of 1.7mn barrels per day is equivalent to roughly 1.7% of the current global supply and are amongst some of the deepest cuts to supply this decade. EU ETS carbon slipped 0.8% to €24.54/t with lack of notable driver activity and API 2 coal lost 3.0% to \$62.09/t.

### Baseload electricity

- Day-ahead power fell 25.4% to £37.00/MWh, following record high LNG send-out and warmer than seasonal normal temperatures.
- January 20 power slipped 6.1% to £47.25/MWh and February 20 power decreased 4.8% to £47.50/MWh.
- Q120 power moved 6.6% lower to £46.45/MWh.
- The Annual April 20 contract lost 4.1% to £46.49/MWh, 13.8% lower than the same time last year (£53.94/MWh).

#### Forward curve comparison



#### Annual April contract



### Peak electricity

- Day-ahead peak power fell 23.2% to £42.70/MWh, £5.70/MWh above its baseload counterpart.
- January 20 peak power declined 6.4% to £54.06/MWh, and February 20 peak power decreased 4.7% to £53.81/MWh.
- The Annual April 20 peak power contract lost 3.8% to 51.81/MWh.
- This is 15.0% lower than the same time last year (60.94/MWh).

#### Forward curve comparison



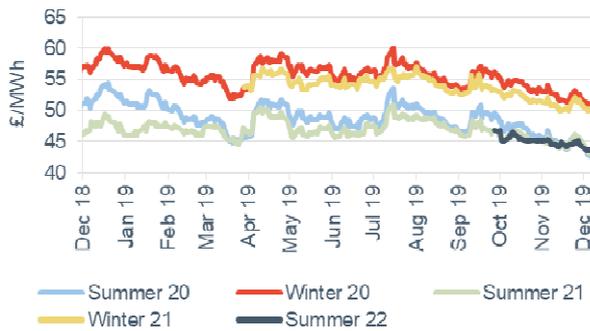
#### Annual April contract



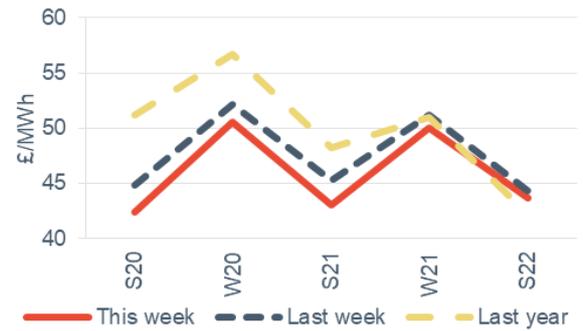


## Seasonal power prices

### Seasonal baseload power contracts



### Seasonal baseload power curve



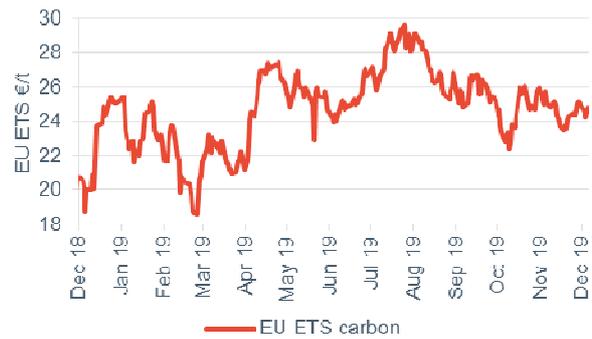
- All seasonal power contracts declined this week, down on average by 3.4%.
- Summer 20 power decreased 5.4% to £42.45/MWh, while winter 20 fell 3.1% to £50.53/MWh.
- All seasonal peak power contracts declined this week, down £3.3% on average.
- Summer 20 and winter 20 peak power dropped 5.1% and 2.6% respectively, falling to £46.21/MWh and £57.41/MWh.

