



Energy Wholesale Market Review

Week Ending 7th August 2020



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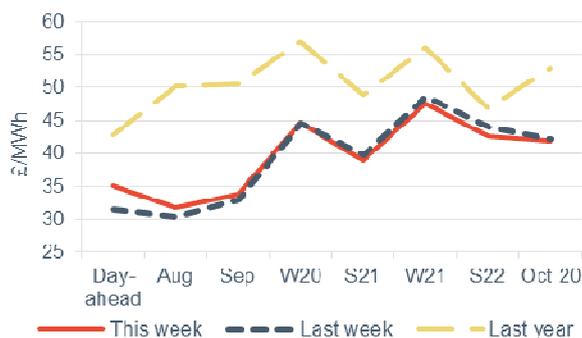
Headlines 07/08/2020

Breaking the trend seen in the last two weeks, gas and power contracts in the GB market saw gains this week, as the Bank of England forecasted that the long-term impacts of the coronavirus pandemic might not be as bad as initially thought. The largest movement was seen in the day-ahead gas contract, which rose 47.3% to 19.15p/th following increases in gas-for-power demand forecasts. Day-ahead power fell 1.6% to £34.45/MWh, with strong wind generation over the first half of the week. September 20 gas was up 38.2% at 21.61p/th, and October 20 gas increased 26.3% to 23.85p/th. All seasonal gas contracts increased this week, up by 5.3% on average. Winter 20 and summer 21 gas increased 8.9% and 7.2% respectively, lifting to 34.28p/th and 30.25p/th. Seasonal power contracts gained 3.5% on average. Winter 20 and summer 21 power climbed 5.3% and 5.1% to £47.1/MWh and £41.0/MWh, respectively. Brent crude oil rose 2.0% to average \$44.31/bl this week, reaching a near-five month midweek. The decision taken by OPEC+ countries in July to begin easing oil production began to take affect this week, with the oil market initially moving lower at the turn of the month.

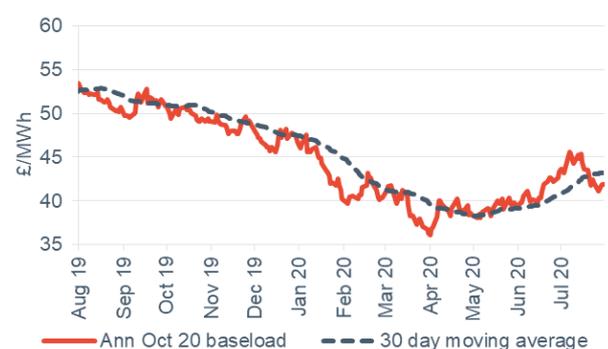
Baseload electricity

- Day-ahead power fell 1.6% to £34.45/MWh, with high wind generation in the first half of the week
- September 20 power climbed 15.7% to £39/MWh and October 20 power increased 11.5% to £39.00/MWh
- Q420 power moved 7.1% higher to £45.00/MWh
- The annual October 20 contract rose 5.2% to £44.05/MWh, 15.7% lower than the same time last year (£52.28/MWh)

Forward curve comparison



Annual October contract



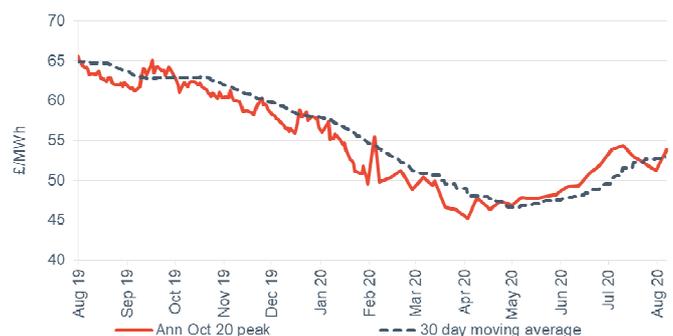
Peak electricity

- Day-ahead peak power was up 2.0% to £38.5/MWh opposing the movements in its baseload counterpart
- September 20 peak power gained 13.8% to £42.43/MWh, and October 20 peak power increased 4.9% to £43.2/MWh
- The annual October 20 peak power contract lost 5.2% to £49.35/MWh
- This is 16.4% lower than the same time last year (59.05/MWh)

