



# Energy Wholesale Market Review

Week Ending 20<sup>th</sup> March 2020



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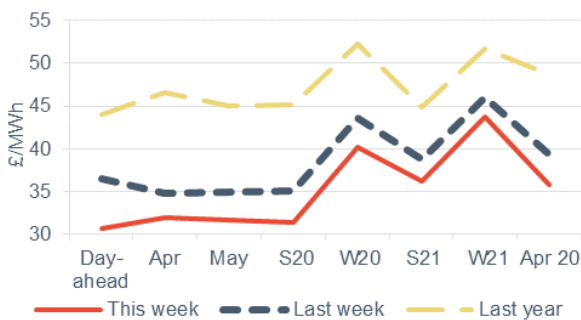
## Headlines 20/03/2020

Most power and gas contracts fell this week on declining demand and above seasonal normal temperatures. Day-ahead gas fell 5.4% to 24.60p/th despite a general undersupplied system this week on lowered LNG send-out. Day-ahead power fell 15.8% to £30.75/MWh, despite rising to above £37.00/MWh midweek, with highly fluctuating wind generation the driver behind such changes. April 20 gas was down 7.1% at 22.98p/th, and May 20 gas decreased 9.2% to 22.28p/th. All seasonal gas contracts declined last week, down by 4.1% on average, while both summer 20 and winter 20 gas dropped 7.7% and 4.2% respectively, subsiding to 23.14p/th and 34.26p/th. All seasonal power contracts declined this week, down on average by 6.9%, as summer 20 power decreased 10.6% to £31.36/MWh, while winter 20 fell 7.6% to £40.25/MWh. Brent crude oil fell 17.9% to average \$29.17/bl as oil prices dropped to their lowest levels seen for 17 years of \$26.33/bl on 19 March as the price dispute between Russia and Saudi Arabia continues. EU ETS carbon slipped by 24.4% to €17.53/t as demand for allowances dropped due amid the coronavirus outbreak. API 2 coal climbed by 0.3% to \$55.67/t as demand in China begins to rise again.

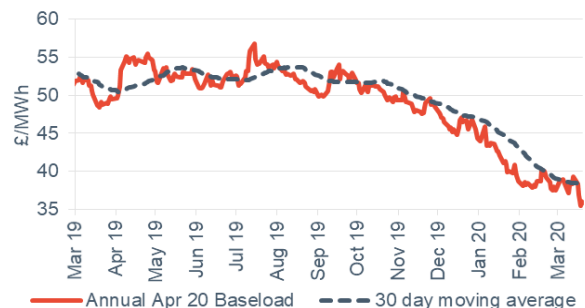
### Baseload electricity

- Day-ahead power fell 15.8% to £30.75/MWh, following forecasts of a significant rise in wind generation next week
- April 20 power slipped 8.2% at £32.00/MWh and May 20 power decreased 9.6% to £31.65/MWh
- Q220 power moved 11.2% lower to £31.10/MWh
- The Annual April 20 contract lost 8.9% to £35.81/MWh, 26.5% lower than the same time last year (£48.73/MWh)

