



# Energy Wholesale Market Review

Week Ending 17<sup>th</sup> July 2020



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## Headlines 17/07/2020

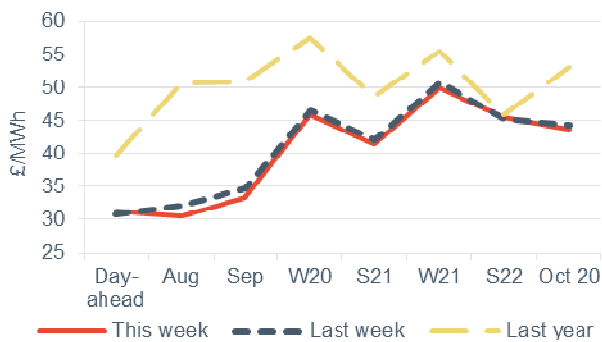
A mixed week for the GB energy market saw losses and gains in various gas and power contracts. Day-ahead gas remained at 13.25p/th despite supply concern following a maintenance period on the Nord Stream pipeline. Day-ahead power rose 1.6% to £31.25/MWh as forecasts of lower wind generation throughout the week looked to support prices. August 20 gas was down 2.5% at 13.43p/th and September 20 gas decreased 9.0% to 15.16p/th.

Seasonal gas contracts saw mixed direction this week, ultimately rising by 0.1% on average; the winter 20 gas contract dropped 1.8% to 33.53p/th, while summer 21 gas increased 0.2% to 31.38p/th. Most seasonal power contracts declined this week, down on average by 1.2% as winter 20 power decreased 1.5% to £45.81/MWh, while summer 21 fell 1.4% to £41.4/MWh. Brent crude oil prices held steady this week, averaging \$43.01/bl. The markets remain uncertain over future demand for the commodity, with the fears of a second wave of coronavirus potentially limiting future growth in the oil contract. EU ETS carbon prices saw volatile movement this week, reaching a 14-year high of €30.57/t on 13 July, driven by supportive changes to weather and rallying European equity markets.

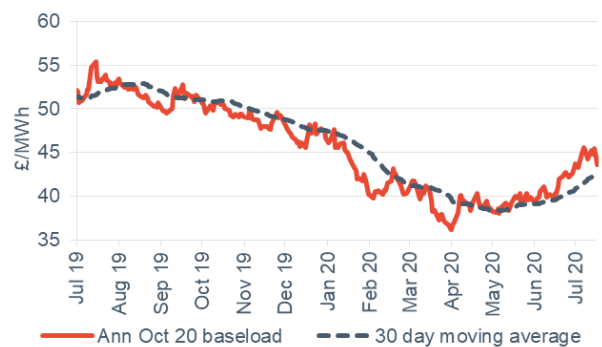
## Baseload electricity

- Day-ahead power rose 1.6% to £31.25/MWh, having been supported by falling wind generation forecasts throughout the week.
- August 20 power slipped 5.3% at £30.5/MWh and September 20 power decreased 4.5% to £33.24/MWh
- Q420 power moved 1.6% lower to £43.3/MWh
- The annual October 20 contract lost 1.4% to £43.61/MWh, 17.8% lower than the same time last year (£53.07/MWh)

