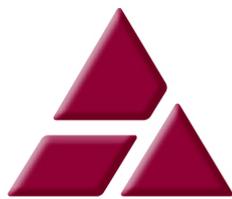




Energy Wholesale Market Review

Week Ending 14th August 2020



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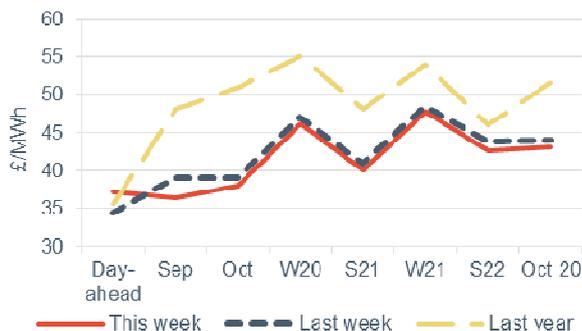
Headlines 14/08/2020

Most power and gas contracts fell this week. Day-ahead gas dropped 3.4% to 18.5p/th following general oversupply on the NTS as both the Langeled pipeline and Barrow terminal saw higher flows this week. Day-ahead power was an exception and rose 8.1% to £37.25/MWh on forecasts of lower wind generation towards the start of next week. September 20 gas was down 4.7% at 20.60p/th, and October 20 gas decreased 2.9% to 23.15p/th. All seasonal gas contracts declined last week, down by 0.7% on average. Winter 20 and summer 21 gas dropped 0.2% and 0.8% respectively, subsiding to 34.2p/th and 30p/th. All seasonal baseload power contracts declined this week, down on average by 2.0%, as winter 20 power decreased 2.0% to £46.15/MWh, while summer 21 fell 2.2% to £40.10/MWh. Brent crude oil prices rose by 1.7% to average \$45.07/bl this week, continuing last week's trend. Prices were supported mid-week by another weekly decline in US crude inventory levels. However, the decision by OPEC+ producers to ease production cuts at the start of August provided downward pressure to prices. The EU ETS price reversed the previous week's gains, falling 1.3% to average €26.17/t, as a result of weaker demand at EUA auctions.

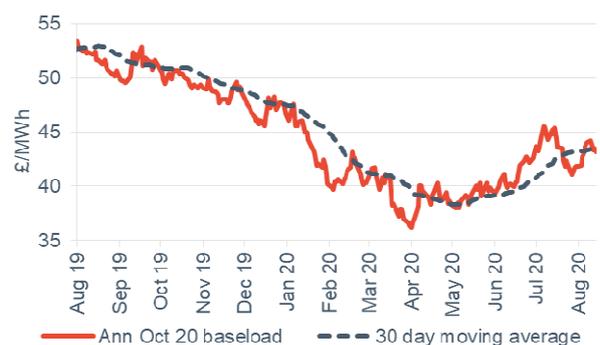
Baseload electricity

- Day-ahead power rose 8.1% to £37.25/MWh as fluctuating wind generation saw volatility in the contract throughout the week
- September 20 power slipped 6.8% to £36.35/MWh and October 20 power decreased 2.6% to £38.00/MWh
- Q420 power moved 2.0% lower to £44.10/MWh
- The annual October 20 contract lost 2.1% to £43.13/MWh, 16.4% lower than the same time last year (£51.59/MWh)

Forward curve comparison



Annual October contract



Peak electricity

- Day-ahead peak power was up 3.9% to £40.00/MWh following its baseload counterpart higher
- September 20 peak power declined 2.2% to £41.48/MWh, and October 20 peak power increased 3.5% to £44.7/MWh.
- The annual October 20 peak power contract lost 0.2% to £49.27/MWh
- This is 14.7% lower than the same time last year (57.73/MWh)

