



Energy Wholesale Market Review

Week Ending 27th March 2020



edw technology

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

Phone: +44 (0)8448 802 489
Email: info@edwtech.com
Website: edwtech.com



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Headlines 27/03/2020

Most power and gas contracts fell again this week, as a declining global economy has begun to reflect more heavily onto the UK energy market. A decline in forecast consumption and high than expected temperatures has seen day-ahead gas fall 22.6% to 19.05p/th, reaching more than a 10-year low on 27 March. Day-ahead power fell 5.7% to £29.00/MWh as declining industrial consumption pressed on prices. Slight backwardation was shown in gas prices, as

April 20 gas was down 18.1% at 18.81p/th, and May 20 gas decreased 17.8% to 18.32p/th. Most seasonal gas contracts declined last week, down by 3.7% on average, while both summer 20 and winter 20 gas dropped 14.6% and 3.9% respectively, subsiding to 19.75p/th and 32.94p/th. All seasonal power contracts declined this week, down on average by 3.5%, as summer 20 power decreased 9.6% to £28.35/MWh, while winter 20 fell 3.0% to £39.05/MWh. Brent crude oil fell by 8.2% to \$26.79/bl as action taken by central banks around the world was enough to lift global equity markets, but failed to have any lasting effect on oil prices, which continue to fall on market concerns over future demand for the commodity. EU ETS carbon slipped by 6.9% to average €16.32/t, despite rising to near €17/t late on in the week as prices followed oil movements. API 2 coal bucked the trend seen by other commodities and climbed by 2.7% to \$57.16/t.

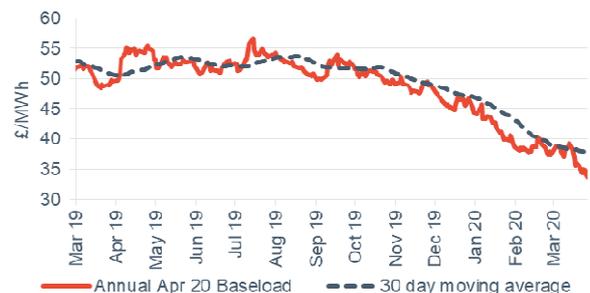
Baseload electricity

- Day-ahead power fell 5.7% to £29.00/MWh, as lower demand on the NTS has pressed upon power prices in recent days
- April 20 power slipped 16.3% at £26.80/MWh and May 20 power decreased 16.1% to £26.57/MWh
- Q220 power moved 12.8% lower to £27.12/MWh
- The Annual April 20 contract lost 5.9% to £33.70/MWh, 31.9% lower than the same time last year (£49.52/MWh).

Forward curve comparison



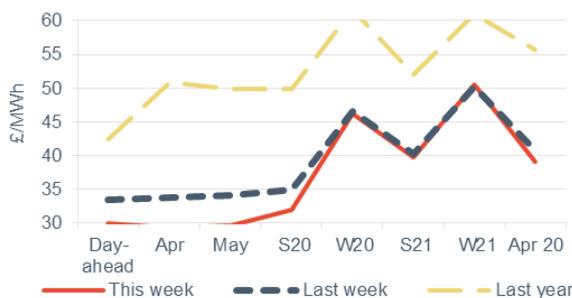
Annual April contract



Peak electricity

- Day-ahead peak power was down 10.4% to £30.00/MWh with peak demand levels greatly reduced due to lockdown measures imposed on the public
- April 20 peak power Declined 13.4% at £29.27/MWh, and May 20 peak power decreased 13.2% to £29.70/MWh
- The Annual April 20 peak power lost 4.2% to 39.12/MWh
- This is 29.8% lower than the same time last year (55.73/MWh)

