

# Energy Wholesale Market Review

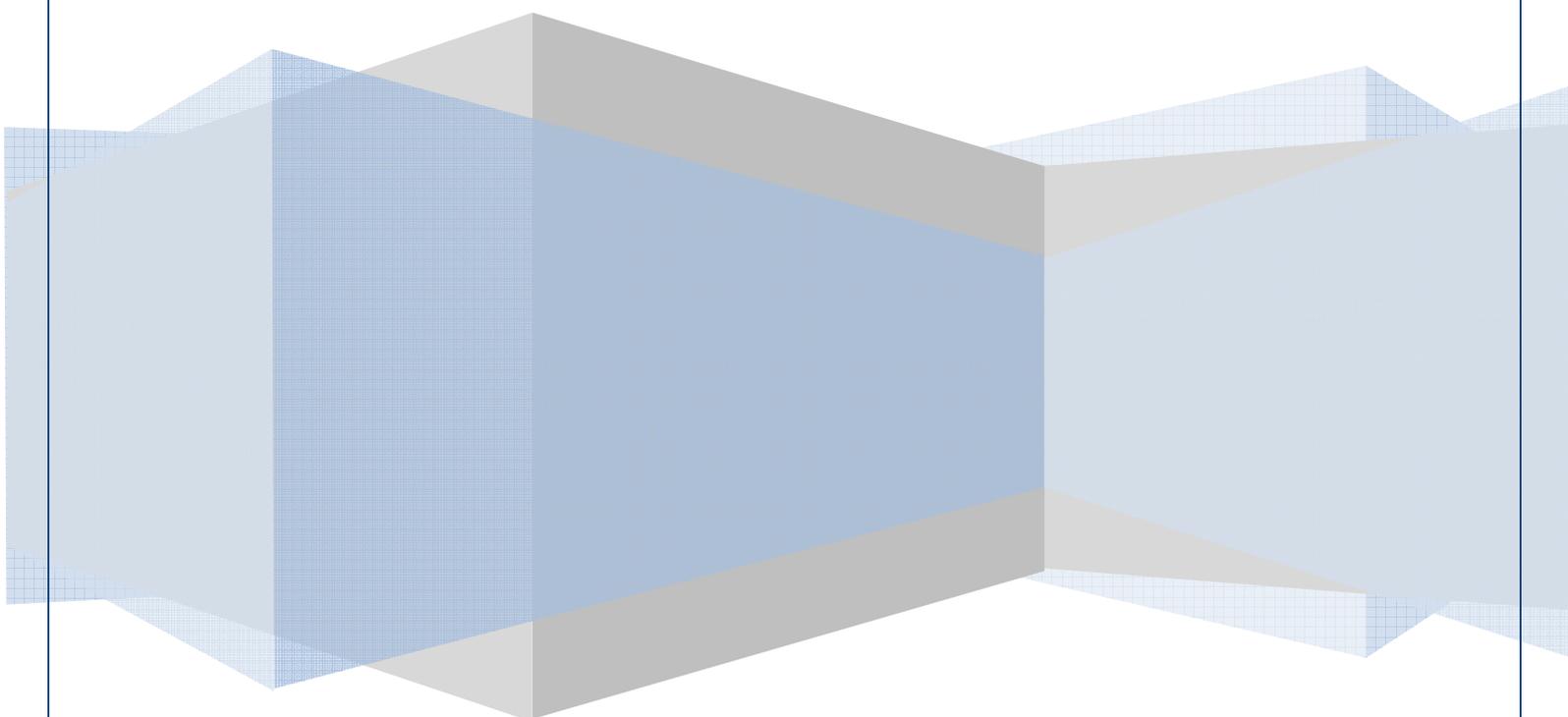
Week Ending 17<sup>th</sup> 2020



**edw** technology

**EDW House, Radian Court, Knowlhill, Milton Keynes, MK5 8PJ.**

**Phone:** +44 (0)8448 802 489  
**Email:** [info@edwtech.com](mailto:info@edwtech.com)  
**Website:** [edwtech.com](http://edwtech.com)





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## Headlines 17/01/2019

Most power and gas contracts fell this week as the mild weather continued into the second half of January. Day-ahead gas lost 1.5% to 28.90p/th, following EU ETS and LNG prices lower. Day-ahead power was an exception, and rose 6.5% to £38.50/MWh, following drop in wind generation at the end of the week. February 20 gas was down 7.8% at 28.65p/th, and March 20 gas decreased 8.5% to 27.95p/th. All seasonal gas contracts declined last week, down by 6.0% on average, as summer 20 and winter 20 gas dropped 8.0% and 6.9% respectively, subsiding to 27.41p/th and 40.55p/th. All seasonal power contracts declined this week, down on average by 3.3%. Summer 20 power decreased 3.3% to £37.43/MWh, while winter 20 power fell 4.2% to £46.65/MWh. Brent crude oil fell by 4.1% to average \$64.68/bl despite recovering to above \$65/bl on 17 January. Crude prices continue to decline following lowered tensions in the Middle East, where it looks as though there will be no significant disruption to Brent crude oil supply. EU ETS carbon slipped by 0.1% to €24.49/t as prices fluctuated midweek on strong EUA auction turnout. API 2 coal lost by 2.0% to \$56.28/t as the trend of a bearish API 2 coal market continues, reversing rare gains seen last week.

