



Energy Wholesale Market Review

Week Ending 8th 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	4
Wholesale price snapshot	5
About EDW Technology Limited	6



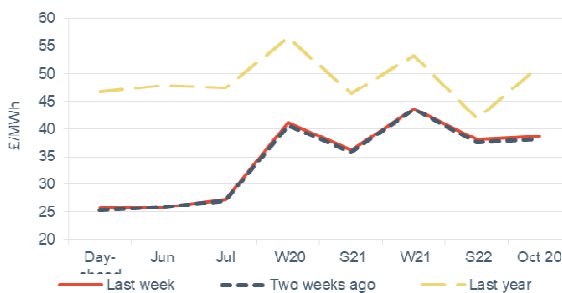
Headlines 08/05/2020

GB power and gas prices saw mixed movements last week, with several gains in contracts which had previously seen sustained losses amid the COVID-19 outbreak. Day-ahead gas (for delivery last Friday) rose 10.3% to 15.00p/th despite much warmer weather towards the end of last week. The day-ahead power contract followed gas movements and rose 2.0% to £25.75/MWh. June 20 gas was up 4.7% at 14.40p/th, and July 20 gas increased 0.3% to 15.30p/th. The majority of seasonal gas contracts also boosted last week, up by 0.9% on average, supported by an underlying rise in LNG and oil prices. Winter 20 and summer 21 gas contracts rose 2.4% and 1.8% respectively, lifting to 32.52p/th and 29.11p/th. All seasonal power contracts boosted last week, up on average by 0.9% as winter 20 and summer 21 expanded 1.4% and 1.0% respectively, rising to £41.15/MWh and £36.20/MWh. Brent crude oil rose by 32.1% to \$29.53/bl as a rise in tensions between Donald Trump and Xi Jinping helped to support prices, with the first phase of the trade deal between China and the US now all but nullified by the spreading of the coronavirus. EU ETS carbon prices fell 4.3% to average €19.19/t as demand for EUAs was slightly muted on bank holidays across Europe last week. API 2 coal prices remained just below \$53/t as the commodity continues to show little movement when compared to oil, carbon and LNG prices.

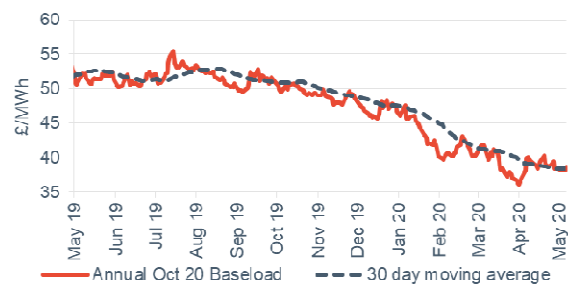
Baseload electricity

- Day-ahead power rose 2.0% to £25.75/MWh as the gradual easing of lockdown restrictions will begin to see a rise in energy demand
- June 20 power remained at £25.85/MWh and July 20 power increased 0.5% to £27.25/MWh
- Q320 power moved 0.2% higher to £29.15/MWh
- The Annual October 20 contract rose 1.2% to £38.68/MWh, but was 24.8% lower than the same time last year (£51.46/MWh)

Forward curve comparison



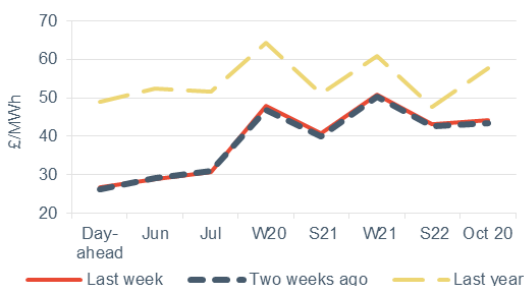
Annual October contract



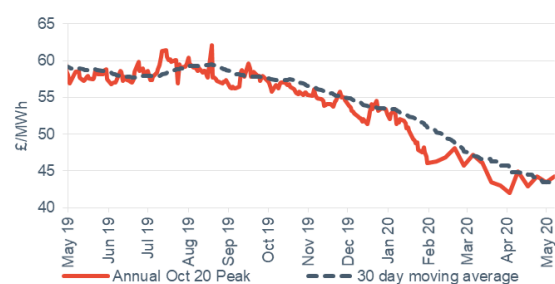
Peak electricity

- Day-ahead peak power was up 1.9% to £26.75/MWh, following its baseload counterpart
- June 20 peak power declined 0.8% to £28.90/MWh, and July 20 peak power decreased 0.9% to £30.70/MWh
- The Annual October 20 peak power contract gained 2.0% to 44.31/MWh
- This is 23.2% lower than the same time last year (57.67/MWh)

Forward curve comparison



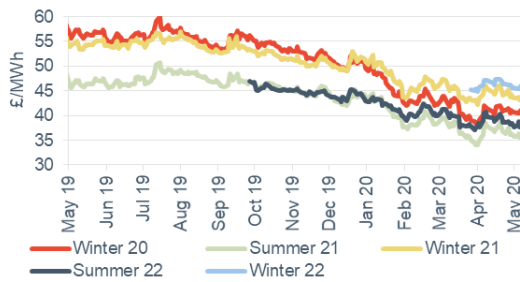
Annual October contract





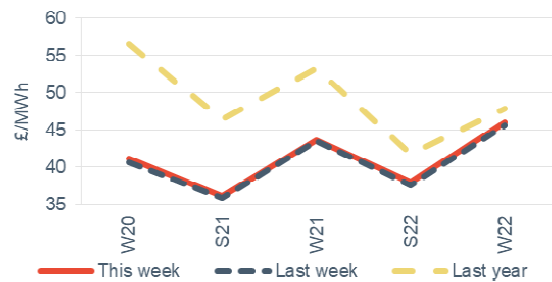
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts boosted last week, up on average by 0.9%
- Winter 20 and summer 21 expanded 1.4% and 1.0% respectively, rising to £41.15/MWh and £36.20/MWh

