

Energy Wholesale Market Review

Week Ending 24th April 2020



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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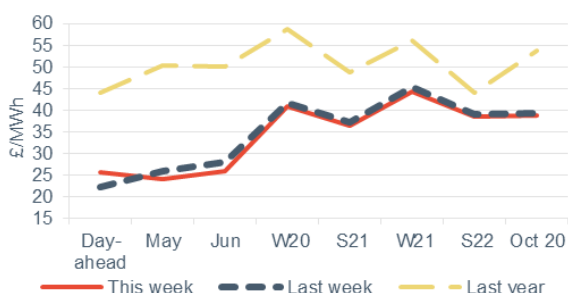
Headlines 24/04/2020

Most power and gas contracts fell again this week as lockdown measures continued to stifle both power and gas demand. Day-ahead gas fell 17.3% to 11.25p/th, with higher LNG send-out pressuring prices amid an oversupplied as market. Despite falling to a record low of £10.00/MWh early this week, day-ahead power opposed gas and ended the week up 15.1% at £25.60/MWh, due to forecasts of lower wind output early next week. May 20 gas was down 15.1% at 13.03p/th and June 20 gas decreased 15.2% to 13.73p/th. All seasonal gas contracts declined this week, down by 4.6% on average, while both winter 20 and summer 21 gas dropping 4.9% and 5.7% respectively, to 32.04p/th and 28.81p/th. All seasonal power contracts declined this week, down on average by 2.0%, as winter 20 power decreased 1.7% to £41.03/MWh, while summer 21 fell 2.2% to £36.39/MWh. Brent crude oil prices crashed again this week as WTI prices turned negative, sending the market into unknown territory. Brent crude prices lost 24.8% to average \$21.89/bl, but on 22 April slid to a 21-year low under \$16/bl. Prices stabilised late in the week as oil producers pledged to further output cuts. API 2 coal saw small losses last week, falling 1.1% to average \$54.10/t, despite demand in China slowly regaining following the easing of lockdown restrictions. Whilst EU ETS carbon prices were impacted by oil price movements, they ultimately rose 2.4% to average €20.59/t. Carbon prices were supported by reduced nuclear power in France by EDF – resulting in a rise in fossil fuel imports and a greater demand for EUA's

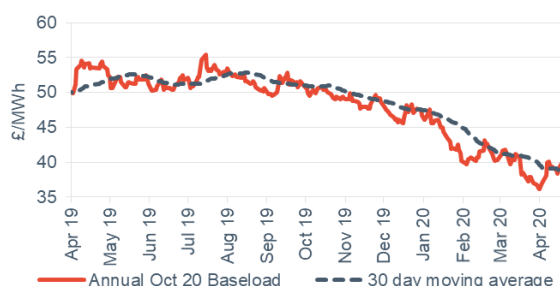
Baseload electricity

- Day-ahead power rose 15.1% to end the week at £25.60/MWh, on forecasts of a drop in wind output
- May 20 power slipped 7.1% at £24.25/MWh and June 20 power decreased 7.3% to £25.97/MWh
- Q320 power moved 4.8% lower to £29.51/MWh
- The Annual October 20 contract lost 2.0% to £38.71/MWh, 28.1% lower than the same time last year (£53.85/MWh)

