



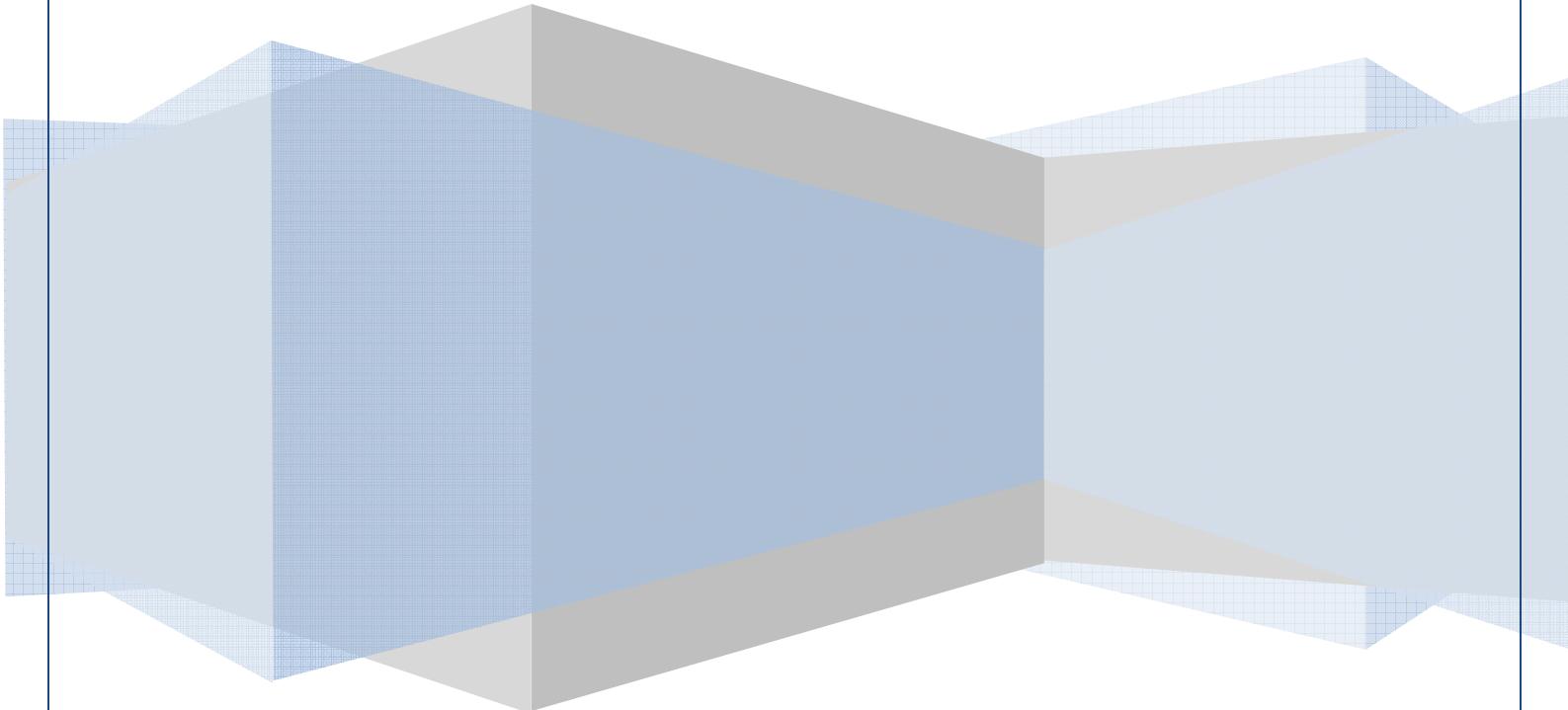
Energy Wholesale Market Review

Week Ending 11th September 2020



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Contents

Baseload electricity	3
Peak electricity	3
Seasonal power prices	4
Commodity price movements	4
Supplier tariff movements	4
Wholesale price snapshot	5
About EDW Technology Limited	6

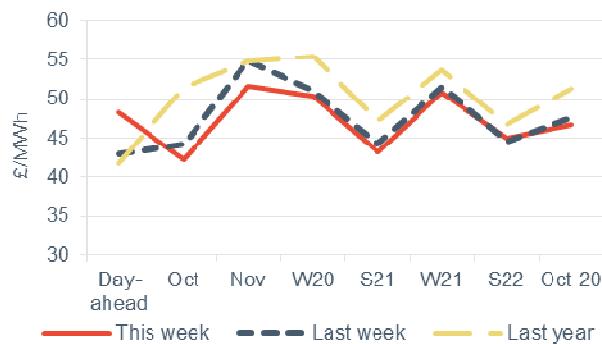
Headlines 11/09/2020

Most power and gas contracts fell this week, with day-ahead power contracts being the exception to this trend. Day-ahead gas fell 7.4% to 27.60p/th, from the eight-month high seen last week, with increased renewables and nuclear output seeing lower gas consumption for power generation. Day-ahead power rose 12.2% to £48.25/MWh, driven by forecasts of lower wind output for the start of next week. October 20 gas saw a notable drop and was down 10.1% to 27.89p/th. Most seasonal gas contracts followed oil prices lower this week, down by 3.0% on average, with the winter 20 contact dropping 5.4% to 36.93p/th. Seasonal power contracts slipped 0.9% on average, as prices were weighed on lower gas and EU ETS carbon prices. Winter 20 power decreased 1.4% to £50.40/MWh. International commodities saw collective downward movements this week. Brent crude oil prices declined by over 9% to average \$40.81/bl, representing lows not experienced since mid-June. Similarly, the EU ETS carbon price dropped amid increased auction volumes, averaging €27.27/t.

