



Energy Wholesale Market Review

Week Ending 17th April 2020



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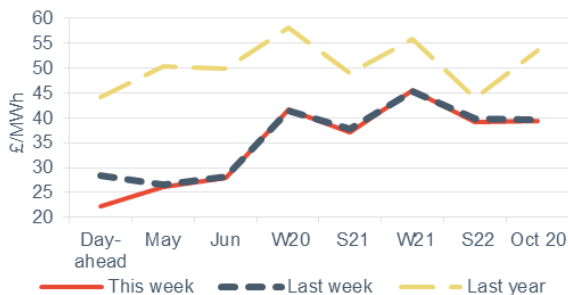
Headlines 17/04/2020

Most power and gas contracts fell this week, though some small gains were seen in longer term power contracts. Day-ahead gas fell 12.0% to 13.60p/th on slightly milder temperatures forecast for next week, with oversupply of gas in the market continuing to rise. Day-ahead power fell 21.5% to £22.25/MWh, despite forecasts of lower wind early next week as the general decline in demand continued. May 20 gas was down 8.1% at 15.35p/th, and June 20 gas decreased 7.6% to 16.20p/th. All seasonal gas contracts declined this week, down by 0.7% on average, while both winter 20 and summer 21 gas dropped 0.1% and 0.5% respectively, subsiding to 33.70p/th and 30.55p/th. Seasonal power contracts were mixed, but moved down on average by 0.3%, as winter 20 power expanded 0.8% to £41.75/MWh, while summer 21 fell 1.6% to £37.20/MWh. Despite optimism early in the week that measures taken by OPEC and OPEC+ to cut global oil supply by 9.7mn bpd would support prices, Brent crude oil prices lost 12.2% to average \$29.11/bbl this week. There was sentiment in the market that the cuts to crude production would not be enough to outweigh falling demand for the commodity, currently decimated by the coronavirus. EU ETS carbon prices followed oil prices lower again, dropping 1.3% to average €20.11/t. Prices continue to follow oil and are also dependent on lockdown measures in EU countries. API 2 coal lost 1.4% to average \$54.73/t this week.

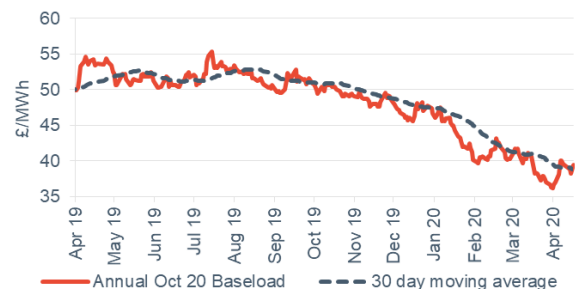
Baseload electricity

- Day-ahead power fell 21.5% to £22.25/MWh, despite forecasts of lower wind early next week as the general decline in demand continued
- May 20 power slipped 1.9% at £26.10/MWh and June 20 power decreased 0.4% to £28.00/MWh.
- Q320 power remained at £31.00/MWh.
- The Annual October 20 contract lost 0.4% to £39.48/MWh, 26.4% lower than the same time last year (£53.61/MWh)

