



# Energy Wholesale Market Review

Week Ending 3rd April 2020



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## Headlines 03/04/2020

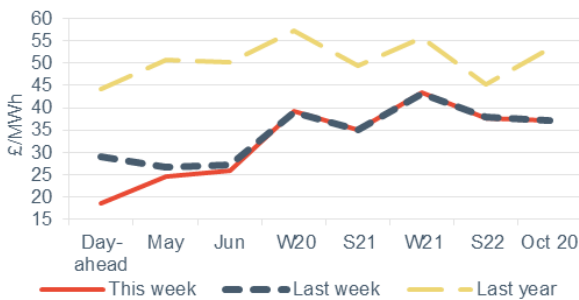
Most power and gas contracts rose fell mixed this week, though a few rises were seen in future winter contracts.

Day-ahead gas fell 16.0% to a fresh 10-year low of 16.00p/th on forecasts of decreasing consumption levels, and pushed lower by expectations of very mild weather next week. Day-ahead power fell 36.2% to a new all-time low of £18.50/MWh with falls the result of similar reasoning to that of gas. May 20 gas was down 11.7% at 16.17p/th, and June 20 gas decreased 8.9% to 16.99p/th. All seasonal gas contracts declined this week, down by 1.5% on average, while both winter 20 and summer 21 gas dropped 0.9% and 1.6% respectively, subsiding to 32.65p/th and 29.23p/th. Most seasonal power contracts boosted this week, up on average by 0.2%, as winter 20 power expanded 0.2% to £39.12/MWh, while summer 21 remained at £35.00/MWh. Brent crude oil fell by 2.1% to \$26.23/bl over reports that US and Russia were looking to agree a deal to stabilise oil prices. Brent oil prices then reported their biggest daily gain on record on 2 April following the announcement by Donald Trump that Saudi Arabia and Russia could announce a major cut to oil production. EU ETS carbon gained by 6.2% to €17.33/t, reflecting the rise in the oil market. API 2 coal reversed gains seen in recent weeks, falling 4.5% to average \$55.06/t, as the effect of lowered demand begins to take effect on the coal market

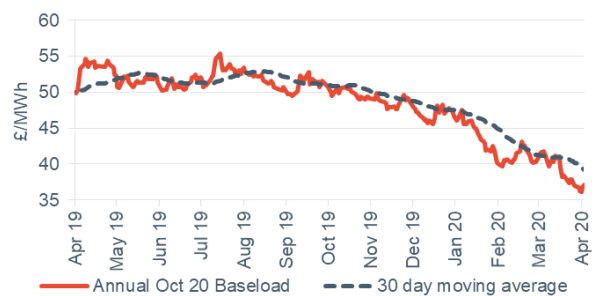
## Baseload electricity

- Day-ahead power fell 36.2% to a record low of £18.50/MWh following forecasts of low demand as a result of lockdown measures and seasonally high temperatures
- May 20 power slipped 7.8% at £24.50/MWh and June 20 power decreased 4.5% to £26.00/MWh
- Q320 power moved 1.0% lower to £29.00/MWh
- The Annual October 20 contract rose 0.1% to £37.06/MWh, 30.5% lower than the same time last year (£53.32/MWh)