Forward curve comparison



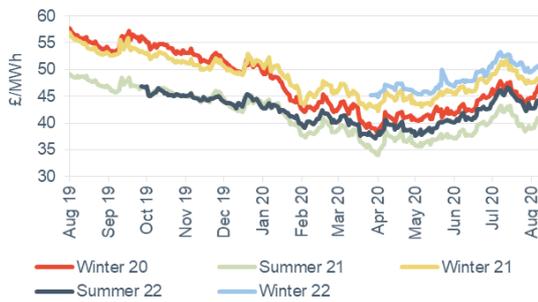
Annual October contract





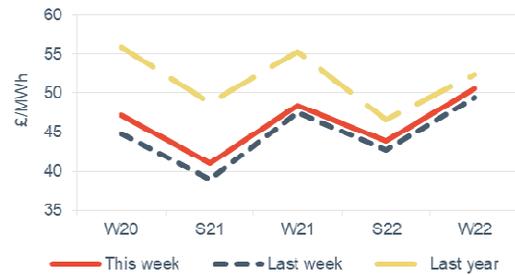
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts increased this week, up on average by 3.5%
- Winter 20 and summer 21 power climbed 5.3% and 5.1% respectively, rising to £47.1/MWh and £41/MWh

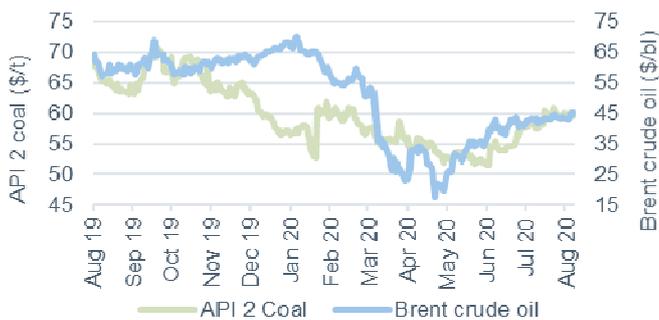
Seasonal baseload power curve



- Seasonal peak power contracts were up 3.8% on average, this week
- Winter 20 and summer 21 peak power increased 5.0% and 5.4% to £53.8/MWh and £44.89/MWh, respectively

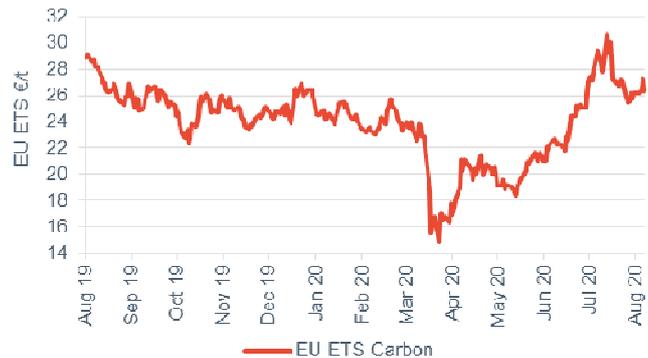
Commodity price movements

Oil and coal



- Brent crude oil rose 2.0% to average \$44.31/bbl this week, reaching a near-five month midweek
- The decision taken by OPEC+ countries in July to begin easing oil production began to take affect this week, with the oil market initially moving lower at the turn of the month
- The group of oil producing countries has pledged to ease cuts from 9.7mn to 7.7mn bpd
- Directions reversed midweek, as the US EIA announced a large weekly decline of 8.6mn barrels
- This announcement saw the Brent price shoot up to a near five-month high of just over \$46/bbl on 6 August
- Despite recent price gains the markets will continue to closely follow COVID-19 developments, with countries such as the US experiencing further rises in the number of cases recorded daily

Carbon



- API 2 coal prices lifted 0.8% this week to average \$59.89/t, with global coal prices boosted by reports of higher Chinese imports
- EU ETS carbon gained 2.6% to average €26.51/t, supported by weaker auction supply as the EC withdrew EUA's at the start of August
- Four EU ETS auctions this week saw an average bid-to-cover ratio (ratio of bids to the number of EUA's available) of 2.02, which is considerably higher than 1.61 average of the auctions in the previous week

Supplier tariff movements

Between 19 July and 25 July, 7 suppliers decreased the price of their cheapest available tariff (fixed and variable). SSE put through the greatest price decrease of £226/year to £884/year on average, followed by Bristol Energy with a £38/year drop. 5 suppliers increased their cheapest tariff with both Ebico and Robin Hood Energy raising their price by £26/year to £846/year. 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	7 Aug 20	19.15	32.27	34.45	44.05	59.50	26.33	44.89
Last week	31 Jul 20	13.00	29.84	35.00	41.86	60.00	26.21	43.26
Four weeks ago	10 Jul 20	13.25	32.74	30.75	44.25	57.40	27.79	41.44
Last year	8 Aug 19	26.00	50.09	36.00	52.20	65.30	28.16	57.09
Year-on-year % change		-26.3%	-35.6%	-4.3%	-15.6%	-8.9%	-6.5%	-21.4%
12-month high		42.40	51.72	53.00	52.81	70.55	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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