Forward curve comparison



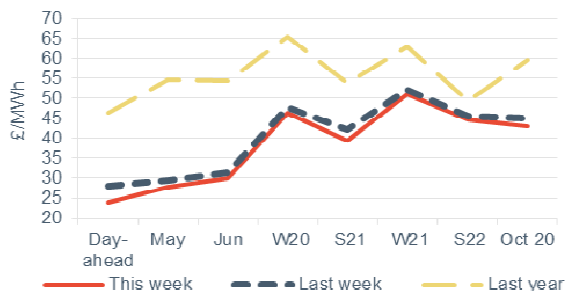
Annual April contract



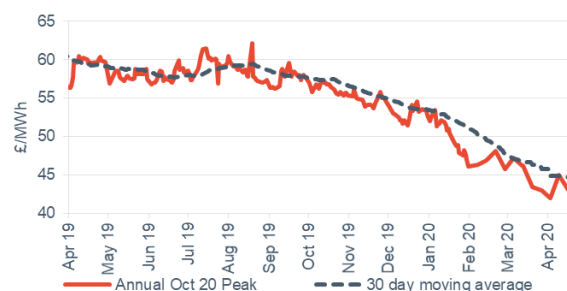
Peak electricity

- Day-ahead peak power was down 14.3% to £24.00/MWh as peak hours have seen a significant drop in demand
- May 20 peak power declined 5.7% at £27.70/MWh, and June 20 peak power decreased 4.1% to £30.00/MWh
- The Annual October 20 peak power lost 4.6% to £42.90/MWh
- This is 28.0% lower than the same time last year (£59.56/MWh)

Forward curve comparison



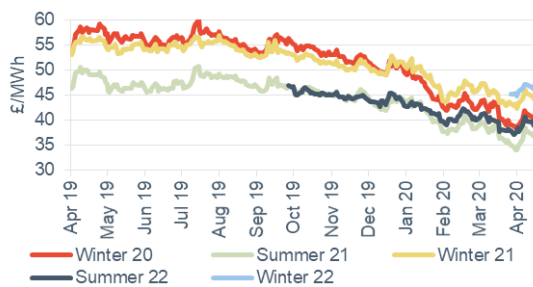
Annual April contract





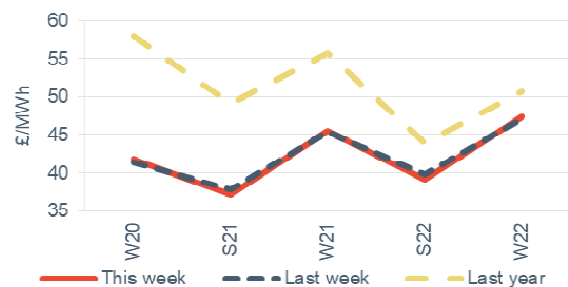
Seasonal power prices

Seasonal baseload power contracts



- Seasonal power contracts were mixed last week but moved down on average by 0.3%
- Winter 20 power expanded 0.8% to £41.75/MWh, while summer 21 fell 1.6% to £37.20/MWh

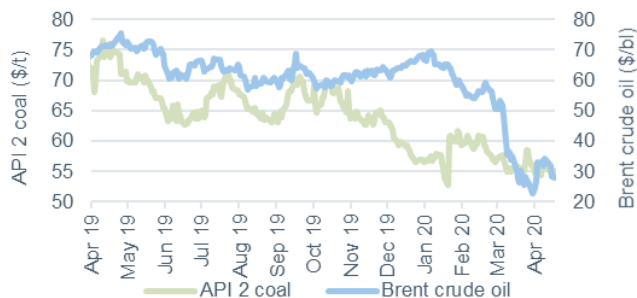
Seasonal baseload power curve



- Most seasonal peak power contracts declined this week, down 3.4% on average
- Winter 20 and summer 21 peak power dropped 2.9% and 6.5% respectively, falling to £46.40/MWh and £39.40/MWh

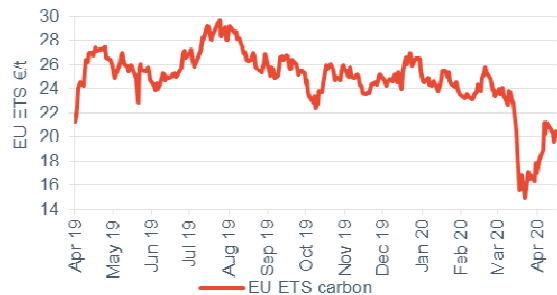
Commodity price movements

Oil and coal



- Despite optimism early in the week that measures taken by OPEC and OPEC+ to cut global oil supply by 9.7mn bpd would support prices, Brent crude oil prices lost 12.2% to average \$29.11/bl this week
- There was sentiment in the market that the artificial cuts to crude production would not be enough to outweigh falling demand for the commodity, currently decimated by the coronavirus
- News that the Chinese economy had suffered the worst quarterly economic contraction on record helped to push prices further down on Friday, though this was offset somewhat by the news that the US could soon ease lockdown restrictions

