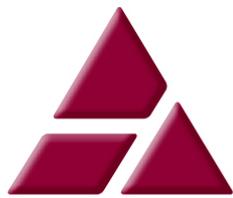


# Energy Wholesale Market Review

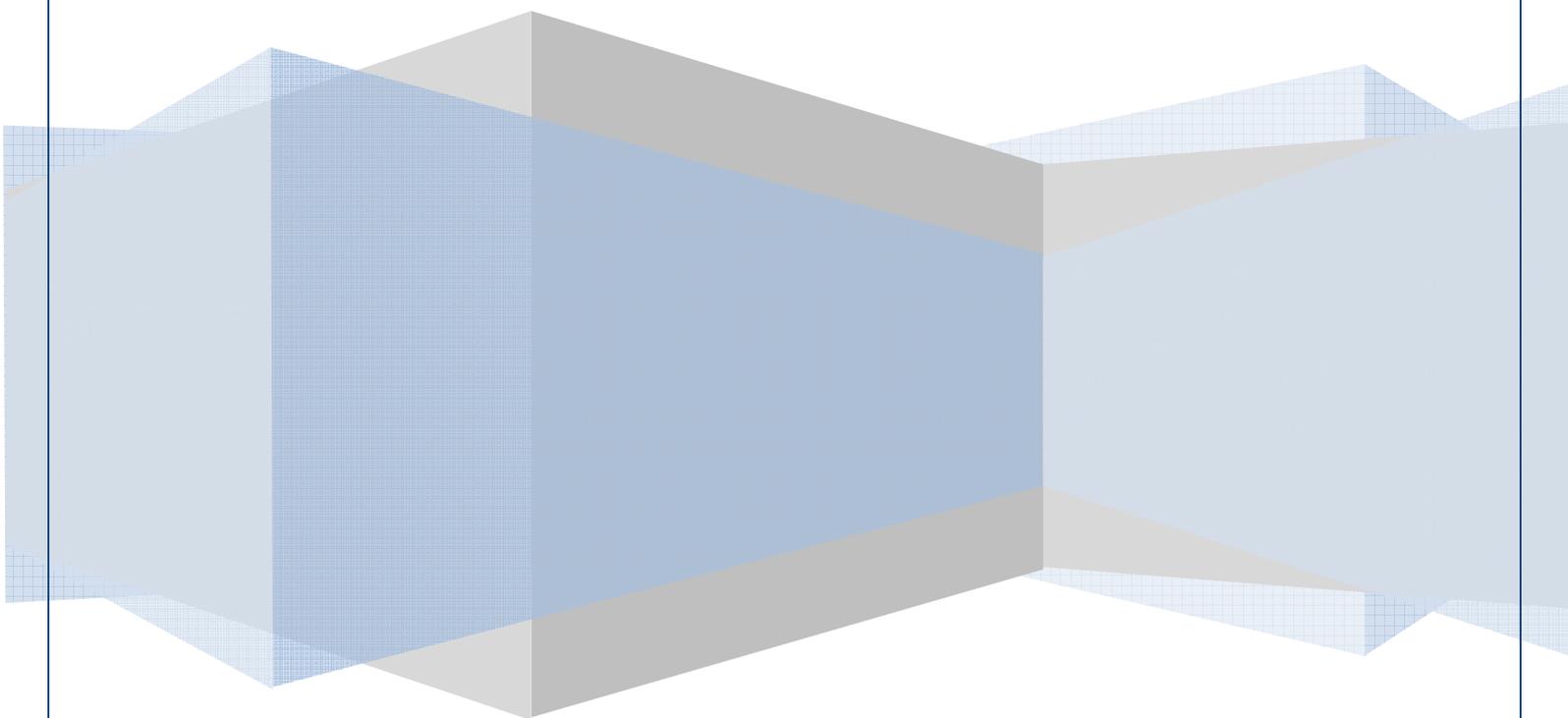
Week Ending 24<sup>th</sup> 2020



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## Headlines 24/01/2019

Most power and gas contracts fell this week, driven down by several bearish factors. Day-ahead gas lost 5.9% to 27.20p/th, as greater wind generation later in the week weighed on prices. Day-ahead power dropped 8.1% to £35.40/MWh despite peaking above £40.00/MWh in the middle of the week due to low wind generation. February 20 gas was down 4.5% at 27.35p/th and March 20 gas decreased 6.1% to 26.25p/th. All seasonal gas contracts declined this week, down by 5.4% on average, while summer 20 and winter 20 gas dropped 5.3% and 7.5% to 25.95p/th and 37.50p/th, respectively. All seasonal power contracts followed gas and declined this week, down on average by 4.1%, as summer 20 power decreased 4.1% to £35.90/MWh, while winter 20 fell 5.4% to £44.15/MWh. Brent crude oil slipped 1.7% to \$63.55/bl, ending the week at \$61.75/bl, over fears that the outbreak of the coronavirus in Wuhan, China will hamper the country's oil demand. EU ETS carbon increased this week, rising 1.9% to average €24.96/t although prices continue to struggle on low demand in the current mild winter season. API 2 coal averaged \$60.51/t, declining throughout the week to continue the bearish trend seen with coal prices.

