



Energy Wholesale Market Review

Week Ending 15th May 2020



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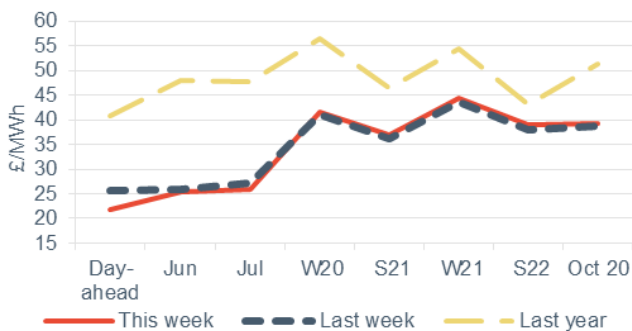
Headlines 15/05/2020

Mixed movements were observed in GB wholesale gas and power markets this week; near-term contracts continued to decline on low consumption forecasts amid the coronavirus, while several further reaching contracts followed global commodities higher, with some analysts predicting a quicker bounce-back in demand than was previously expected. Day-ahead gas fell 14.3% to 12.85p/th as a result of milder weather forecast for next week. Day-ahead power fell 15.7% to £21.70/MWh, weighed on by its gas counterpart and mild weather. June 20 gas was down 12.2% at 12.64p/th and July 20 gas decreased 15.2% to 12.98p/th. In contrast, all seasonal gas contracts boosted this week, up by 1.6% on average. Winter 20 and summer 21 gas increased 0.3% and 1.9% respectively, lifting to 32.63p/th and 29.65p/th. Most seasonal power contracts boosted this week, up on average by 1.5%. Winter 20 and summer 21 expanded 1.2% and 1.8% respectively, rising to £41.65/MWh and £36.86/MWh. Brent crude oil prices rose 2.5% this week to average \$30.26/bl with relatively little movements seen, though indicators towards the end of the week saw a rise in prices on 15 May. EU ETS carbon prices fell a further 2.1% to average €18.79/t, despite prices rising to €19.19/t on 15 May on colder weather and lower renewables output in Europe.

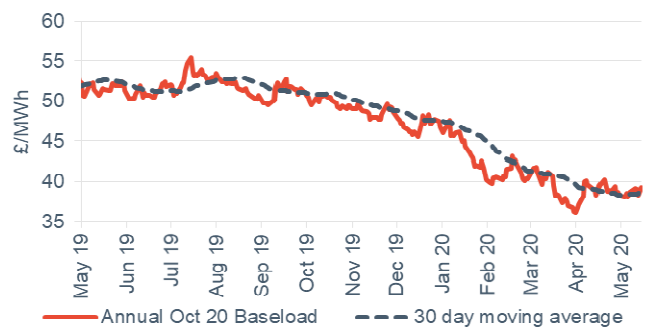
Baseload electricity

- Day-ahead power fell 15.7% to £21.70/MWh on lower consumption forecasts for next week with milder weather expected
- June 20 power slipped 2.1% to £25.30/MWh and July 20 power decreased 5.1% to £25.85/MWh
- Q320 power moved 3.8% lower to £28.04/MWh
- The Annual October 20 contract rose 1.5% to £39.26/MWh, but was 23.6% lower than the same time last year (£51.39/MWh)