Carbon



- API 2 coal saw small losses last week, falling 1.4% to average \$54.73/t, following other global commodity markets lower
- Higher demand for electricity in Germany and France last week coupled with a drop in nuclear generation helped to support prices
- EU ETS carbon prices followed oil prices lower again last week, dropping 1.3% to average €20.11/t
- Prices continue to follow oil and are dependent on lockdown measures in EU countries. Prices did find some uplift on the news that EDF will close some nuclear power stations in Europe

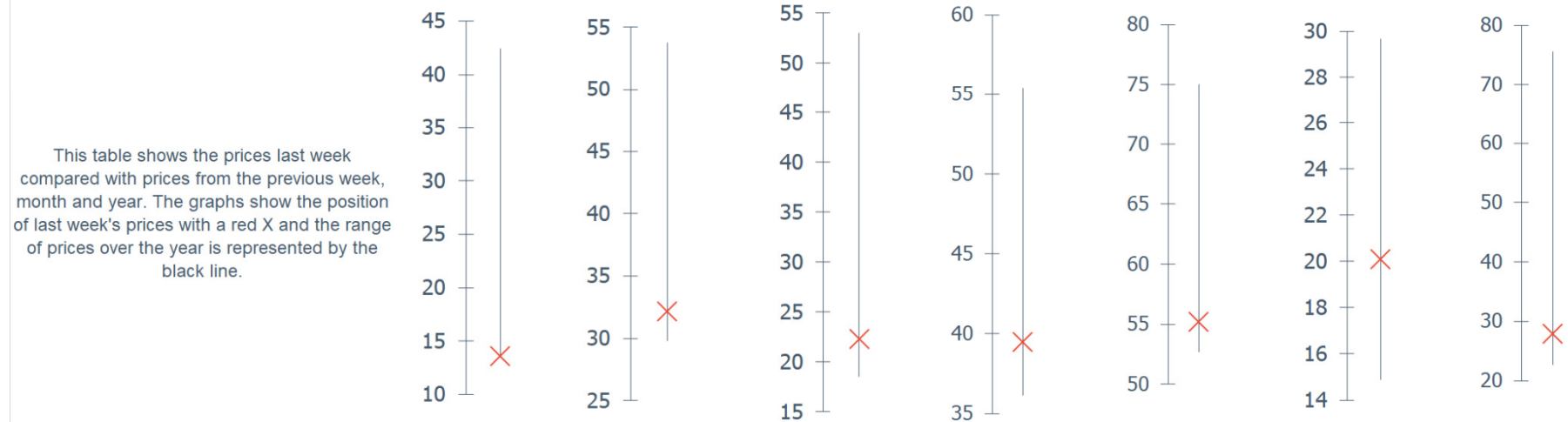
Supplier tariff movements

29 suppliers decreased the price of their cheapest available tariff in March compared to February, while 11 suppliers, increased the price of their cheapest available tariff. Together Energy decreased its tariff by the greatest amount (£110/year) to £830/year on average, to become the eighth cheapest supplier. Ovo Energy increased its cheapest available tariff by the greatest amount (£160/year) to £1,099/year on average. Following the merger with E.ON UK, npower was only offering its standard variable tariff at 31 March.



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 | 17 Apr 20 | 13.60 | 32.13 | 22.25 | 39.48 | 55.20 | 20.10 | 27.94 |
| Last week | 9 Apr 20 | 15.45 | 32.22 | 28.35 | 39.62 | 55.95 | 21.16 | 34.19 |
| Four weeks ago | 20 Mar 20 | 24.60 | 32.42 | 30.75 | 38.25 | 55.60 | 16.77 | 30.19 |
| Last year | 18 Apr 19 | 35.25 | 51.59 | 44.25 | 53.61 | 75.00 | 27.11 | 71.49 |
| Year-on-year % change | | -61.4% | -37.7% | -49.7% | -26.4% | -26.4% | -25.9% | -60.9% |
| 12-month high | | 42.40 | 53.78 | 53.00 | 55.40 | 75.00 | 29.66 | 75.54 |
| 12-month low | | 13.60 | 29.84 | 18.50 | 36.15 | 52.70 | 14.90 | 22.74 |





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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