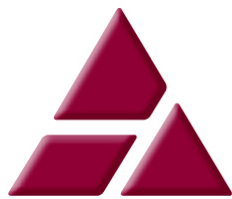




Energy Wholesale Market Review

Week Ending 5th June 2020



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Headlines 05/06/2020

Most power and gas contracts rose this week, potentially marking a change of course for the GB energy market.

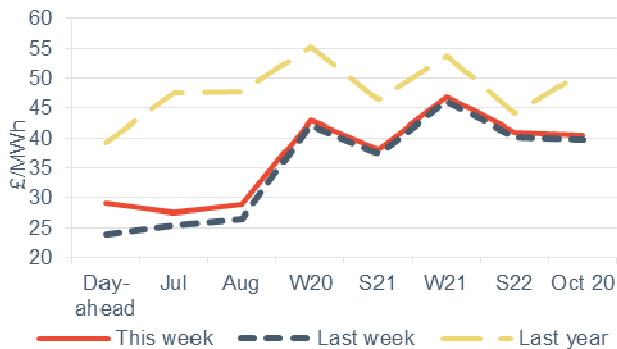
Day-ahead gas rose 45.7% to 12.75p/th on forecasts of colder weather next week that will spark a rise in gas demand. Day-ahead power rose 20.8% to £29.00/MWh with a higher gas price, and as forecasts of lower wind generation have helped to support the contract. All seasonal gas contracts boosted this week, up by 2.3% on average, with winter 20 and summer 21 gas lifting 3.3% and 2.7% respectively, to 31.8p/th and 29.58p/th. Seasonal power contracts were supported by rising gas prices, up on average by 1.6%. The winter 20 and summer 21 power contracts expanded 1.7% and 2.0% respectively, rising to £42.86/MWh and £38.25/MWh. Brent crude oil prices saw a sharp rise at the beginning of the week as the market speculated on the next OPEC meeting, scheduled to happen on the 9 June. Despite being rocked throughout the week on varying reports on Russia's potential compliance to production cuts, the Brent crude price was ultimately 12.5% higher than this week, trading at \$39.56/bl on average.

EU ETS carbon prices rose 1.3% to average €21.68/t this week, as the easing of lockdown measures in Europe is expected to increase consumption levels. API 2 coal prices rose to \$53.23/t on short-term supply issues from Russia due to domestic rail disruption within the country.

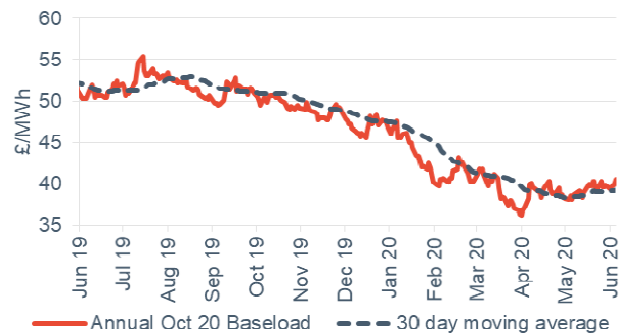
Baseload electricity

- Day-ahead power rose 20.8% to end the week at £29.00/MWh, reflecting forecasts for lower wind generation at the start of next week
- July 20 power climbed 8.3% at £27.61/MWh and August 20 power increased 8.8% to £28.82/MWh
- Q320 power moved 7.3% higher to £29.25/MWh
- The annual October 20 contract rose 1.8% to £40.56/MWh, 20.3% lower than the same time last year (£50.87/MWh)

