



Energy Wholesale Market Review

Week Ending 18th 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



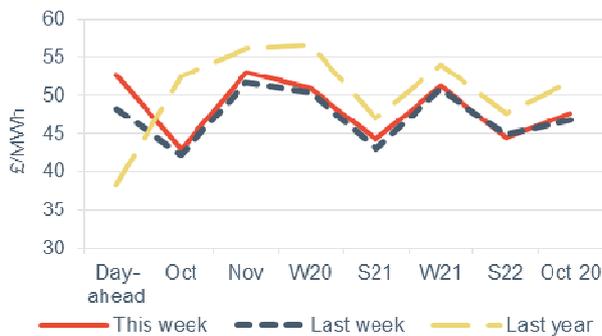
Headlines 18/09/2020

All gas contracts rose this week, supported by a rise in oil prices and an increase in gas-for-power demand, the latter owing to a significant reduction in wind speeds this week. October 20 gas was up 4.6% to 29.16p/th, and November 20 gas increased 1.3% to 35.47p/th. Seasonal gas contracts out to summer 22 lifted 1.5% on average, with the winter 20 contract up 1.5% to 37.50p/th. Similarly, most power contracts rose, owing to an underlying rise in gas and commodity markets. Near-term power contracts saw additional support from very low wind speeds and high continental power prices, which caused a surge in day-ahead and within-day prices mid-week. Seasonal power contracts increased 1.0% on average, with winter 20 and summer 21 prices expanding 1.2% and 2.7% respectively, to £51.00/MWh and £44.25/MWh. The EU ETS carbon price rebounded upwards this week, boosting 7.2% to average €29.23/t, as the European Commission moved forwards on setting more stringent 2030 climate targets. Brent crude oil similarly rose by 1.1% to average \$41.27/bl, amid OPEC encouraging its members to stick with their production quotas despite low prices.

Baseload electricity

- Day-ahead power rose 9.3% to £52.75/MWh, as periods of significantly lower wind generation this week created a bullish sentiment as temperatures once again decline.
- October 20 power climbed 1.7% to £42.90/MWh and November 20 power increased 2.7% to £53/MWh.
- Q420 power moved 1.5% higher to £49.22/MWh.
- The annual October 20 contract rose 1.9% to £47.63/MWh, but was still 8.0% lower than the same time last year (£51.79/MWh).

Forward curve comparison



Annual October contract



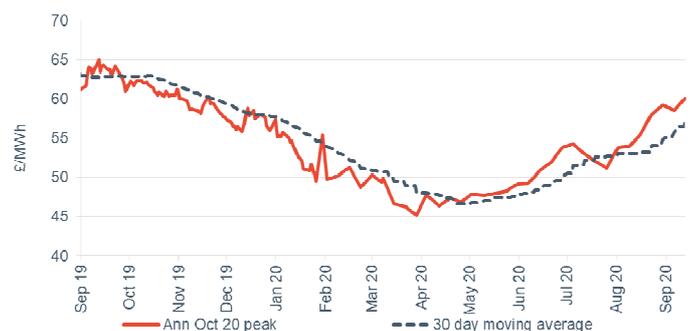
Peak electricity

- Day-ahead peak power was up 13.7% to £59.25/MWh, similar to its baseload counterpart, as day-light hours continue to draw in and bullish sentiment swept spot power prices this week.
- October 20 peak power gained 1.8% to £49.69/MWh, and November 20 peak power increased 4.0% to £63.28/MWh.
- The annual October 20 peak power contract lost 2.3% to £54.37/MWh.
- This is 7.1% lower than the same time last year (£58.5/MWh).

Forward curve comparison



Annual October contract





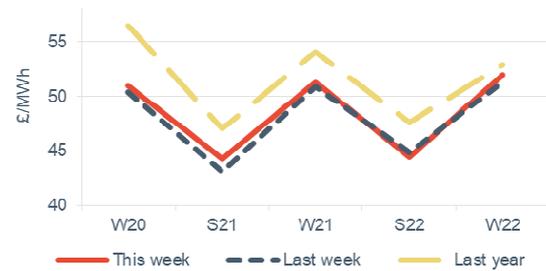
Seasonal power prices

Seasonal baseload power contracts



- Most seasonal power contracts boosted this week, up on average by 1.0%.
- Winter 20 and summer 21 expanded 1.2% and 2.7% respectively, rising to £51.00/MWh and £44.25/MWh.

