



Energy Wholesale Market Review

Week Ending 9th 2020



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Headlines 09/04/2020

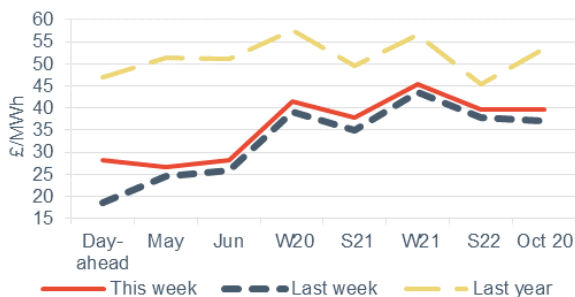
Most power and gas contracts rose this week despite no change to lockdown measures announced in the UK. Day-ahead gas fell 3.4% to 15.45p/th on expectation of high temperatures and lowered demand over the Easter bank holiday. Day-ahead power opposed its day-ahead gas counterpart and rose 53.2% to £28.35/MWh. Recovering from an all-time low last week, the power contract rose on expectations of slightly lower wind generation next week.

May 20 gas was up 3.3% at 16.70p/th, and June 20 gas increased 3.2% to 17.53p/th. All seasonal gas contracts boosted this week, up by 3.5% on average, while both winter 20 and summer 21 gas increased 3.3% and 5.0% to 33.73p/th and 30.70p/th, respectively. All seasonal power contracts climbed this week, up on average by 5.3%, as winter 20 and summer 21 5.9% and 8.0% to £41.43/MWh and £37.80/MWh, respectively. Brent crude oil gained 26.4% to average \$33.16/bl this week, continuing momentum seen from the previous week, as the market looks tentatively to the next OPEC meeting, where a decision on possible cuts to oil supply could make or break the near-term future of oil supply. EU ETS carbon prices saw further recovery this week, mirroring gains seen in the oil market as the price of carbon rose 17.5% to average €20.37/t. API 2 coal followed oil and increased this week, rising 1.1% to average \$55.49/t, as the effect of lowered demand begins to take effect on the coal market.

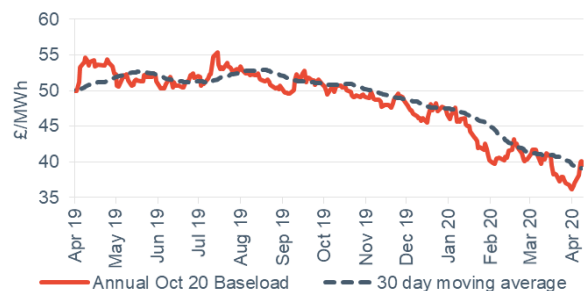
Baseload electricity

- Day-ahead power rose 53.2% to £28.35/MWh, recovering from an all-time low last week as lower wind generation helped to lift prices
- May 20 power climbed 8.6% to £26.60/MWh and June 20 power increased 8.1% to £28.10/MWh
- Q320 power moved 6.9% higher to £31.00/MWh
- The Annual October 20 contract rose 6.9% to £39.62/MWh, 26.0% lower than the same time last year (£53.53/MWh)

Forward curve comparison



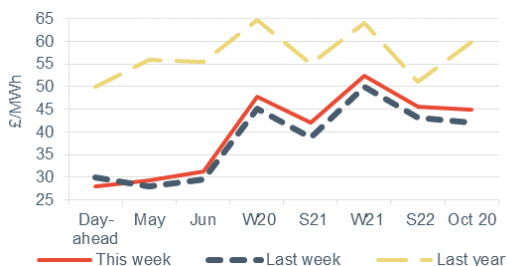
Annual April contract



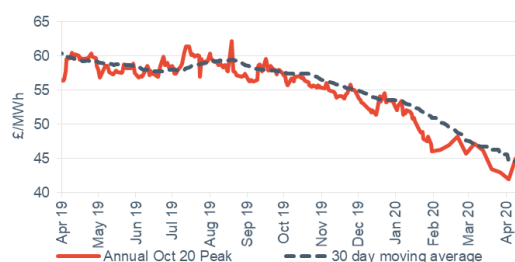
Peak electricity

- Day-ahead peak power was down 6.5% to £28.00/MWh following continued lower demand in peak hours of the day
- May 20 peak power gained 5.3% to £29.36/MWh, and June 20 peak power increased 5.7% to £31.29/MWh
- The Annual October 20 peak power lost 7.1% to 44.98/MWh
- This is 24.9% lower than the same time last year (59.88/MWh)

Forward curve comparison



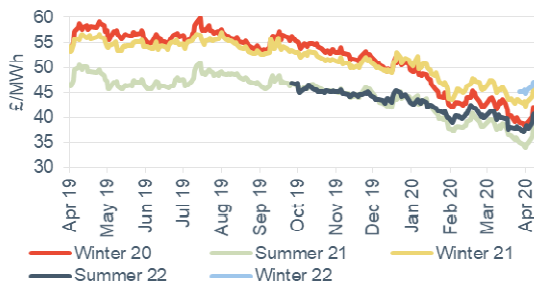
Annual April contract





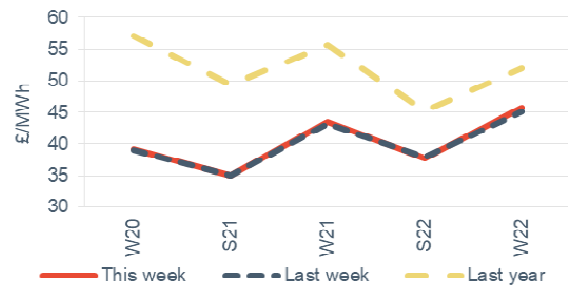
Seasonal power prices

Seasonal baseload power contracts



- Seasonal power contracts boosted this week, up on average by 5.5%
- Winter 20 and summer 21 expanded 5.9% and 8.0% respectively, rising to £41.43/MWh and £37.80/MWh