Forward curve comparison



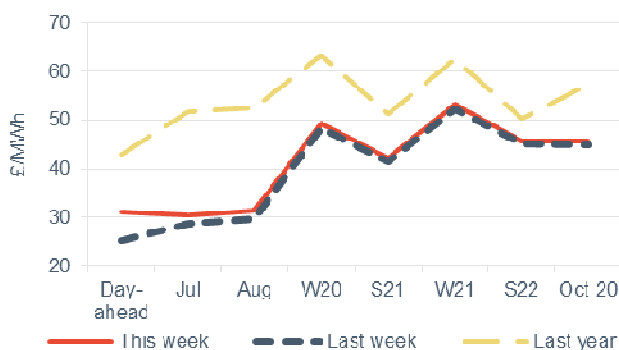
Annual October contract



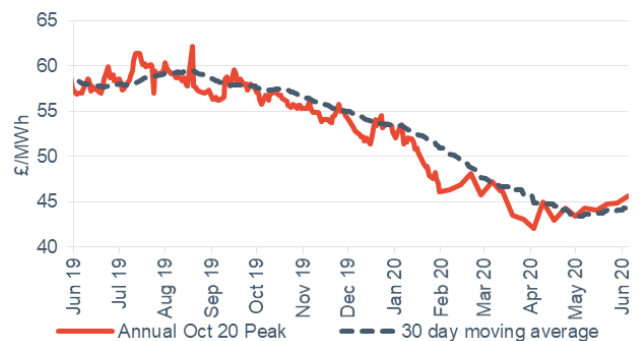
Peak electricity

- Day-ahead peak power was up 23.8% to £31.25/MWh, following its baseload counterpart higher
- July 20 peak power gained 6.8% at £30.6/MWh, and August 20 peak power increased 5.6% to £31.37/MWh
- The annual October 20 peak power contract lost 1.7% to 45.66/MWh
- This is 20.3% lower than the same time last year (57.28/MWh)

Forward curve comparison



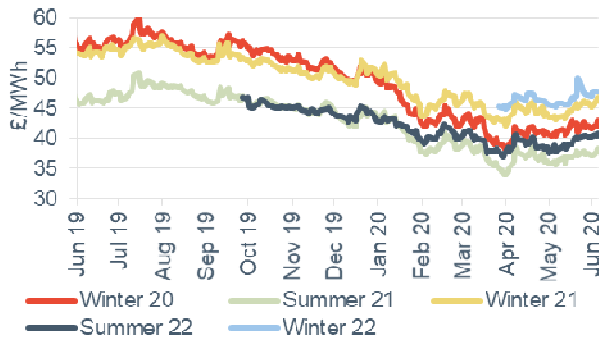
Annual October contract





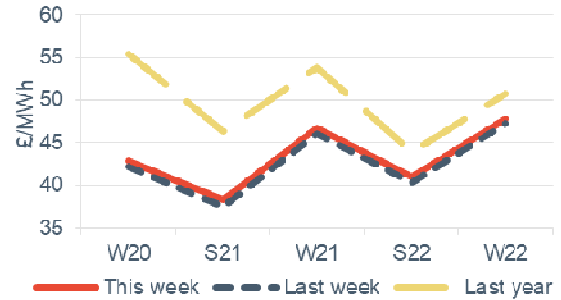
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts boosted this week, up on average by 1.6%
- Winter 20 and summer 21 expanded 1.7% and 2.0% respectively, rising to £42.86/MWh and £38.25/MWh

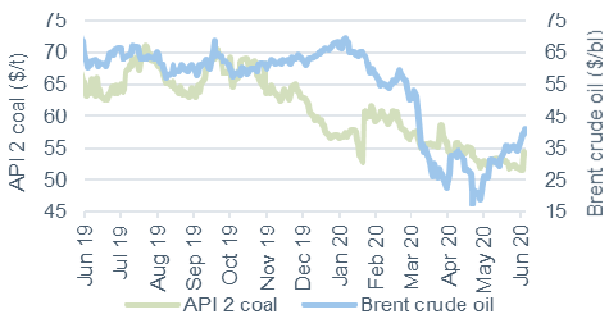
Seasonal baseload power curve



- All seasonal peak power contracts boosted this week, up 1.4% on average
- Winter 20 and summer 21 peak power increased 2.1% and 1.2% respectively, falling to £49.21/MWh and £42.1/MWh

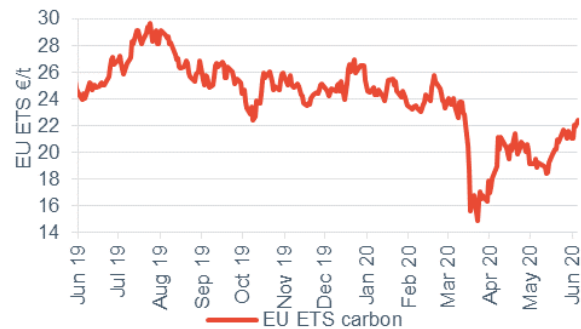
Commodity price movements

Oil and coal



- Brent crude oil prices saw a sharp rise at the beginning of the week as the market speculated on the next OPEC meeting, scheduled to happen on the 9 June
- Despite being rocked throughout the week on varying reports on Russia's potential compliance to production cuts, the Brent crude price was ultimately 12.5% higher than this week, trading at \$39.56/bl on average
- Optimism towards the end of last week saw the commodity trade above \$40/bl for the first time since early March
- The price gains occurred in spite of recent tensions across the US, as the market views rising demand for the commodity to uphold prices in the coming weeks