Forward curve comparison



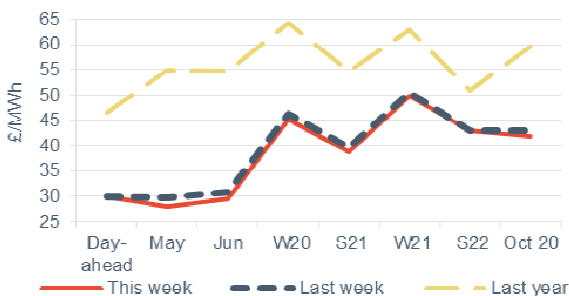
Annual April contract



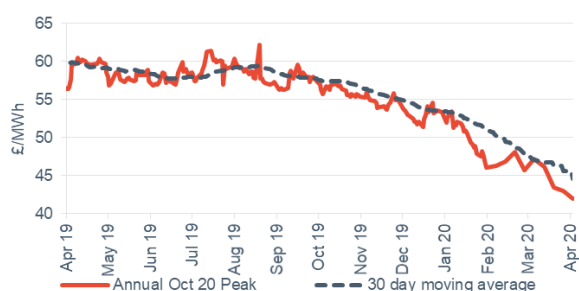
## Peak electricity

- Day-ahead peak power was down 0.2% to £29.95/MWh, reflecting its baseload counterpart
- May 20 peak power Declined 6.1% at £27.89/MWh, and June 20 peak power decreased 4.1% to £29.60/MWh
- The Annual October 20 peak power lost 2.3% to 42.00/MWh
- This is 29.4% lower than the same time last year (59.53/MWh)

Forward curve comparison



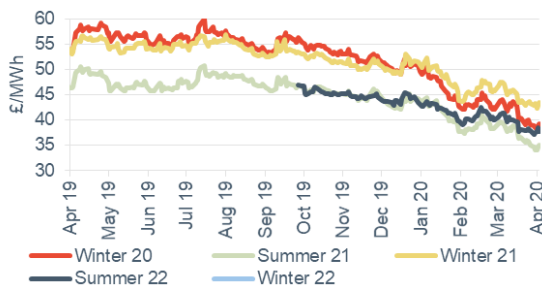
Annual April contract





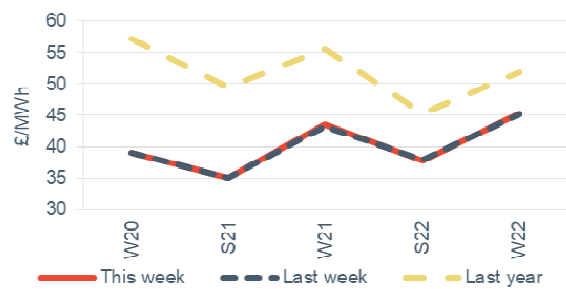
## Seasonal power prices

Seasonal baseload power contracts



- Seasonal power contracts were mixed this week, but rose on average by 0.2%
- winter 20 power rose 0.2% to £39.12/MWh, while summer 21 was the same at £35.00/MWh

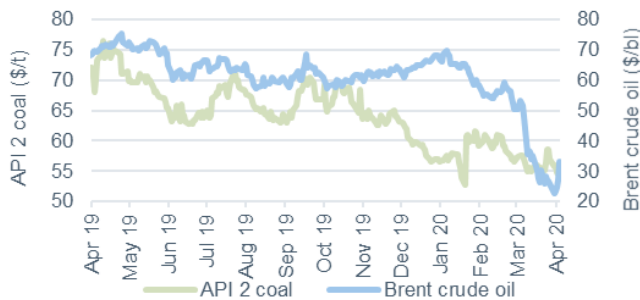
Seasonal baseload power curve



- Seasonal peak power contracts were also mixed this week, moving down £1.4% on average
- winter 20 and summer 21 peak power dropped 2.4% and 2.2% respectively, falling to £45.17/MWh and £38.83/MWh.

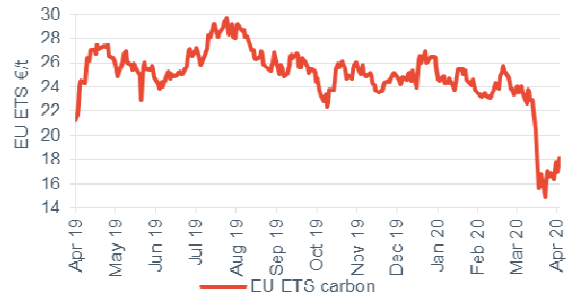
## Commodity price movements

Oil and coal



- Brent crude oil fell 2.1% to average \$26.23/bbl this week, though some strong gains were seen late in the week
- Opening at a fresh 17-year low on 30 March, oil prices remained low on lack of any bullish indicators
- Prices began to rise on 31 March over reports that US and Russia were looking to agree a deal to stabilise oil prices
- Brent oil prices then reported their biggest daily gain on record on 2 April following the announcement by Donald Trump that Saudi Arabia and Russia could announce a major cut to oil production
- The President of the United States tweeted that the cuts by both countries could amount to close to 10mn bpd, possibly more