## Commodity price movements

### Oil and coal



### Carbon



- Brent crude oil fell 2.3% to \$62.24/bl.
- OPEC allies agreed to deepen oil supply cuts in the first quarter of 2020 by 500,000 barrels per day, though failed to commit to any change to oil supply for the rest of the year.
- The cut of 1.7mn barrels per day is equivalent to roughly 1.7% of the current global supply and are amongst some of the deepest cuts to supply this decade.
- API 2 coal lost 3.0% to \$62.09/t, with prices 28.0% lower than the same time last year.
- EU ETS carbon slipped 0.8% to €24.54/t.
- With the ambition by the EU to become carbon neutral by 2050, the European Commission (EC) stated plans this week to extend the EU ETS to “all relevant sectors”.
- The scheme, which does not currently include the transport sector, will look to target emissions from shipping and reduce the number of free allowances given to airlines.

## Supplier tariff movements

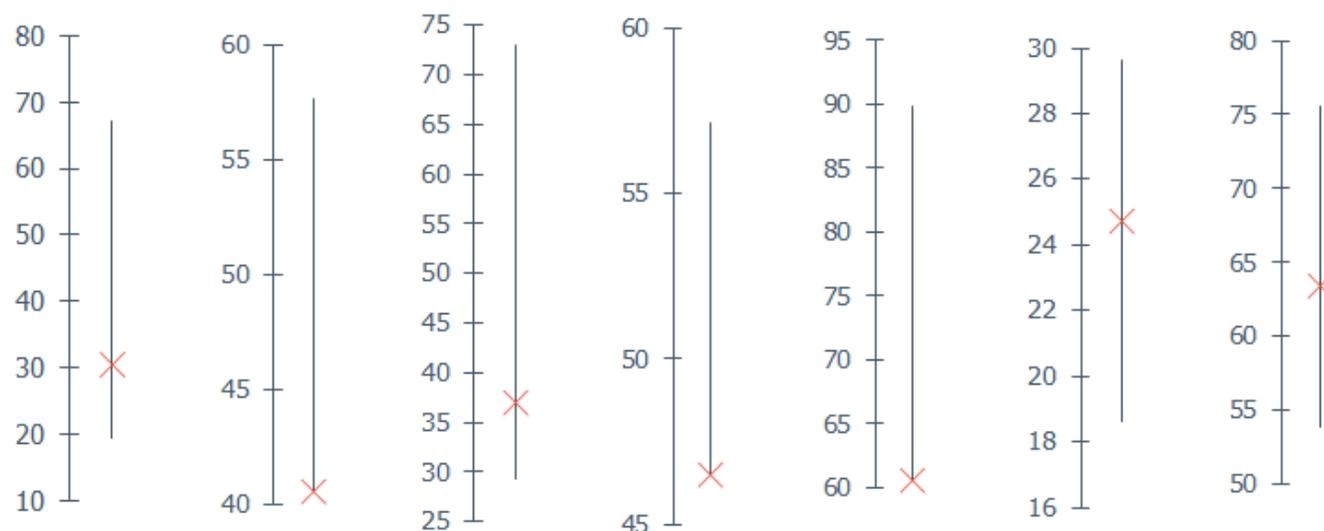
In October, 15 suppliers reduced the price of their cheapest available tariff, while four suppliers increased the price of their cheapest available tariff. Utility Point launched its Just Up Wk41 Direct tariff in October which was priced £145/year lower than its Up & Save Winter 19 tariff. Robin Hood Energy removed its 2 Year Green Peace of Mind v2 tariff in October which was priced at £1,016/year on average, increasing the price of its cheapest available tariff by £152/year to £1,168/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)
This week	6 Dec 19	30.60	40.50	37.00	46.49	60.50	24.74	63.42
Last week	29 Nov 19	42.40	43.35	49.60	48.50	63.15	25.10	63.55
Four weeks ago	8 Nov 19	40.00	44.36	44.40	49.07	63.75	24.85	61.38
Last year	7 Dec 18	60.25	54.84	64.65	53.94	86.55	20.00	60.57
Year-on-year % change		-49.2%	-26.1%	-42.8%	-13.8%	-30.1%	23.7%	4.7%
Year high		67.00	57.63	73.00	57.14	89.75	29.66	75.54
Year low		19.30	40.50	29.25	46.49	60.50	18.60	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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