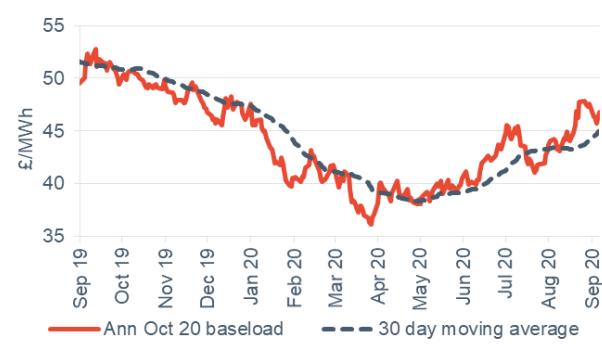
Baseload electricity

- Day-ahead power rose 12.2% to end the week at £48.25/MWh, driven higher by forecasts of lower wind output going into next week.
- October 20 power slipped 4.7% at £42.20/MWh and November 20 power decreased 6.0% to £51.61/MWh.
- Q420 power moved 3.0% lower to £48.49/MWh.
- The annual October 20 contract lost 1.8% to £46.75/MWh, 8.9% lower than the same time last year (£51.33/MWh).

Forward curve comparison



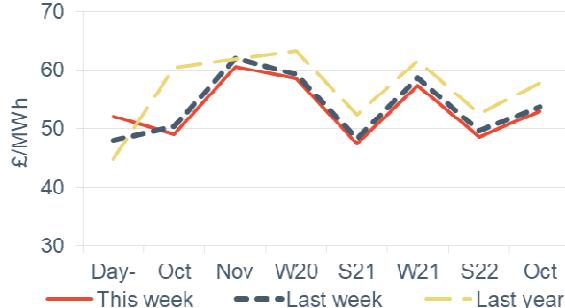
Annual October contract



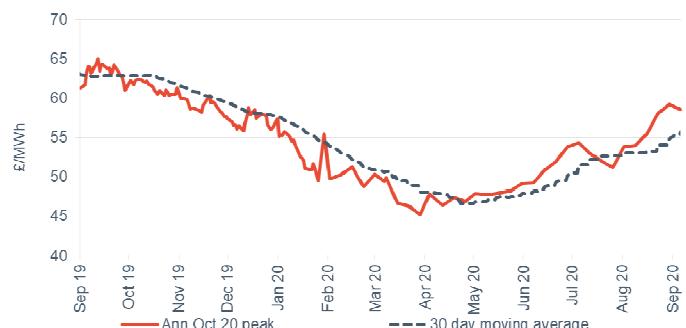
Peak electricity

- Day-ahead peak power was up 8.5% to £52.10/MWh, following in line with higher demand this week and as day-light hours begin to reduce.
- October 20 peak power declined 2.3% to £49.15/MWh, and November 20 peak power decreased 2.5% to £60.53/MWh.
- The annual October 20 peak power contract lost 1.4% to £53.03/MWh.
- This is 8.2% lower than the same time last year (£57.79/MWh).

Forward curve comparison

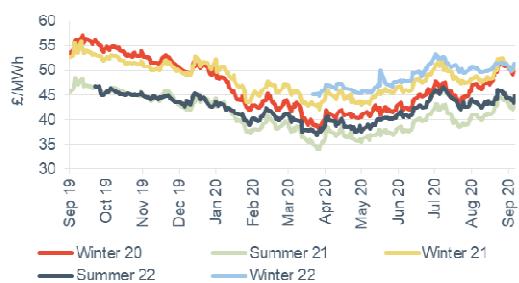


Annual October contract



Seasonal power prices

Seasonal baseload power contracts



- Most seasonal power contracts declined this week, down on average by 0.9%.
- Winter 20 power decreased 1.4% to £50.40/MWh, while summer 21 fell 2.4% to £43.10/MWh.

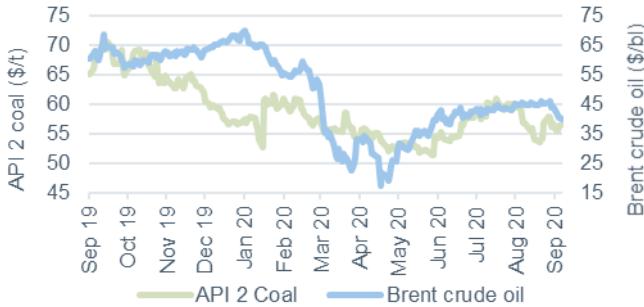
Seasonal baseload power curve



- Most seasonal peak power contracts declined this week, down 1.8% on average.
- Winter 20 and summer 21 peak power dropped 1.2% and 1.8% respectively, falling to £58.53/MWh and £47.52/MWh.