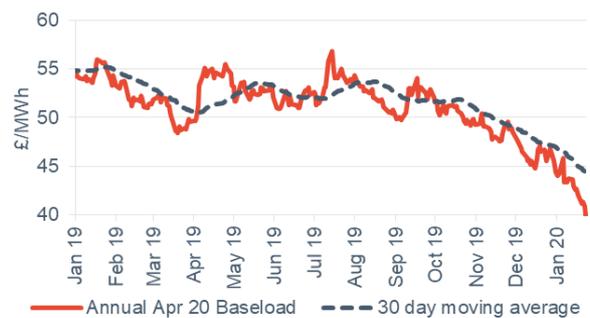
### Baseload electricity

- Day-ahead power fell 8.1% to £35.40/MWh as greater wind generation later in the week weighed on prices
- February 20 power slipped 3.5% to £37.00/MWh and March 20 power decreased 3.9% to £36.00/MWh
- Q220 power moved 4.6% lower to £35.85/MWh
- The Annual April 20 contract lost 4.8% to £40.03/MWh, 27.2% lower than the same time last year (£55.02/MWh).

#### Forward curve comparison



#### Annual April contract



### Peak electricity

- Day-ahead peak power went down 6.4% to £40.00/MWh, following its baseload counterpart lower
- February 20 peak power declined 4.2% to £42.05/MWh, and March 20 peak power decreased 3.4% to £39.90/MWh
- The annual April 20 peak power lost 4.7% to 45.40/MWh
- This is 26.2% lower than the same time last year (61.53/MWh)

#### Forward curve comparison



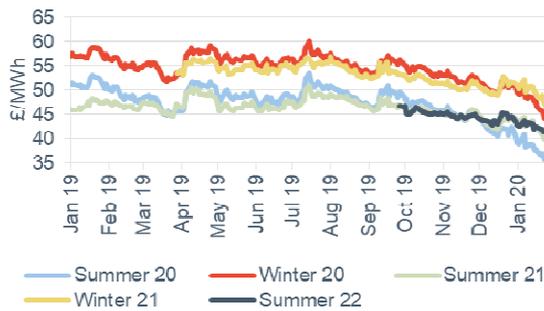
#### Annual April contract





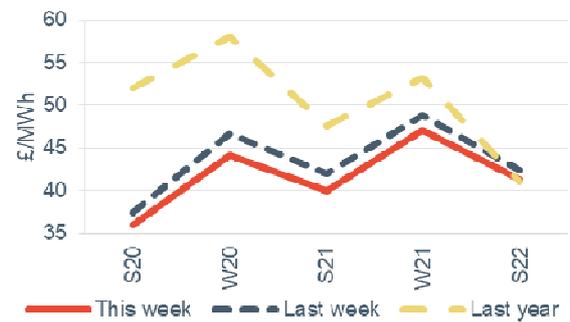
## Seasonal power prices

### Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 4.1%
- Summer 20 power decreased 4.1% to £35.90/MWh, while winter 20 fell 5.4% to £44.15/MWh

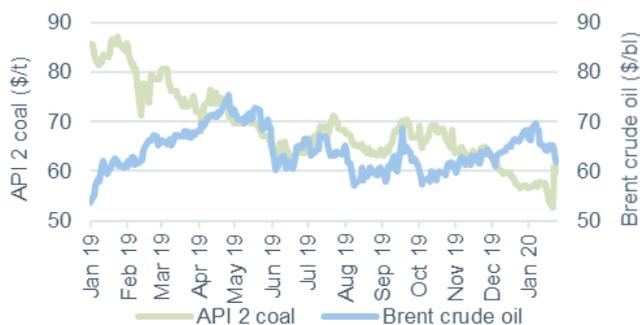
### Seasonal baseload power curve



- All Seasonal peak power contracts declined this week, down £4.3% on average
- Summer 20 and winter 20 peak power dropped 4.0% and 5.3% respectively, falling to £39.75/MWh and £51.05/MWh