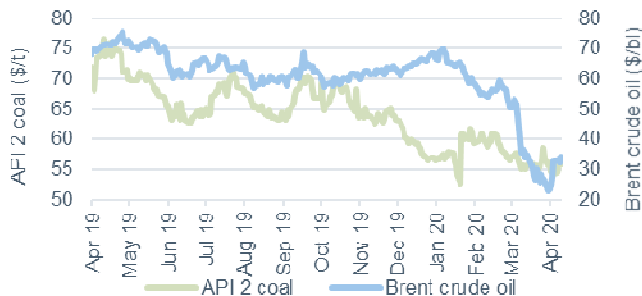
Seasonal baseload power curve



- Most seasonal peak power contracts boosted this week, up £6.2% on average
- winter 20 and summer 21 peak power increased 5.8% and 8.5% respectively, falling to £47.81/MWh and £42.14/MWh

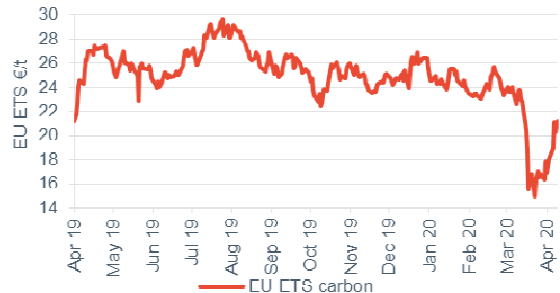
Commodity price movements

Oil and coal



- Brent crude oil gained 26.4% to average \$33.16/bl this week, continuing momentum seen from the previous week, as the market looks tentatively to the next OPEC meeting, where a decision on possible cuts to oil supply could make or break the near-term future of oil supply
- Prices continued to rise throughout the week on increasing optimism that Russia and Saudi Arabia will resolve their current oil price dispute that has seen prices fall under \$23/bl in recent weeks
- The cuts to oil supply could be by as much as 10-15mn bpd
- This cut may not be enough, with some forecasts projecting that oil demand could drop by as much as 15-20% (15-20mn bpd) by the end of April, with these cuts still leaving a significant oversupply of the commodity in the market

Carbon



- API 2 coal followed oil and increased this week, rising 1.1% to average \$55.49/t, despite reduced demand for the commodity
- Record-low LNG prices have 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 saw further recovery this week, mirroring gains seen in the oil market as the price of carbon rose 17.5% to average €20.37/t
- Prices are still lower than at the same time a year ago, where carbon prices averaged €25.36/t

Supplier tariff movements

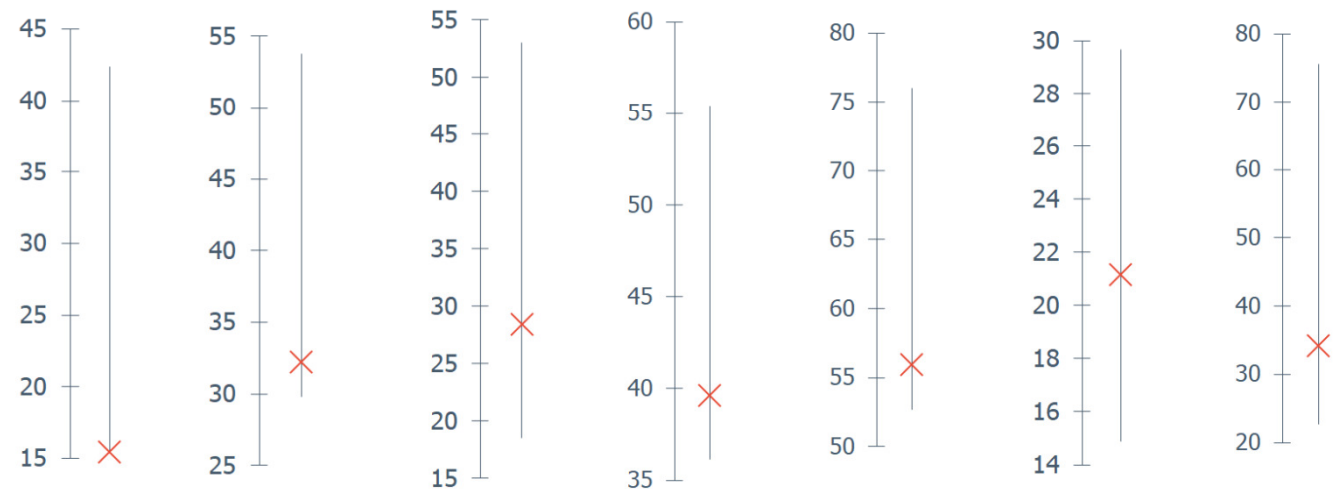
28 suppliers decreased the price of their cheapest tariff in February, while two supplier increased the price of their cheapest offering. Shell Energy increased its cheapest tariff by £88 to £973/year on average, whilst British Gas' cheapest tariff rose £272 to £1,146/year. Orbit Energy decreased its 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	9 Apr 20	15.45	32.22	28.35	39.62	55.95	21.16	34.19
Last week	3 Apr 20	16.00	30.94	18.50	37.06	54.30	18.06	32.94
Four weeks ago	12 Mar 20	24.40	32.89	36.75	40.30	55.05	22.92	33.90
Last year	11 Apr 19	38.90	51.35	47.00	53.53	73.75	26.23	71.26
Year-on-year % change		-60.3%	-37.3%	-39.7%	-26.0%	-24.1%	-19.3%	-52.0%
12-month high		42.40	53.78	53.00	55.40	76.00	29.66	75.54
12-month low		15.45	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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