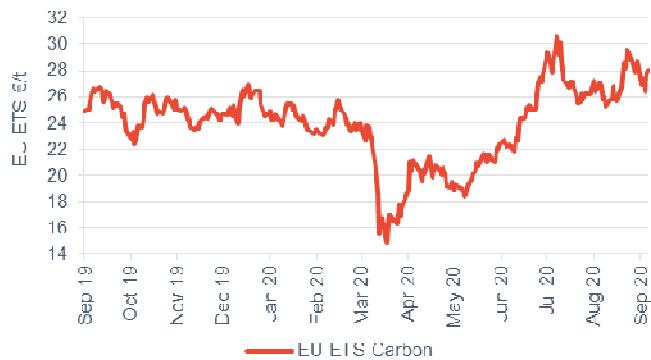
Commodity price movements

Oil and coal



- Brent crude oil prices have fallen significantly this week, seeing a 9.2% drop to average \$40.81/bl – the lowest prices since mid-June 2020.
- News continued to circulate this week about the threat of a second wave of Coronavirus, generating some uncertainty within the market. Rising levels of US crude inventory levels and onshore storage similarly weighed on prices with fears of market oversupply.
- Compounding the issues arising from COVID-19 and market oversupply were price cuts announced by Saudi Arabia, with demand stuck below pre-COVID levels.

Carbon



- Following recent gains, EU ETS prices fell 4.5% to average €27.27/t this week.
- The market experienced mixed movements this week, experiencing both weekly highs and subsequently falling amid a significant increase in auction volumes – increasing by more than 70%.
- The increased auction volumes weighed on carbon prices as the market struggled to absorb the higher volume of EUA's.

Supplier tariff movements

Three suppliers reduced the price of their cheapest available tariff between 22 August and 5 September. Utilita reduced its cheapest tariff by the greatest amount, by £79/year to £1,040/year on average, while PFP Energy reduced its tariff by £38/year to £911/year on average and E.ON UK reduced its tariff by £10/year to £859/year on average—the 13th cheapest supplier. 20 suppliers increased the price of their cheapest tariff between 22 August and 5 September. Scottish Power increased its tariff by the greatest amount, by £163/year to £1,042/year on average. SSE put through the next highest increase of £104/year to £988/year on average.

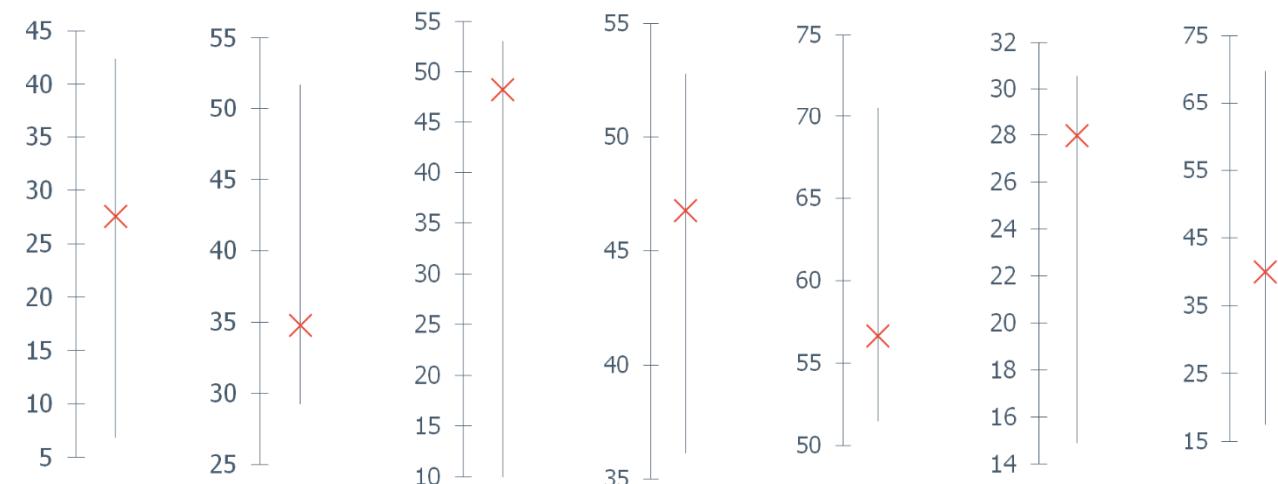
Domestic tariff movements are a useful proxy for small and medium sized business rates and trends.



Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal (\$/t)	Carbon (€/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead			
This week	11 Sep 20	27.60	34.77	48.25	46.75	56.65	27.97	40.04
Last week	4 Sep 20	29.80	36.37	43.00	47.62	56.75	28.68	44.24
Four weeks ago	14 Aug 20	18.50	32.10	37.25	43.13	56.70	25.25	44.60
Last year	12 Sep 19	27.60	50.01	38.50	52.03	68.30	26.66	60.30
Year-on-year % change		0.0%	-30.5%	25.3%	-10.1%	-17.1%	4.9%	-33.6%
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

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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