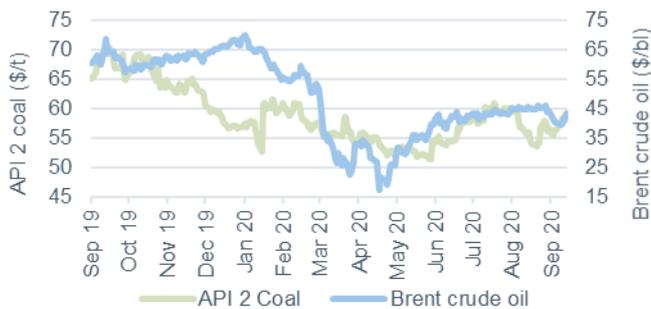
Seasonal baseload power curve



- Most Seasonal peak power contracts also rose this week, up 1.8% on average.
- Winter 20 and summer 21 peak power increased 2.7% and 1.7% respectively, up to £60.13/MWh and £48.61/MWh.

Commodity price movements

Oil and coal



- Brent crude oil prices rose marginally this week, seeing a 1.1% increase to average \$41.27/bbl— but dipping under \$40/bbl at the beginning of the week.
- The Brent crude oil price gained support as OPEC encouraged its members to stick to their production quotas with some reports of a supply deficit.
- Demand concerns also continue to resonate through the market, with prices consequently struggling to gain momentum.

Carbon



- Following a decline last week, EU ETS prices rose 7.2% to average €29.23/t this week.
- The market experienced mixed movements but remained above €28.00 for the entirety of the week.
- The sustained positive sentiment in the market was surrounded by proposals of more ambitious 2030 climate targets for the EU.

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. 20 suppliers increased the price of their cheapest tariff; Scottish Power increased its tariff by the greatest amount, by £163/year to £1,042/year on average. Domestic tariff movements are a useful proxy for small and medium sized businesses, as the bills are largely made up of the same components.

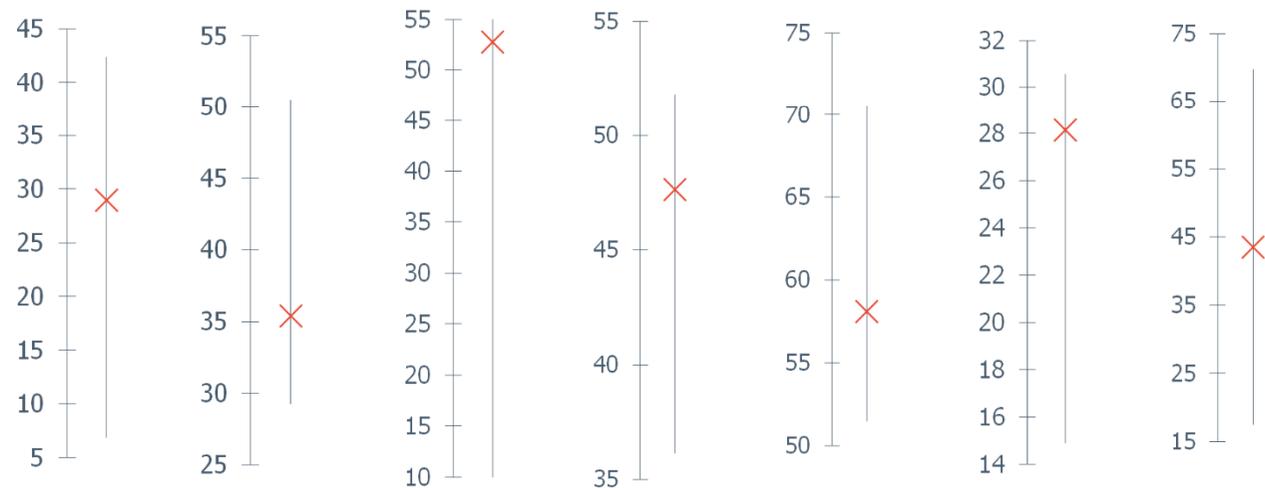
Domestic tariff movements are a useful proxy for small and medium sized business rates and trends.



Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	18 Sep 20	29.00	35.42	52.75	47.63	58.10	28.16	43.52
Last week	11 Sep 20	27.60	34.77	48.25	46.75	56.65	27.97	40.04
Four weeks ago	21 Aug 20	20.00	33.08	41.00	44.06	54.10	25.65	44.68
Last year	19 Sep 19	26.50	50.26	38.00	51.80	70.10	25.61	64.43
Year-on-year % change		9.4%	-29.5%	38.8%	-8.1%	-17.1%	10.0%	-32.5%
12-month high		42.40	50.50	58.00	51.80	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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