Carbon



- API 2 coal reversed gains seen in recent weeks, falling 4.5% to average \$55.06/t, as the effect of lowered demand begins to take effect on the coal market.
- Record-low LNG prices has not supported coal prices; Japan and South Korea (two of the world's largest importers) will like look buy less coal in coming weeks as a result of cheap LNG
- EU ETS carbon prices remained low this week, but rose 6.2% to average €17.33/t. As price movements continue to follow those in oil
- Lockdown restrictions in many EU countries has seen volume demand at EUA auctions drop off in recent weeks

## Supplier tariff movements

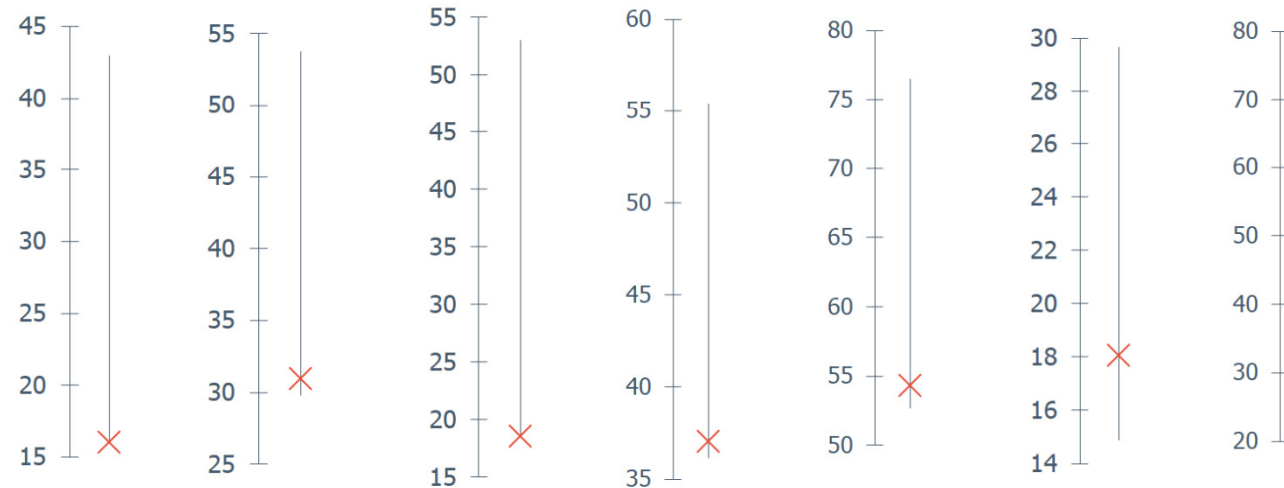
28 suppliers decreased the price of their cheapest tariff in February, while two supplier increased the price of their cheapest offering. Shell Energy increased its cheapest tariff by £88 to £973/year on average, whilst British Gas' cheapest tariff rose £272 to £1,146/year. Orbit Energy decreased its 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 (\$/t)	Carbon (€/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead			
This week	3 Apr 20	16.00	30.94	18.50	37.06	54.30	18.06	32.94
Last week	27 Mar 20	19.05	31.33	29.00	37.03	56.95	16.79	25.96
Four weeks ago	6 Mar 20	24.40	34.11	33.25	41.16	57.00	23.49	48.18
Last year	5 Apr 19	38.10	51.89	44.25	53.32	73.25	24.54	69.20
Year-on-year % change		-58.0%	-40.4%	-58.2%	-30.5%	-25.9%	-26.4%	-52.4%
12-month high		43.00	53.78	53.00	55.40	76.50	29.66	75.54
12-month low		16.00	29.84	18.50	36.15	52.70	14.90	22.74

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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