



Energy Wholesale Market Review

Week Ending 1st May 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



Contents

Baseload electricity	3
Peak electricity	3
Seasonal power prices	4
Commodity price movements	4
Supplier tariff movements	5
Wholesale price snapshot	6
About EDW Technology Limited	7



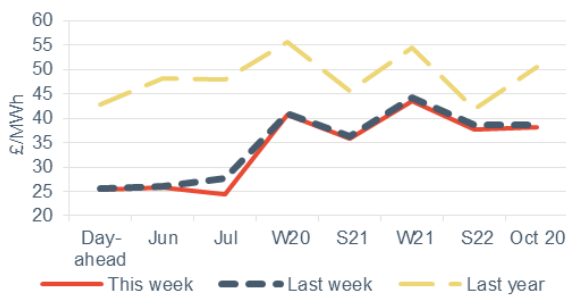
Headlines 01/05/2020

Most power and gas contracts fell this week as the UK remained under lockdown, muting demand across the country. Day-ahead gas was an exception and rose 20.9% to 13.60p/th following slightly lower temperatures towards the end of the week. Day-ahead power opposed gas and fell 1.4% to £25.25/MWh as a result of higher wind generation forecasts. June 20 gas was up 0.1% at 13.75p/th, while July 20 gas decreased 0.3% to 15.25p/th. All seasonal gas contracts declined this week, down by 1.3% on average. Winter 20 and summer 21 gas dropped 0.9% and 0.7% respectively, subsiding to 31.75p/th and 28.60p/th. All seasonal power contracts followed gas prices down, slipping on average by 1.7%. Winter 20 power decreased 1.0% to £40.60/MWh, while summer 21 fell 1.5% to £35.85/MWh. Brent crude oil prices rose 2.1% to average \$22.35/bl, as the ease of lockdown restrictions in several countries around the world and the build-up to oil production cuts in May helped to support prices. Starting the week at around \$21/bl, Brent crude prices fell back under \$20/bl the following day on reports that global storage was reaching near maximum capacity. EU ETS carbon prices did not follow oil prices and ultimately fell 2.6% to average €20.05/t. Carbon prices dropped with lower demand in EUA auctions as a result of a national holiday across most of Europe on 1 May.

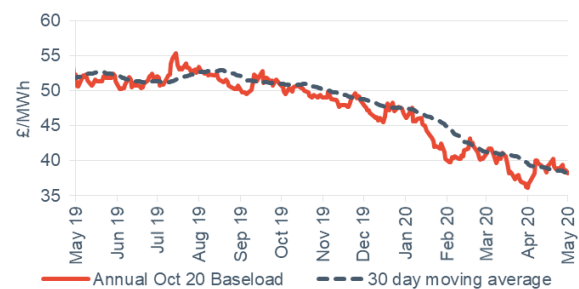
Baseload electricity

- Day-ahead power fell 1.4% to £25.25/MWh on a rise in wind generation towards the end of the week
- June 20 power slipped 0.5% at £25.85/MWh and July 20 power decreased 12.1% to £24.40/MWh
- Q320 power moved 1.4% lower to £29.10/MWh
- The Annual October 20 contract lost 1.2% to £38.23/MWh, 24.5% lower than the same time last year (£50.61/MWh)