Forward curve comparison



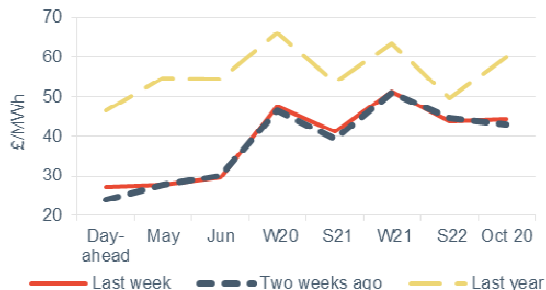
Annual April contract



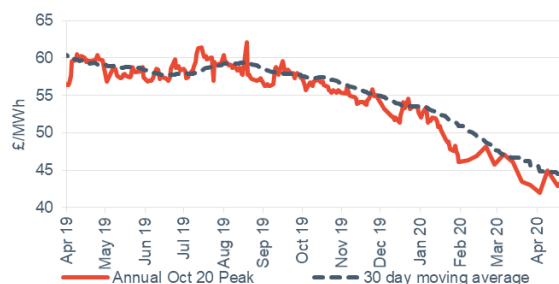
Peak electricity

- Day-ahead peak power followed its baseload counterpart and was up 12.9% to £27.10/MWh
- May 20 peak power declined 0.1% at £27.67/MWh, and June 20 peak power decreased 2.1% to £29.38/MWh
- The Annual October 20 peak power contract lost 3.2% to 44.28/MWh
- This is 26.0% lower than the same time last year (59.85/MWh)

Forward curve comparison

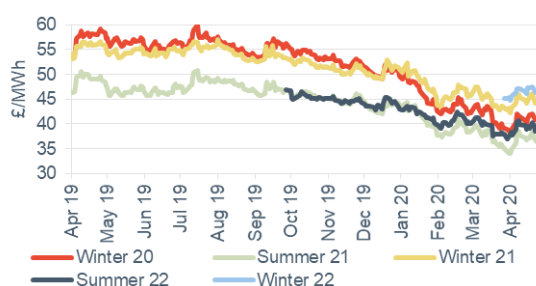


Annual April contract



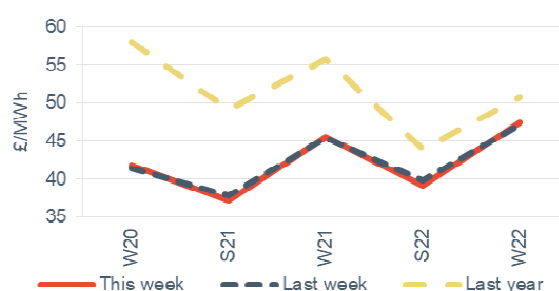
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts declined last week, down on average by 2.0%
- Winter 20 power decreased 1.7% to £41.03/MWh, while summer 21 fell 2.2% to £36.39/MWh

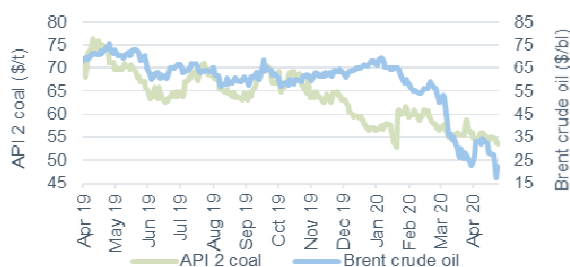
Seasonal baseload power curve



- All seasonal peak power contracts boosted this week, up £1.3% on average
- Winter 20 and summer 21 peak power increased 2.2% and 4.4% respectively, falling to £47.42/MWh and £41.13/MWh.

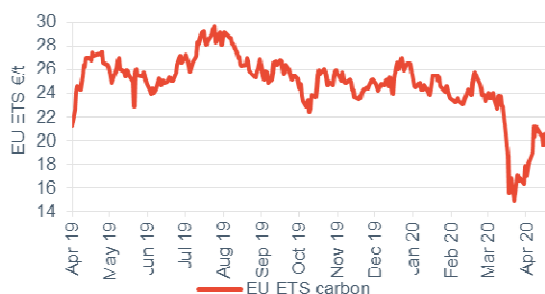
Commodity price movements

Oil and coal



- Brent crude oil prices crashed again this week as WTI prices turned negative, sending the market into unknown territory
- Brent crude prices lost 24.8% to average \$21.89/bl, at one point on 22 April dropping to a 21-year low of below \$16/bl
- The expiry of futures oil contracts on 21 April for May delivery saw investors looking to sell these contracts on 20 April, as is usual at this point every month
- However, significant lack of demand for the commodity saw speculators with no view to consuming the oil paying for others to take it off their hands, resulting in the negative WTI price for the first time in history
- Prices stabilised late in the week at just under \$22/bl as a flare up in geopolitical tensions in the Middle East helped to support prices