Forward curve comparison



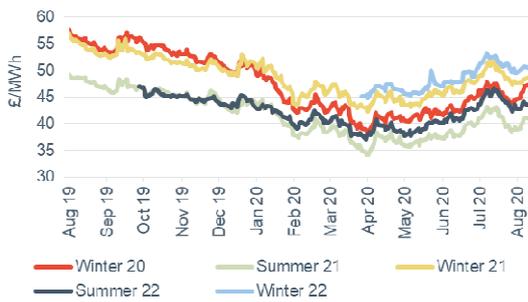
Annual October contract



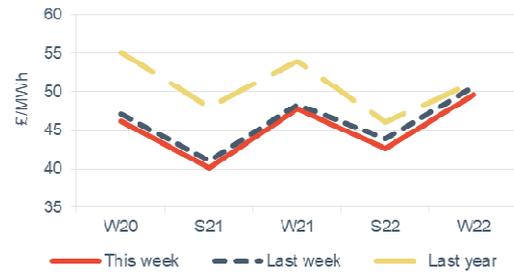


Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve

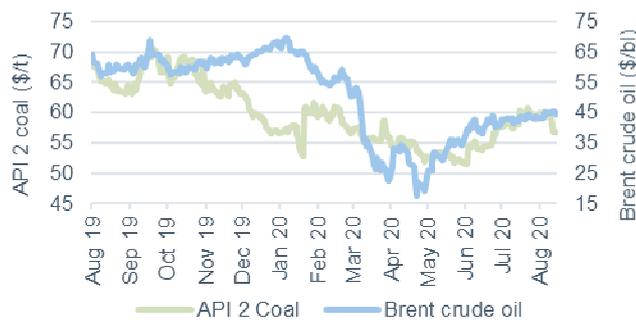


- All seasonal power contracts declined last week, down on average by 2.0%.
- Winter 20 power decreased 2.0% to £46.15/MWh, while summer 21 fell 2.2% to £40.1/MWh

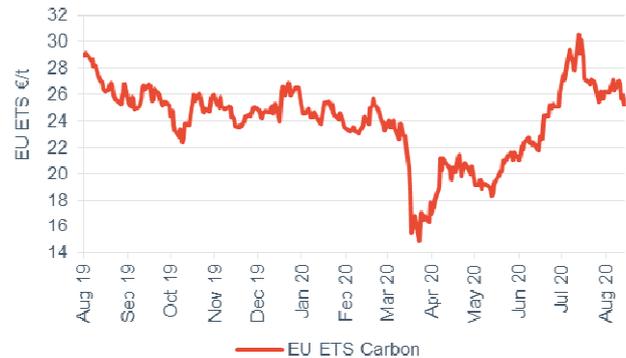
- Most seasonal peak power contracts declined this week, down 0.7% on average.
- Winter 20 gas increased 0.3% to £53.96/MWh, while summer 21 peak power dropped 0.7% to £44.58/MWh

Commodity price movements

Oil and coal



Carbon



- Brent crude oil prices rose by 1.7% to average \$45.07/bl this week, continuing last week's trend
- Prices were weighed upon this week by rising fears of market oversupply, following the decision by OPEC+ producers to ease production cuts at the start of August
- Both the IEA and OPEC this week cut their 2020 demand forecasts for oil, indicating a weakening outlook for the coming months
- The Brent price was supported mid-week, with the EIA reporting another weekly decline in US crude inventory levels
- The continued decline in US oil stock indicates rising consumption in the country, despite the rising number of COVID-19 cases being reported

- API 2 coal dropped 3.9% this week to average \$57.54/t
- Spain announced this week that an additional 1.2GW of coal generational capacity would be closed by 2022
- The EU ETS price reversed the previous week's gains, falling 1.3% to average €26.17/t, as a result of weaker demand at EUA auctions
- The markets were cautious over the number of future EUA's in circulation at auctions
- With supply having been reduced so far in August, full-sized auctions are set to resume in the Autumn, which will likely weigh on prices

Supplier tariff movements

Between 29 July and 8 August 10 suppliers reduced the price of their cheapest available tariff. Ebico and Robin Hood Energy decreased the price of their cheapest tariff by the greatest amount, both reducing by £26/year to £821/year on average. In contrast, just two suppliers increased the price of their cheapest available tariff. MoneyPlus Energy increased its cheapest tariff by £15/year to £1,008/year on average, whilst E.ON UK lifted its tariff by £6/year to £858/year on average.



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	14 Aug 20	18.50	32.10	37.25	43.13	56.70	25.25	44.60
Last week	7 Aug 20	19.15	32.27	34.45	44.05	59.50	26.33	44.89
Four weeks ago	17 Jul 20	13.25	32.46	31.25	43.61	60.00	27.24	42.98
Last year	15 Aug 19	27.25	50.05	37.75	51.65	64.50	26.40	58.25
Year-on-year % change		-32.1%	-35.9%	-1.3%	-16.5%	-12.1%	-4.4%	-23.4%
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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