Forward curve comparison



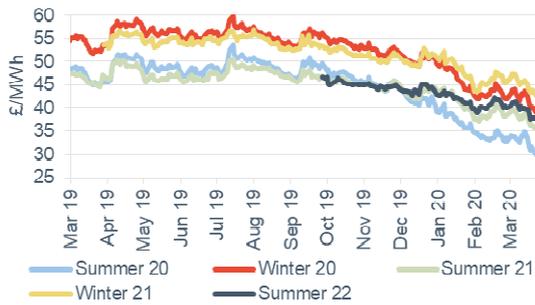
Annual April contract



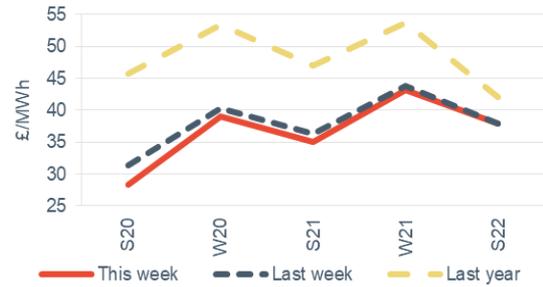


Seasonal power prices

Seasonal baseload power contracts



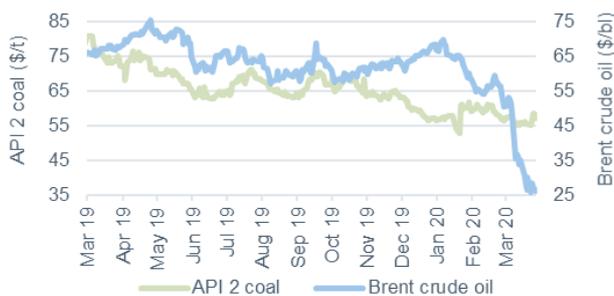
Seasonal baseload power curve



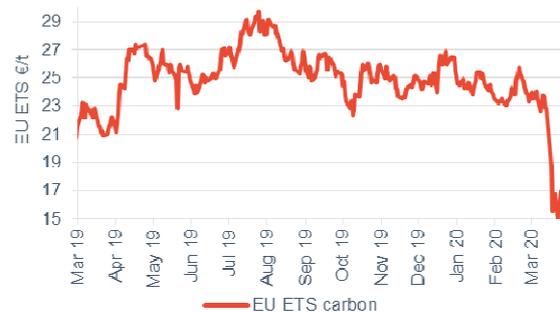
- All seasonal power contracts declined last week, down on average by 3.5%
- summer 20 power decreased 9.6% to £28.35/MWh, while winter 20 fell 3.0% to £39.05/MWh
- Most seasonal peak power contracts declined this week, down £2.6% on average
- Summer 20 and winter 20 peak power dropped 8.8% and 0.7% respectively, falling to £31.94/MWh and £46.30/MWh

Commodity price movements

Oil and coal



Carbon



- Brent crude oil fell 8.2% to average \$26.79/bl as prices twice dropped below \$26/bl this week, extending 17-year lows. Prices were volatile this week, but ultimately ended the week lower at \$25.96/bl
- A rise in fiscal action taken by central banks around the world – notably the ECB and US Federal Reserve – saw oil prices make some early week gains
- Repos of rising stockpiles around the world adds to the oversupply of the commodity
- Global measures to help prevent the spread of Covid-19 has seen demand for oil fall increasingly sharply in recent weeks
- Ever widening demand/supply market will continue to weigh on prices
- API 2 coal opposed oil again and rose, rising 2.7% to average \$57.16/t as coal prices were relatively unchanged when compared to other commodity markets
- Lower wind generation across Europe and decreased consumption in India acted as opposite drivers last week
- EU ETS carbon prices remained low last week, falling a further 6.9% to average €16.32/t
- Opening at €14.90/t on Monday 23 March, prices made marginal gains throughout the week as EUA auctions saw higher demand, mostly in reaction to stimulus provide by central banks

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

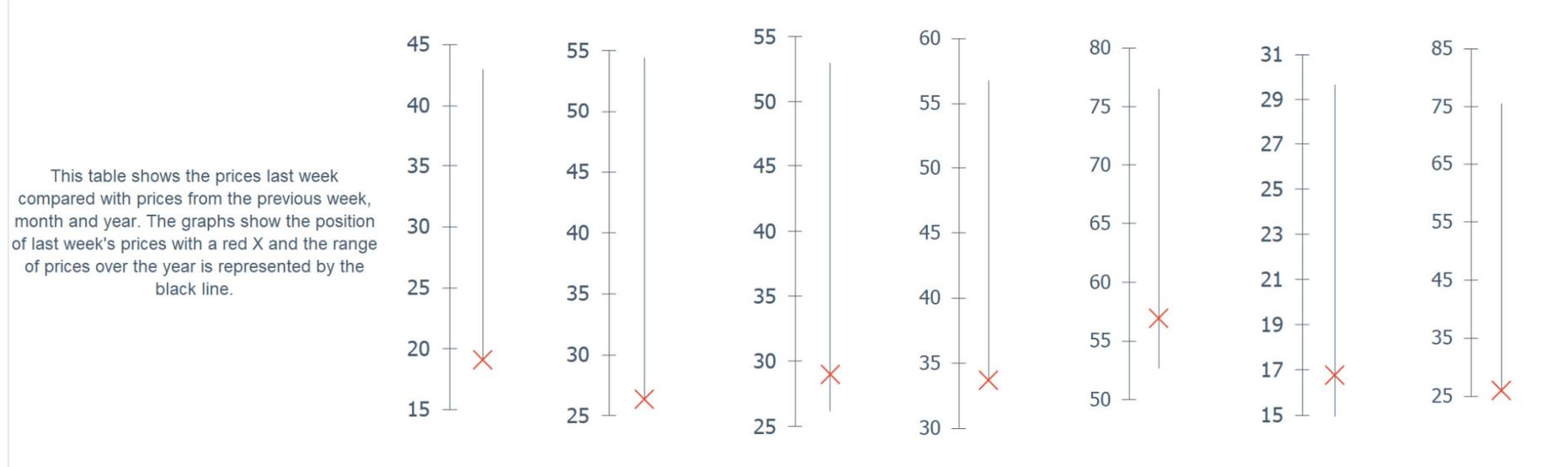


it the third cheapest supplier. Utility Point was the cheapest supplier with its tariff £29/year lower at £784/year on average. Green Energy UK remained the most expensive supplier priced at £1,389/year.



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	27 Mar 20	19.05	26.35	29.00	33.70	56.95	16.79	25.96
Last week	20 Mar 20	24.60	28.70	30.75	35.81	55.60	16.77	30.19
Four weeks ago	28 Feb 20	24.00	28.19	35.15	37.45	56.50	23.33	50.36
Last year	29 Mar 19	35.30	48.20	42.00	49.52	72.00	22.25	67.77
Year-on-year % change		-46.0%	-45.3%	-31.0%	-31.9%	-20.9%	-24.5%	-61.7%
12-month high		43.00	54.45	53.00	56.79	76.50	29.66	75.54
12-month low		19.05	26.35	26.15	33.70	52.70	14.90	25.71





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

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