Forward curve comparison



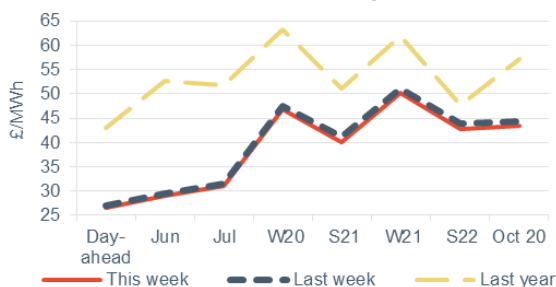
Annual April contract



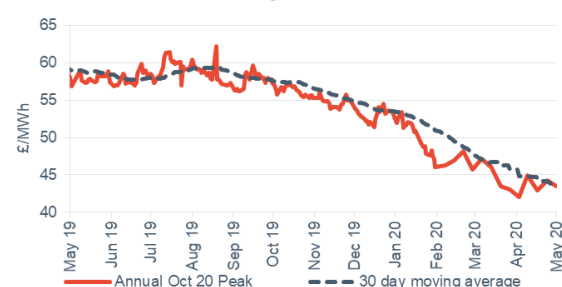
Peak electricity

- Day-ahead peak power followed its baseload counterpart down, falling 2.2% to £26.50/MWh
- June 20 peak power declined 0.9% at £29.12/MWh, and July 20 peak power decreased 1.9% to £30.98/MWh.
- The Annual October 20 peak power lost 1.9% to 43.45/MWh
- This is 23.9% lower than the same time last year (57.08/MWh)

Forward curve comparison



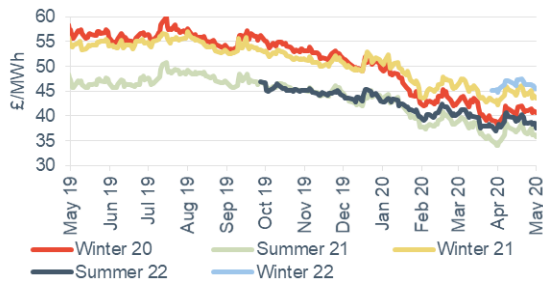
Annual April contract





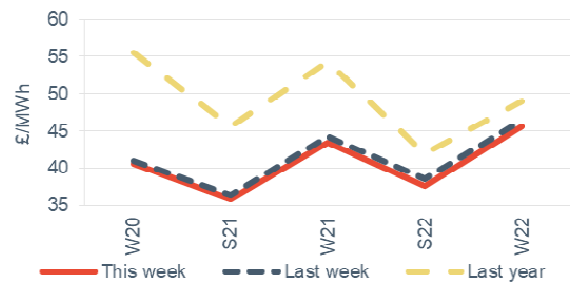
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 1.7%
- Winter 20 power decreased 1.0% to £40.60/MWh, while summer 21 fell 1.5% to £35.85/MWh

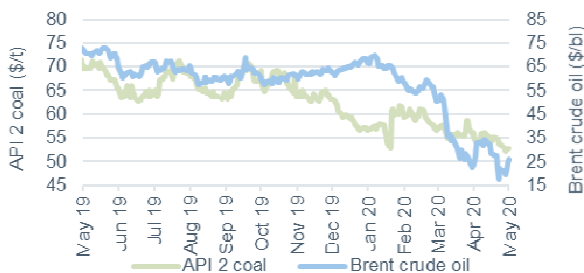
Seasonal baseload power curve



- All seasonal peak power contracts declined this week, down 2.0% on average
- Winter 20 and summer 21 peak power dropped 1.1% and 2.8% respectively, falling to £46.92/MWh and £39.97/MWh.

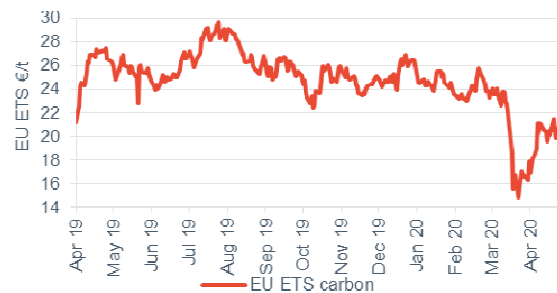
Commodity price movements

Oil and coal



- Brent crude oil prices rose 2.1% to average \$22.35/bbl this week, as the ease of lockdown restrictions in several countries around the world and the build-up to oil production cuts in May supported prices
- Starting the week at around \$21/bbl, Brent crude prices dropped back under \$20/bbl the following day on reports that global storage was reaching near maximum capacity
- Prices were bolstered midweek by indications from the IEA that US crude inventories had risen by less than expected
- Brent prices continued to rise late this week as Donald Trump threatened to revoke military support for Saudi Arabia, should they choose not to cut oil production
- With the interests of the US shale industry, the US president told Saudi Arabian leaders: "We are defending your industry while you're destroying ours."