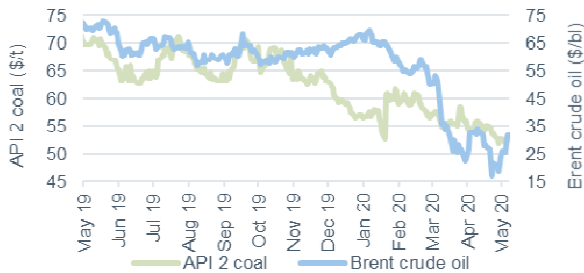
Seasonal baseload power curve



- Seasonal peak power contracts were mixed last week, but on average rose by 1.5%
- Winter 20 and summer 21 peak power increased 2.0% and 2.0% respectively, rising to £47.87/MWh and £40.75/MWh

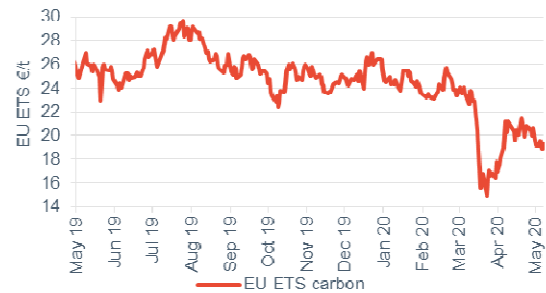
Commodity price movements

Oil and coal



- Brent crude oil prices rose 32.1% last week to average \$29.53/bl, closing the week close to \$32/bl as prices were supported by several bullish factors
- A rise in tensions between Donald Trump and Xi Jinping helped to support prices as the first phase of the trade deal between China and the US has been all but nullified by the spreading of the coronavirus
- A breakdown in relations could see China looking to other markets to purchase energy, which they had been contracted to buy from the US
- Prices slipped early this Monday morning, however, the markets began to weigh up the possibility of a second wave of infections of the coronavirus
- The first new cases have been reported in Wuhan since lockdown measures were lifted nearly a month ago, and rates of infection have since been rising in Germany and South Korea since their respective lockdown measures were lifted

Carbon



- EU ETS carbon prices fell 4.3% to average €19.19/t. Demand for EUAs was slightly muted on bank holidays across Europe last week
- API 2 coal prices remained just below \$53/t as the commodity continues to show little movement when compared to oil, carbon and LNG markets.
- Demand in NE Asia will have been helped slightly by a rise in LNG prices in the past week, making coal relatively more economical to purchase for electricity generation

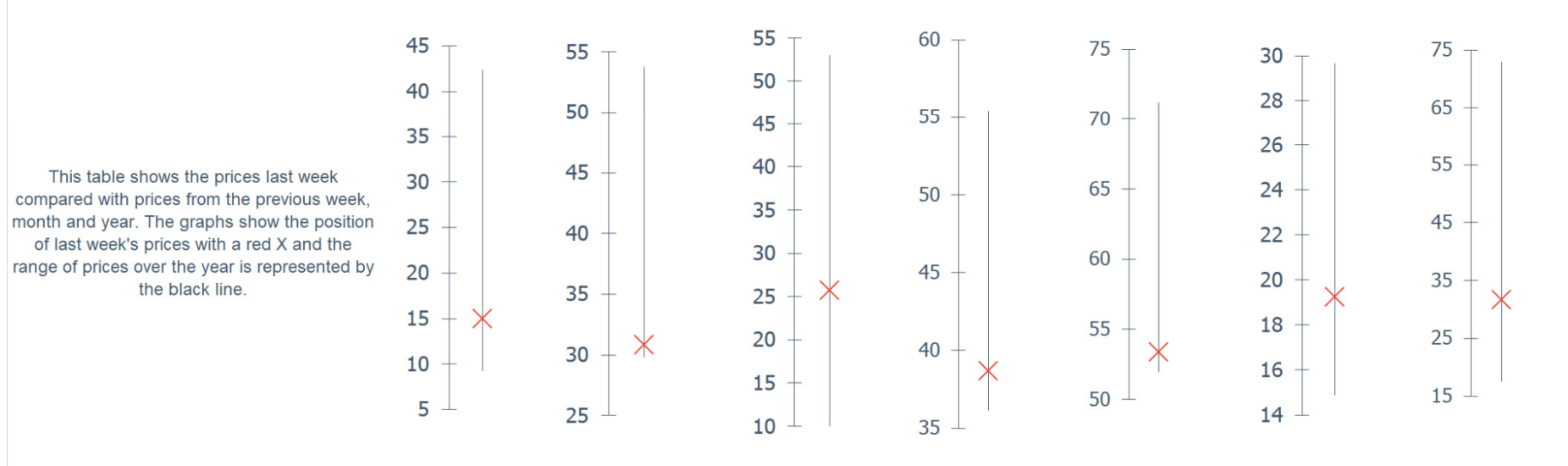
Supplier tariff movements

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	7 May 20	15.00	30.82	25.75	38.68	53.40	19.25	31.65
Last week	1 May 20	13.60	30.18	25.25	38.23	52.85	19.15	26.00
Four weeks ago	9 Apr 20	15.45	32.22	28.35	39.62	55.95	21.16	34.19
Last year	9 May 19	37.00	50.26	46.40	52.26	71.00	26.93	70.00
Year-on-year % change		-59.5%	-38.7%	-44.5%	-26.0%	-24.8%	-28.5%	-54.8%
12-month high		42.40	53.78	53.00	55.40	71.20	29.66	72.93
12-month low		9.25	29.79	10.00	36.15	52.00	14.90	17.53





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.