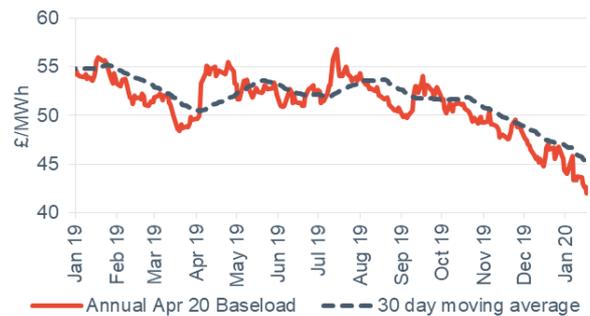
### Baseload electricity

- Day-ahead power rose 6.5% to £38.50/MWh, following lower wind generation near the end of the week
- February 20 power slipped 4.1% to £38.35/MWh and March 20 power decreased 4.0% to £37.45/MWh
- Q220 power moved 2.4% lower to £37.56/MWh
- The Annual April 20 contract lost 3.8% to £42.04/MWh, 24.9% lower than the same time last year (£55.98/MWh)

#### Forward curve comparison



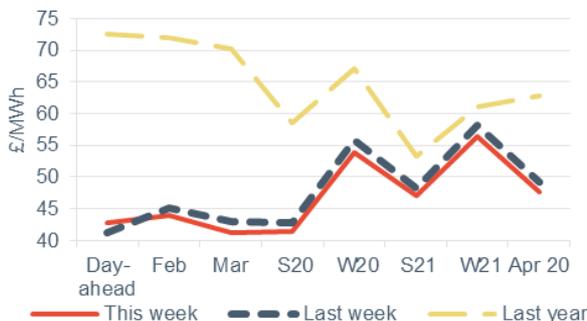
#### Annual April contract



### Peak electricity

- Day-ahead peak power was down 3.6% at £42.75/MWh, following baseload power higher
- February 20 peak power declined 2.9% at £43.90/MWh, and March 20 peak power decreased 4.0% to £41.30/MWh
- The Annual April 20 peak power lost 3.3% to 47.65/MWh
- This is 24.2% lower than the same time last year (62.83/MWh)

#### Forward curve comparison



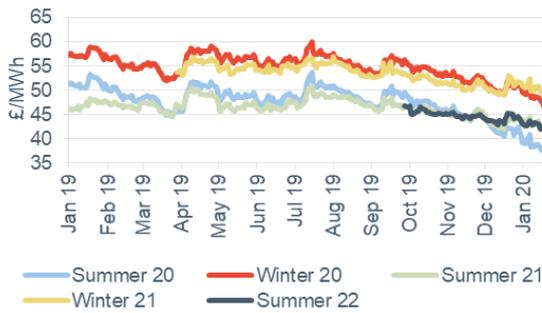
#### Annual April contract





## Seasonal power prices

### Seasonal baseload power contracts



- All seasonal power contracts declined last week, down on average by 3.3%
- Summer 20 power decreased 3.3% to £37.43/MWh, while winter 20 fell 4.2% to £46.65/MWh

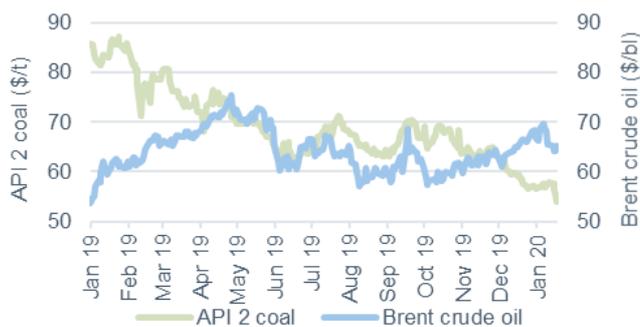
### Seasonal baseload power curve



- All seasonal peak power contracts declined this week, down £3.1% on average
- Summer 20 and winter 20 peak power dropped 3.2% and 3.4% respectively, falling to £41.40/MWh and £53.90/MWh

## Commodity price movements

### Oil and coal



- Brent crude oil fell by 4.1% to average \$64.68/bl despite recovering to above \$65/bl on 17 January. Crude prices continue to decline following lowered tensions in the Middle East, where it looks as though there will be no significant disruption to Brent crude oil supply.
- With optimism about the US-China trade deal already factored into prices, minimal gains were seen when the deal was signed on 15 January. Countering this was news that China suffered its slowest economy growth in 29 years at only 6.1%.
- API 2 coal fell 2.0% to average \$56.28/t as the trend of a bearish API 2 coal market continues, reversing rare gains seen last week.