Forward curve comparison



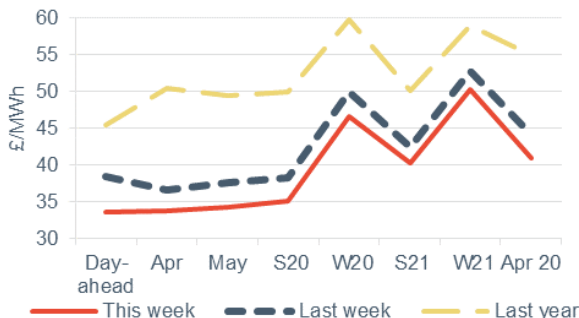
Annual April contract



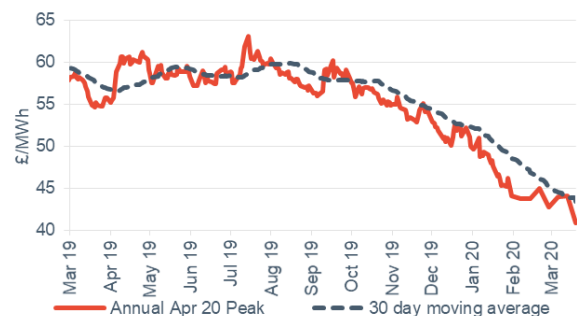
### Peak electricity

- Day-ahead peak power was also down 12.6% to £33.50/MWh
- April 20 peak power Declined 7.7% at £33.81/MWh, and May 20 peak power decreased 9.0% to £34.20/MWh
- The Annual April 20 peak power lost 7.4% to 40.84/MWh
- This is 25.5% lower than the same time last year (54.82/MWh)

Forward curve comparison



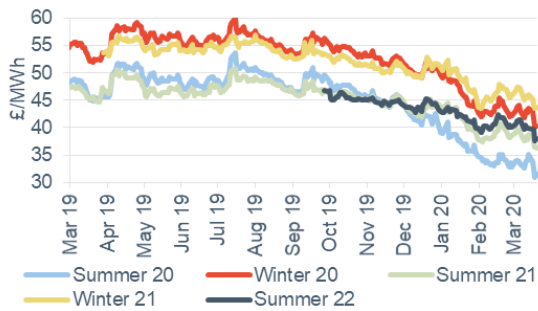
Annual April contract





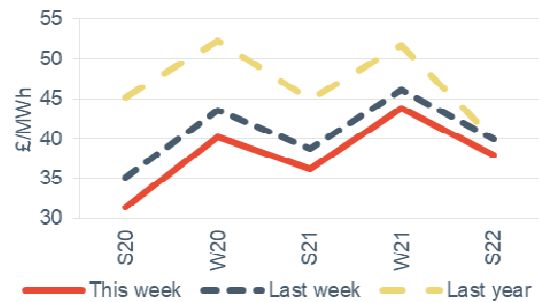
## Seasonal power prices

### Seasonal baseload power contracts



- All seasonal power contracts declined last week, down on average by 6.9%
- Summer 20 power decreased 10.6% to £31.36/MWh, while winter 20 fell 7.6% to £40.25/MWh

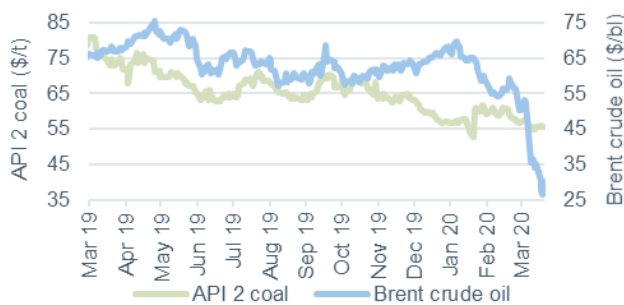
### Seasonal baseload power curve



- All seasonal peak power contracts declined this week, down £6.2% on average
- Summer 20 and winter 20 peak power dropped 8.4% and 6.6% respectively, falling to £35.04/MWh and £46.63/MWh

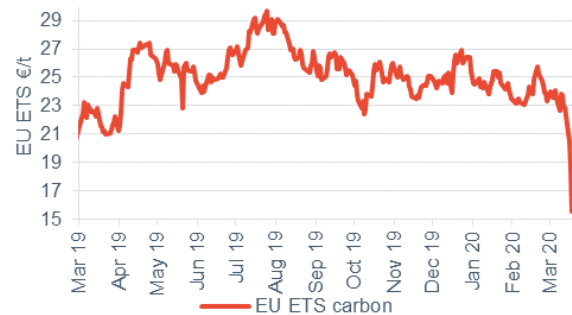
## Commodity price movements

### Oil and coal



- Brent crude oil fell 17.9% to average \$29.17/bl as oil prices dropped to their lowest levels seen for 17 years of \$26.33/bl on 19 March
- Prices then rose above \$30/bl on 20 March as the stock markets saw some late week gains
- Refusing to back down from their position in the face of spreading pandemic and increase global emergency, Saudi Arabia continue to flood the market with oil supply
- This move has caused devastation for many oil companies, resulting in pleas by US shale producers to limit domestic output in the effort to limit further price losses