### Forward curve comparison



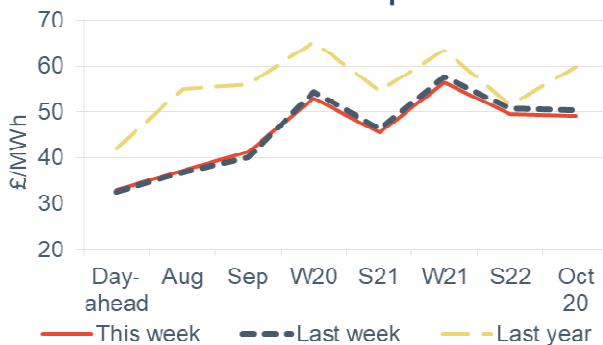
### Annual October contract



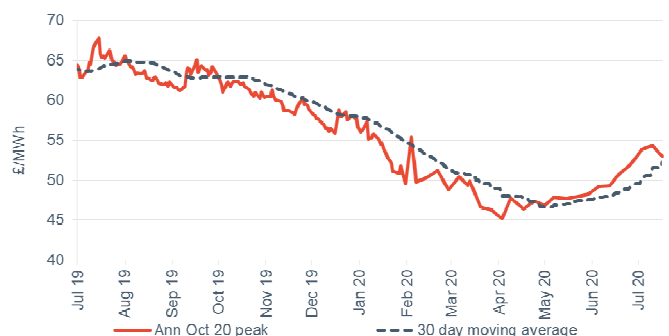
## Peak electricity

- Day-ahead peak power was up 1.5% to £33/MWh
- August 20 peak power gained 0.7% at £37.14/MWh, and September 20 peak power increased 3.2% to £41.33/MWh
- The annual October 20 peak power lost 2.3% to £49.21/MWh
- This is 17.8% lower than the same time last year (59.86/MWh)

### Forward curve comparison



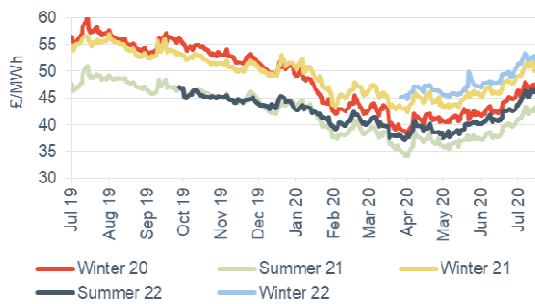
### Annual October contract



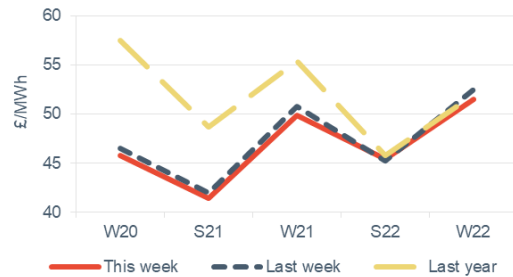


## Seasonal power prices

### Seasonal baseload power contracts



### Seasonal baseload power curve

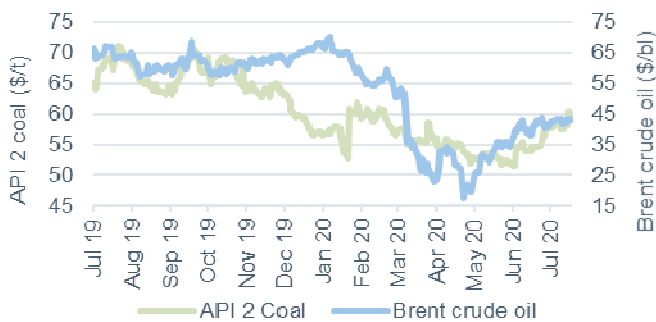


- Most seasonal power contracts declined this week, down on average by 1.2%
- Winter 20 power decreased 1.5% to £45.81/MWh, while summer 21 fell 1.4% to £41.4/MWh

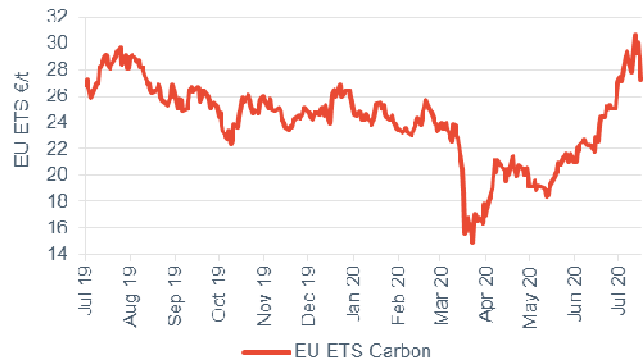
- All seasonal peak power contracts declined this week, down 2.3% on average
- Winter 20 and summer 21 peak power dropped 2.5% and 2.1% respectively, falling to £53.01/MWh and £45.4/MWh