Forward curve comparison



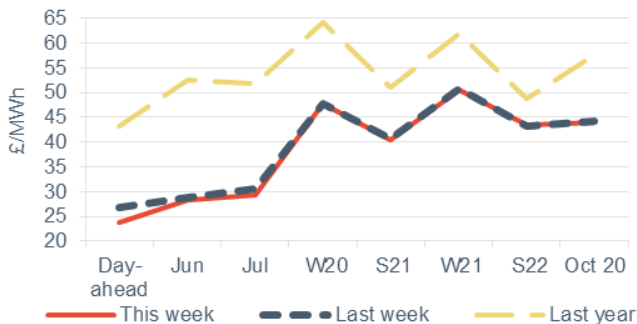
Annual October contract



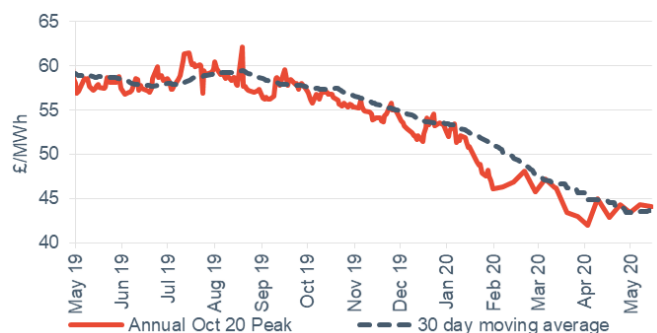
Peak electricity

- Day-ahead peak power was down 11.2% to £23.75/MWh, following its baseload counterpart lower
- June 20 peak power declined 2.1% to £28.30/MWh, and July 20 peak power decreased 4.6% to £29.28/MWh
- The annual October 20 peak power lost 0.5% to 44.10/MWh
- This is 23.5% lower than the same time last year (57.61/MWh)

Forward curve comparison



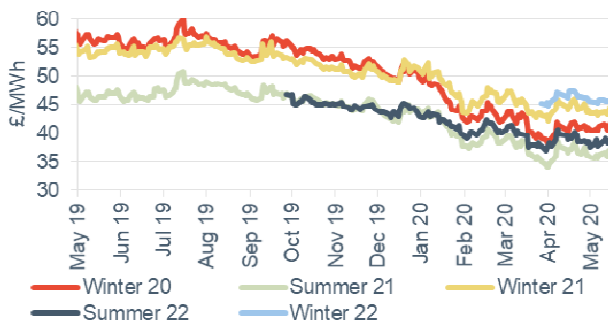
Annual October contract





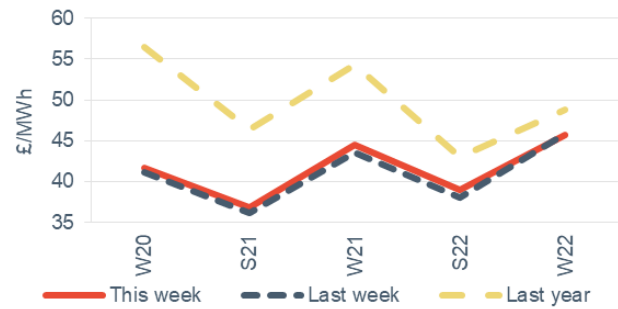
Seasonal power prices

Seasonal baseload power contracts



- Most seasonal power contracts boosted this week, up on average by 1.5%
- Winter 20 and summer 21 power expanded 1.2% and 1.8% respectively, rising to £41.65/MWh and £36.86/MWh

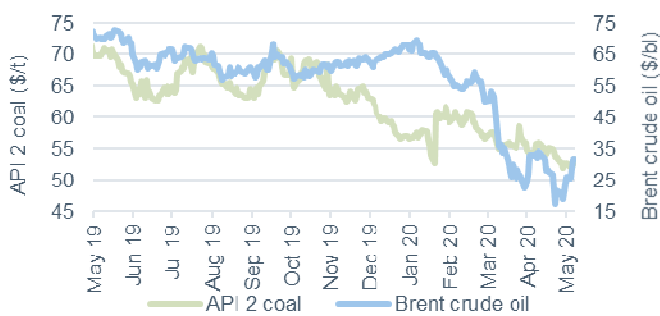
Seasonal baseload power curve



- Most seasonal peak power contracts opposed their baseload counterparts and declined this week, down 0.3% on average
- Winter 20 and summer 21 peak power dropped 0.3% and 0.7% respectively, falling to £47.73/MWh and £40.47/MWh