### Carbon



- EU ETS carbon slipped 0.1% to average €24.49/t as prices fluctuated midweek on strong EUA auction turnout.
- Prices lifted late last week on news of plans by Germany to phase coal out of generation. Initially this will see demand for EUA's rise as Germany looks to burn out the remainder of its coal inventory, though naturally this will add weight to API 2 prices from the resulting lack of future demand by Europe's largest economy.

## Supplier tariff movements

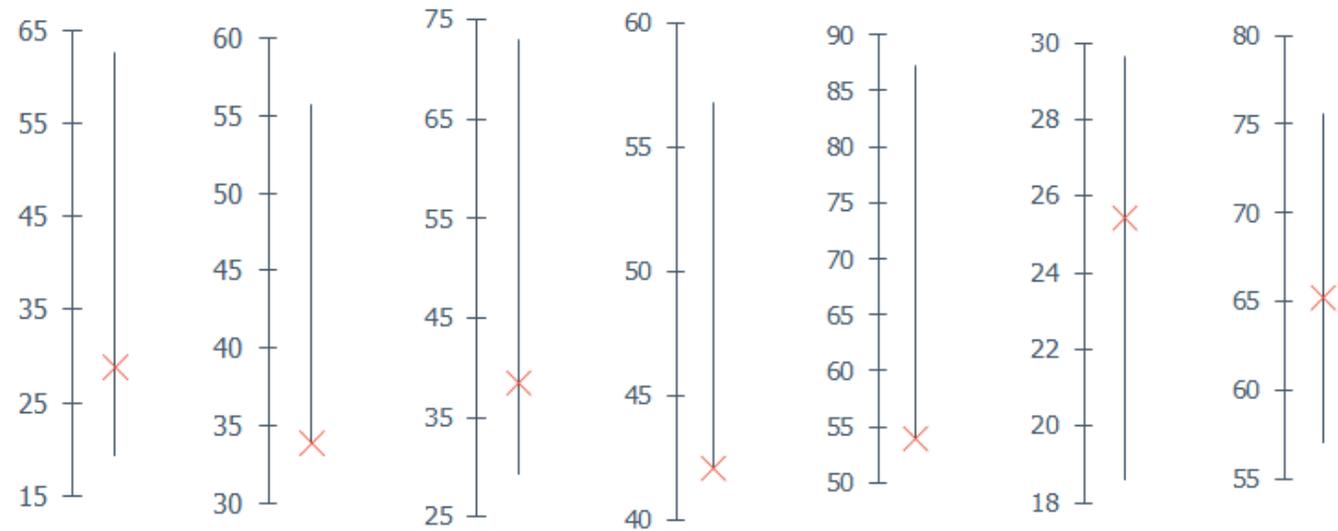
In December, 21 suppliers decreased the price of their cheapest available tariff, while 11 suppliers increased the price of their cheapest available tariff. Shell Energy decreased its tariff by the greatest amount (£98/year) to £953/year on average. All of the large suppliers increased the price of their cheapest available tariff other than npower, which decreased its tariff by £16/year. SSE made the greatest increase to its cheapest tariff of £272/year, and it is now priced £1,164/year on average. Utility Point launched a new version of its Just Up Direct tariff priced £17/year lower at £829/year on average, which made it the cheapest tariff on the market at the end of December.



## 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	17 Jan 20	28.90	33.98	38.50	42.04	54.00	25.43	65.20
Last week	10 Jan 20	29.35	36.69	36.15	43.70	57.90	24.64	65.39
Four weeks ago	20 Dec 19	32.50	39.85	36.45	46.48	57.65	26.00	66.50
Last year	18 Jan 19	62.50	55.73	64.35	55.98	86.70	24.48	61.93
Year-on-year % change		-53.8%	-39.0%	-40.2%	-24.9%	-37.7%	3.9%	5.3%
12-month high		62.50	55.73	73.00	56.79	87.25	29.66	75.54
12-month low		19.30	33.98	29.25	42.04	54.00	18.60	57.09

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 19 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.

### EDW Technology Limited

EDW House

Radian Court

Knowlhill

Milton Keynes

MK5 8PJ

UK

Tel: +44 (0) 8448 802 489

Fax: +44 (0) 8448 802 487

Website: [www.edwtech.com](http://www.edwtech.com)

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