### Carbon



- API 2 coal opposed oil and rose, inching up 0.3% to average \$55.67/t as demand in China begins to rise
- This comes amid reports that the US coal mining industry has been pressing for financial stimulus in the market to support falling demand
- EU ETS carbon prices crashed last week, falling 24.4% to €17.53/t, hitting a 16-month low of €15.56/t on 18 March as demand faltered
- An EEX auction was cancelled on 18 March on reflection of poor EUA auction volumes

## Supplier tariff movements

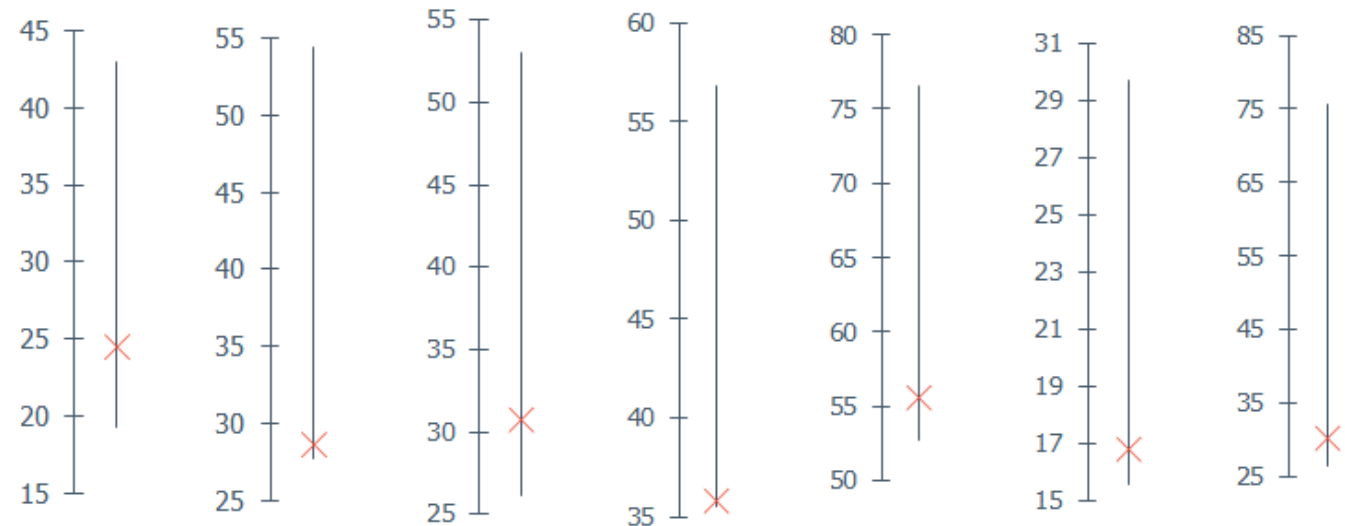
28 suppliers decreased the price of their cheapest tariff in February, while two supplier increased the price of their cheapest offering. Shell Energy increased its cheapest tariff by £88 to £973/year on average, whilst British Gas' cheapest tariff rose £272 to £1,146/year. Orbit Energy decreased its tariff by £219 to £796/year on average, making it the third cheapest supplier. Utility Point was the cheapest supplier with its tariff £29/year lower at £784/year on average. Green Energy UK remained the most expensive supplier priced at £1,389/year.



## 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	20 Mar 20	24.60	28.70	30.75	35.81	55.60	16.77	30.19
Last week	13 Mar 20	26.00	30.42	36.50	39.33	55.65	22.87	35.21
Four weeks ago	21 Feb 20	22.60	29.98	32.90	39.22	58.30	25.28	58.17
Last year	22 Mar 19	36.90	47.09	44.00	48.73	73.00	20.95	67.02
Year-on-year % change		-33.3%	-39.1%	-30.1%	-26.5%	-23.8%	-20.0%	-55.0%
12-month high		43.00	54.45	53.00	56.79	76.50	29.66	75.54
12-month low		19.30	27.78	26.15	35.48	52.70	15.56	26.33

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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