## Commodity price movements

### Oil and coal



### Carbon



- Brent crude oil prices held steady this week, averaging \$43.01/bbl
- The markets remain uncertain over future demand for the commodity, with the fears of a second wave of coronavirus potentially limiting future growth in the oil contract
- Minor losses were seen in Brent prices midweek following the decision by OPEC+ allies to tease the production cuts that started in May. The record 9.7m bpd cuts will now be scaled back to 7.7m bpd starting in August
- Reports from OPEC saw the group envisaging global demand recovering by 7m bpd in 2021, following the 9m bpd drop this year as a result of the pandemic

- EU ETS carbon prices saw volatile movement this week, reaching a 14-year high of €30.57/t on 13 July, driven by supportive changes to weather and rallying European equity markets
- Following this high, prices subsequently dropped throughout the week as a result of higher supply at EUA auctions
- The increase in the EUA's issued helped prices crash by just over 10% to finish the week at €27.24/t
- API 2 coal prices continued to rise this week, hitting a 4-month high of €60.40/t, drawing influence from the surge in EU ETS prices recently

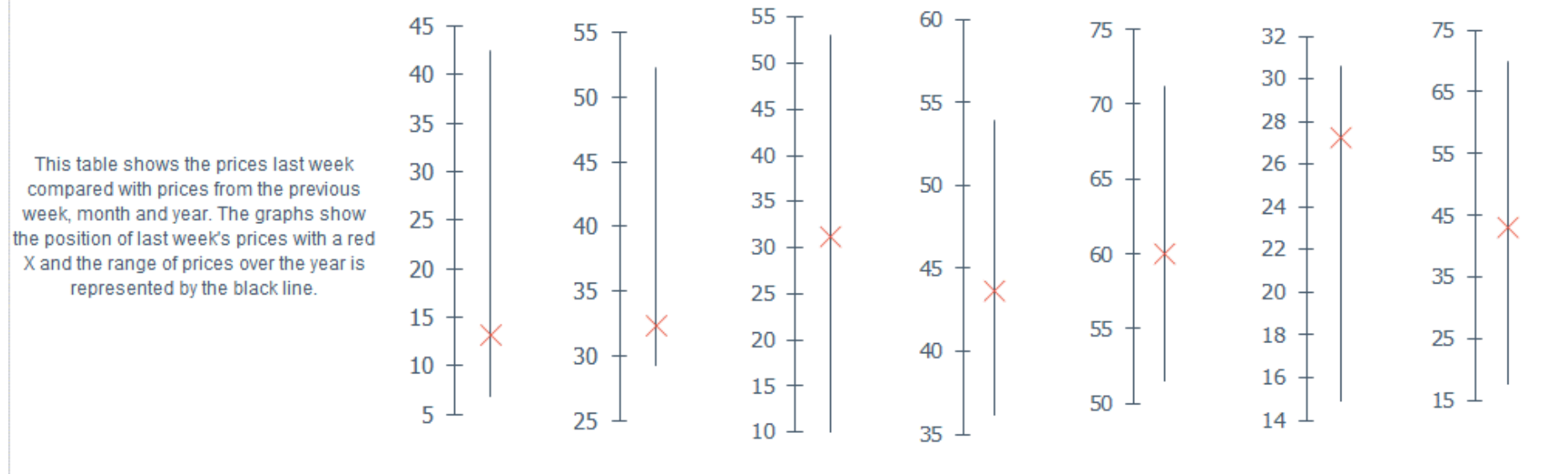
## Supplier tariff movements

Between 31 May to 28 June, 16 suppliers increased the price of their cheapest available tariff (fixed and variable). The largest increase was Nabuh, at +£129/year on average, to £1,001/year average. 7 suppliers decreased the price of their cheapest available, with the largest decrease from ESB Energy (-£127/year average) to £868/year on average. 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	17 Jul 20	13.25	32.46	31.25	43.61	60.00	27.24	42.98
Last week	10 Jul 20	13.25	32.74	30.75	44.25	57.40	27.79	41.44
Four weeks ago	19 Jun 20	14.25	31.38	29.25	41.90	54.50	24.40	42.78
Last year	18 Jul 19	30.45	51.52	41.60	53.30	68.55	28.11	63.81
Year-on-year % change		-56.5%	-37.0%	-24.9%	-18.2%	-12.5%	-3.1%	-32.6%
12-month high		42.40	52.20	53.00	53.90	71.20	30.57	69.75
12-month low		6.85	29.24	10.00	36.15	51.50	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.

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