## Commodity price movements

### Oil and coal



- Brent crude oil slipped 1.7% to average \$63.56/bl, ending the week at \$61.75/bl, over fears that the outbreak of the coronavirus in Wuhan, China will hamper the country's oil demand.
- Currently the largest global importer of oil, stable consumption of the commodity in China is vital to upholding Brent prices. With the city of over 11mn people in near-lockdown, oil consumption within the city has decreased due to a lack of movement, while oil prices have also been weighed upon by the lack of air travel both internationally and domestically.
- API 2 coal averaged \$60.51/t, declining throughout the week to continue the bearish trend seen with coal prices.

### Carbon



- EU ETS carbon increased this week, rising 1.9% to average €24.96/t although prices continue to struggle on low demand in the current mild winter season.
- In a report published on 22 January, analysts at Refinitiv announced that world carbon markets grew by 34% in €194bn in value in 2019, despite a decrease in volume of trades. The largest increase was by the European market, which expanded by 30% to €169bn, with analysts citing the introduction of the Market Stability Reserve (MSR) the largest source of growth.

## Supplier tariff movements

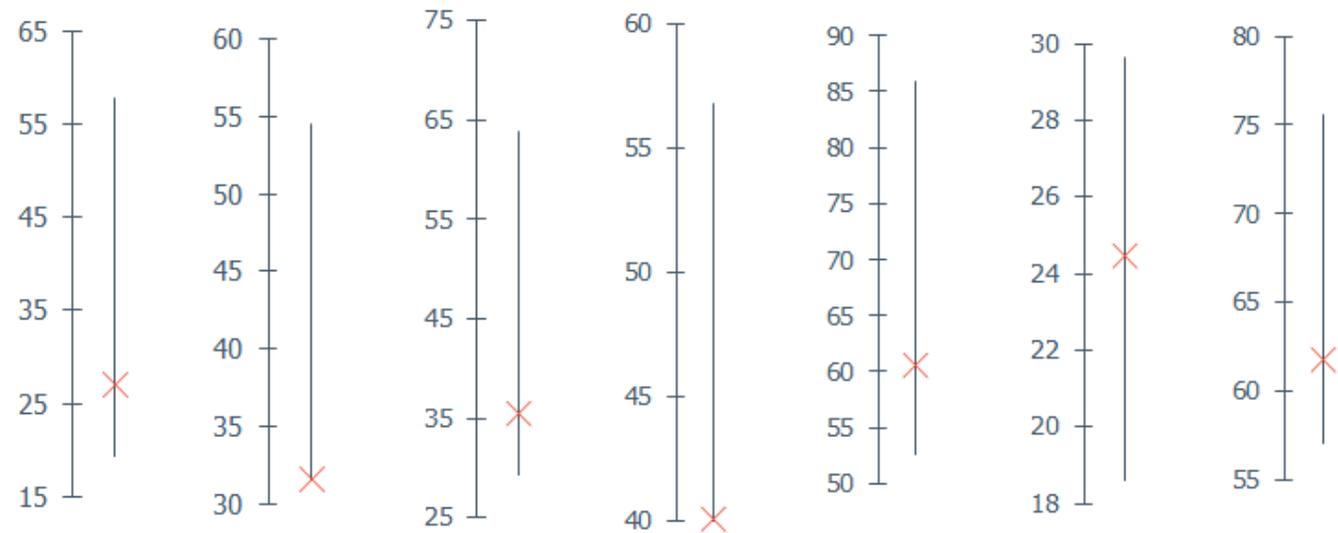
In December, 21 suppliers decreased the price of their cheapest available tariff, while 11 suppliers increased the price of their cheapest available tariff. Shell Energy decreased its tariff by the greatest amount (£98/year) to £953/year on average. All of the large suppliers increased the price of their 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	24 Jan 20	27.20	31.73	35.40	40.03	60.50	24.47	61.75
Last week	17 Jan 20	28.90	33.98	38.50	42.04	54.00	25.43	65.20
Four weeks ago	27 Dec 19	27.00	38.54	34.35	46.82	57.00	26.44	68.11
Last year	25 Jan 19	57.70	53.03	59.50	55.02	85.70	23.49	61.22
Year-on-year % change		-52.9%	-40.2%	-40.5%	-27.3%	-29.4%	4.2%	0.9%
12-month high		57.70	54.45	63.85	56.79	85.90	29.66	75.54
12-month low		19.30	31.53	29.25	39.93	52.70	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.

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