Carbon



- API 2 coal prices rose to \$53.23/t on short-term supply issues from Russia due to domestic rail disruption within the country
- EU ETS carbon prices rose 1.3% to average €21.68/t this week despite bearish drivers within the market, although the easing of lockdown restriction in Europe is anticipated to lift consumption levels
- Prices hit a 3-month high this week of €22.37/t, the highest since early March

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



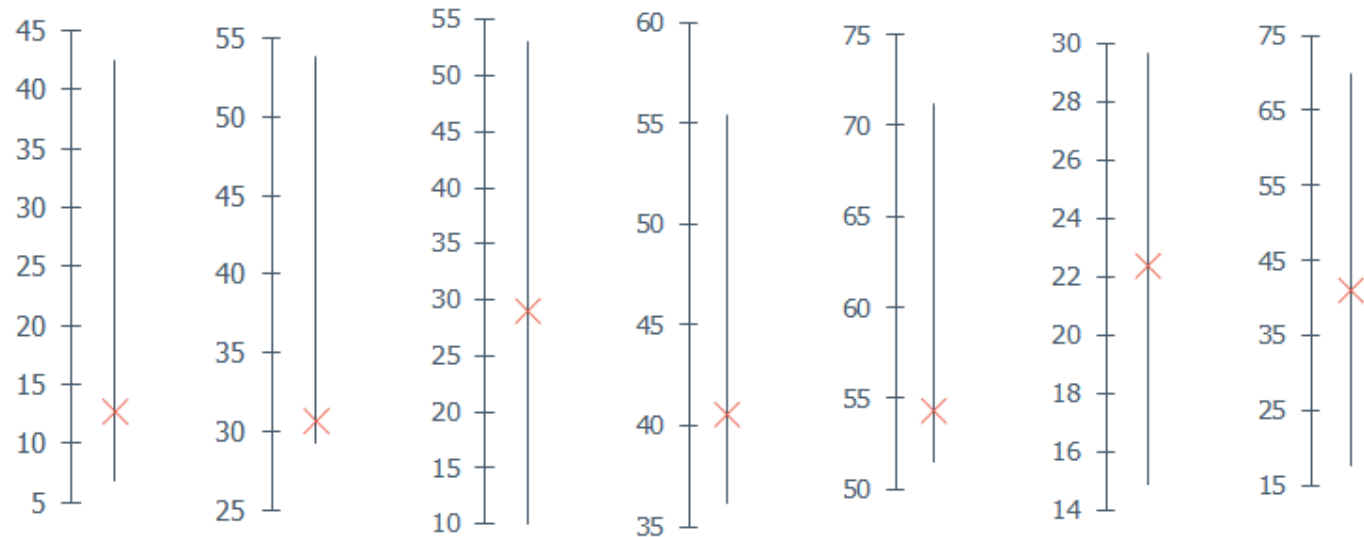
Ovo Energy (+£152). Domestic tariff movements are a useful proxy for small and medium sized business rates, as the bills are largely made up of the same components.



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	5 Jun 20	12.75	30.69	29.00	40.56	54.30	22.37	41.08
Last week	29 May 20	8.75	29.79	24.00	39.83	52.00	21.63	34.35
Four weeks ago	7 May 20	15.00	30.82	25.75	38.68	53.40	19.25	31.65
Last year	6 Jun 19	28.00	48.88	37.25	50.35	63.75	24.02	60.98
Year-on-year % change		-54.5%	-37.2%	-22.1%	-19.5%	-14.8%	-6.9%	-32.6%
12-month high		42.40	53.78	53.00	55.40	71.20	29.66	69.75
12-month low		6.85	29.24	10.00	36.15	51.50	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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