Carbon



- API 2 coal saw small losses this week, falling 1.1% to average \$54.10/t, despite demand in China slowly regaining following the easing of lockdown restrictions
- Lowered stocks at ARA terminals (Northwest Europe) helped limit further coal price losses
- Whilst EU ETS carbon prices were influenced by oil price movements, they ultimately rose 2.4% to average €20.59/t
- Carbon prices were supported by reduced nuclear power in France by EDF – resulting in a rise in fossil fuel imports and a greater demand for EUA's

Supplier tariff movements

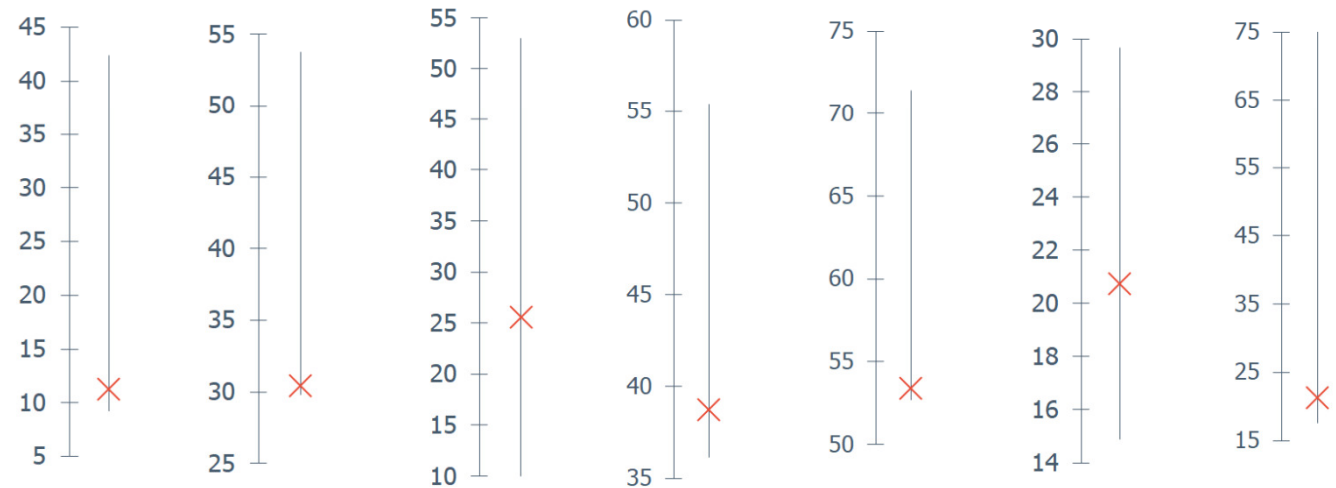
29 suppliers decreased the price of their cheapest available tariff in March compared to February, while 11 suppliers, increased the price of their cheapest available tariff. Together Energy decreased its tariff by the greatest amount (£110/year) to £830/year on average, to become the eighth cheapest 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	24 Apr 20	11.25	30.43	25.60	38.71	53.40	20.75	21.30
Last week	17 Apr 20	13.60	32.13	22.25	39.48	55.20	20.10	27.94
Four weeks ago	27 Mar 20	19.05	31.33	29.00	37.03	56.95	16.79	25.96
Last year	25 Apr 19	32.50	52.48	41.55	54.39	71.10	27.43	75.54
Year-on-year % change		-65.4%	-42.0%	-38.4%	-28.8%	-24.9%	-24.4%	-71.8%
12-month high		42.40	53.78	53.00	55.40	71.40	29.66	75.54
12-month low		9.25	29.84	10.00	36.15	52.70	14.90	17.53

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.

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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