Carbon



- API 2 coal saw losses this week, falling 2.8% to average \$52.60/t, as demand for the commodity continues to slide
- Coal demand has been particularly affected by the fall in LNG prices, which has seen a switch in coal to gas buying in the Asian market
- EU ETS carbon prices did not follow oil prices last week and ultimately fell 2.6% to average €20.05/t
- Carbon prices dropped with lower demand in EUA auctions as a result of a national holiday across most of Europe on 1 May

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



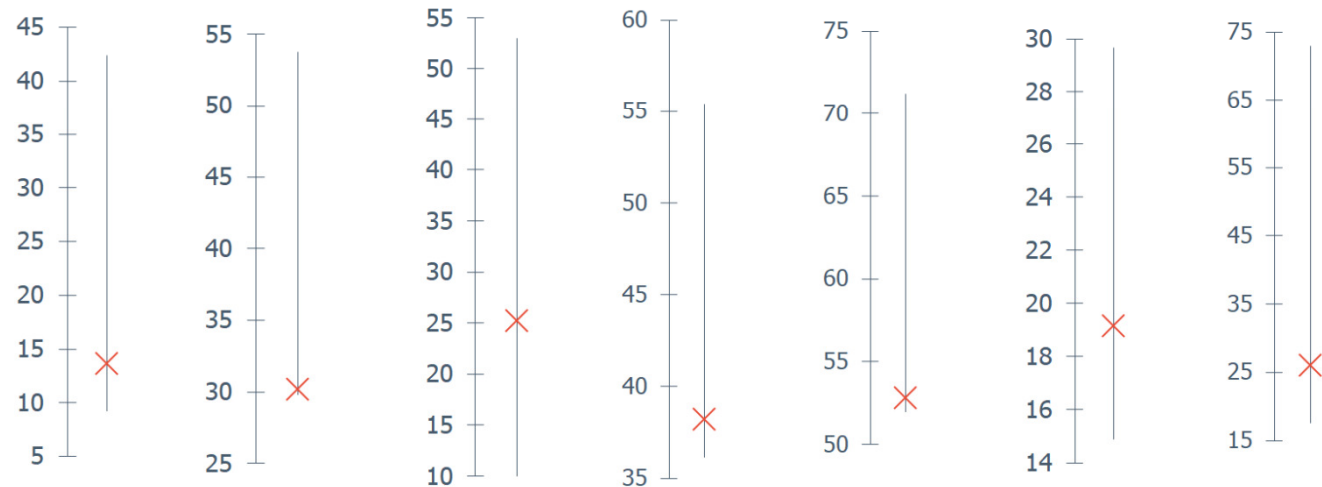
available tariff by the greatest amount (£160/year) to £1,099/year on average. Following the merger with E.ON UK, npower was only offering its standard variable tariff at 31 March.



Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	1 May 20	13.60	30.18	25.25	38.23	52.85	19.15	26.00
Last week	24 Apr 20	11.25	30.43	25.60	38.71	53.40	20.75	21.30
Four weeks ago	3 Apr 20	16.00	30.94	18.50	37.06	54.30	18.06	32.94
Last year	2 May 19	34.20	48.35	42.65	50.69	69.70	25.26	71.39
Year-on-year % change		-60.2%	-37.6%	-40.8%	-24.6%	-24.2%	-24.2%	-63.6%
12-month high		42.40	53.78	53.00	55.40	71.20	29.66	72.93
12-month low		9.25	29.84	10.00	36.15	52.00	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

Copyright © 2020 EDW Technology Limited. All rights reserved.

No part of this publication may be reproduced, transmitted, transcribed, stored in a retrieval system, or translated into any language, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior written permission from EDW Technology Limited.

All copyright, confidential information, patents, design rights and all other intellectual property rights of whatsoever nature contained herein are and shall remain the sole and exclusive property of EDW Technology Limited. The information furnished herein is believed to be accurate and reliable. However, no responsibility is assumed by EDW Technology Limited for its use, or for any infringements of patents or other rights of third parties resulting from its use.