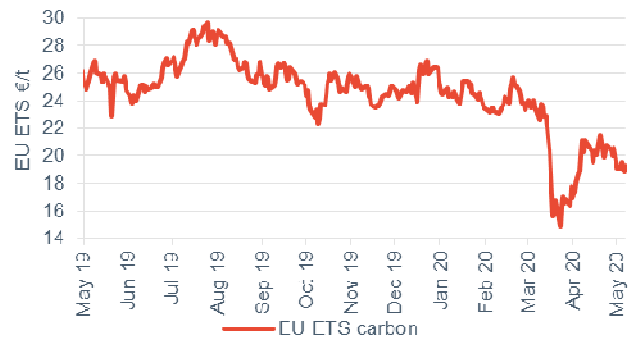
Commodity price movements

Oil and coal



- Brent crude oil prices rose 2.5% to average \$30.26/bl as relatively minimal movements were seen throughout this week compared to recent times
- Prices were supported midweek by reports from the IEA showing an unexpected drop in US crude inventories, the first such drop for 15 weeks
- News that oil storage levels fell by 0.7mn barrels helped a 3% rise in Brent crude oil prices
- Further indicators towards the end of the week that demand could slowly be resurging helped prices lift back over \$32/bl
- Particularly influential in price movements was data from China, showing that refineries had increased operations in April
- Further support was lent to Brent on the supply side, with Saudi Arabia committing to deeper cuts

Carbon



- EU ETS carbon prices fell a further 2.1% to average €18.79/t, despite prices rising to €19.19/t on 15 May on colder weather and lower renewables output in Europe
- API 2 prices rose slightly to \$53.12/t as coal prices continued to show minimal movements but could start to lift higher on increasing Chinese imports

Supplier tariff movements

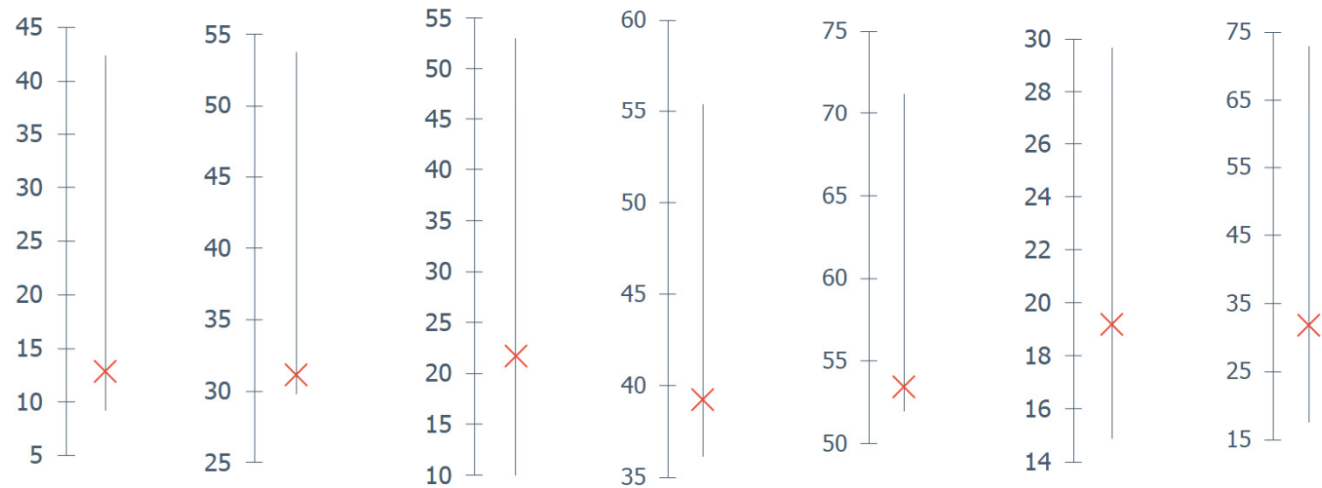
Between 22 March and 26 April, 61 suppliers decreased the price of their cheapest available tariffs (fixed/variable tariffs only) with the greatest decrease from Go Effortless at -£172. Only 3 suppliers increased the price of their cheapest available tariffs when comparing the two dates. These are: Good Energy (+£5), Utility Point (+£31) and Ovo Energy (+£152). Domestic tariff movements are a useful proxy for small and medium sized business rates, as the bills are largely made up of the same components.



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	15 May 20	12.85	31.14	21.70	39.26	53.45	19.19	31.87
Last week	7 May 20	15.00	30.82	25.75	38.68	53.40	19.25	31.65
Four weeks ago	17 Apr 20	13.60	32.13	22.25	39.48	55.20	20.10	27.94
Last year	16 May 19	31.60	49.82	41.20	51.53	70.15	25.86	72.28
Year-on-year % change		-59.3%	-37.5%	-47.3%	-23.8%	-23.8%	-25.8%	-55.9%
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

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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