Energy Wholesale Market Review

Week Ending 25th September 2020

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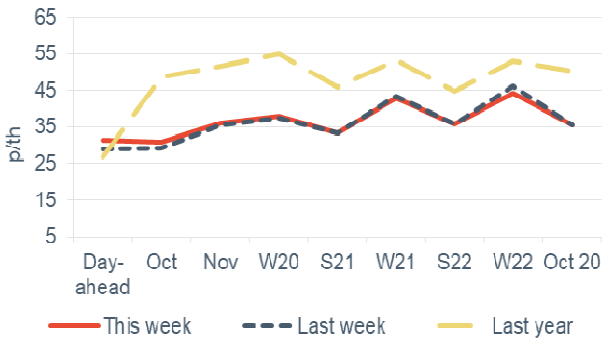
Headlines 25/09/2020

Most gas contracts rose this week, supported by a second consecutive weekly rise in oil prices and an increase in gas-for-power demand, the latter owing to a steady reduction in temperature throughout the week. October 20 gas lifted 5.9% to 30.87p/th, and November 20 gas increased 1.7% to 36.06p/th. Seasonal gas contracts differed to their short term counterparts, predominately falling – by an average of 0.8%. Summer 21 gas dropped 0.5% to 33.18p/th. Conversely, most power contracts fell, attributed to strong wind generation throughout the week, up on the lows experienced in the previous week. Near-term power contracts also struggled to find much support, with the October 20 power slipping 0.3% at £42.75/MWh, and November 20 power declining 1.6% to £52.13/MWh. Most seasonal power contracts declined this week, down on average by 1.2%. Winter 20 power decreased 0.8% to £50.57/MWh, while summer 21 fell 2.5% to £43.16/MWh. The EU ETS carbon price flipped downwards this week, declining 8.0% to average €26.90/t, with weak demand as a result of the on-going pandemic coupled with an increased supply of EUA's weighing on prices significantly. Brent crude oil rose by 1.5% to average $41.89/bl, finding support from market sentiment with global consumption returning to pre-COVID levels, despite news of the fresh coronavirus restrictions.

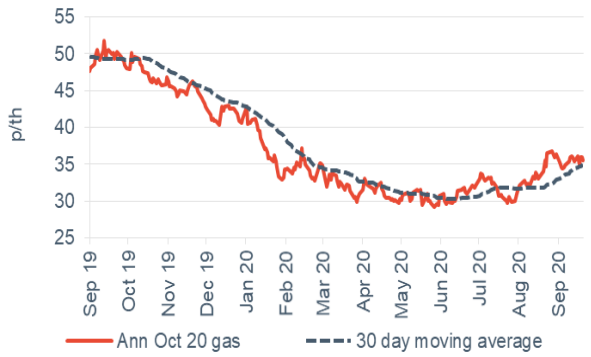
Baseload electricity

- Day-ahead power fell 10.9% to £47/MWh, following increased wind generation experienced throughout the week.
- October 20 power slipped 0.3% at £42.75/MWh and November 20 power decreased 1.6% to £52.13/MWh.
- Q420 power moved 1.1% lower to £48.66/MWh.
- The annual October 20 contract lost 1.6% to £46.87/MWh, 9.1% lower than the same time last year (£51.59/MWh).

Forward curve comparison



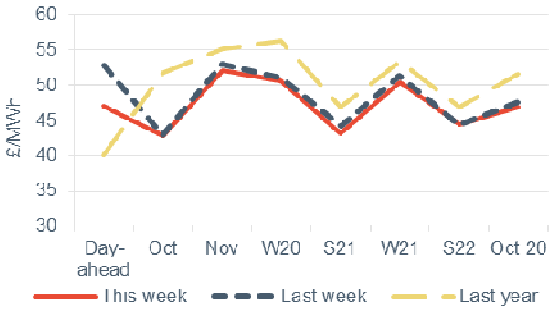
Annual October contract



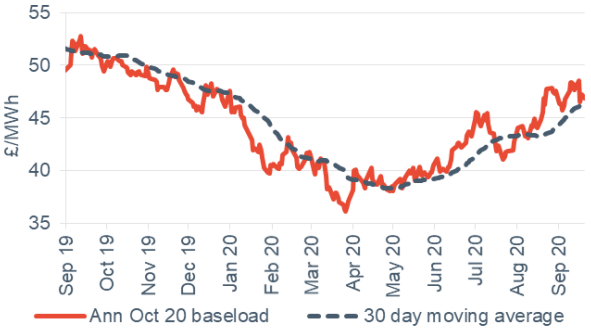
Peak electricity

- Day-ahead peak power was down 12.2% to £52.00/MWh, following its baseload counterpart lower, in light of the reductions in wind generation experienced across the week.
- October 20 peak power declined 0.6% at £49.33/MWh, and November 20 peak power increased 0.2% to £63.25/MWh.
- The annual October 20 peak power lost 1.4% to £53.54/MWh
- This is 7.6% lower than the same time last year (57.95/MWh).

Forward curve comparison

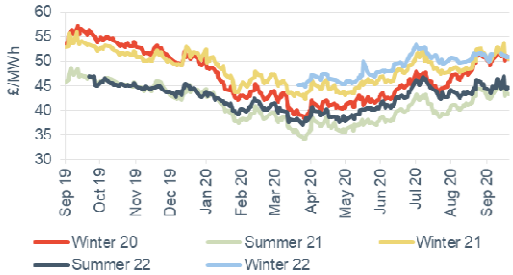


Annual October contract

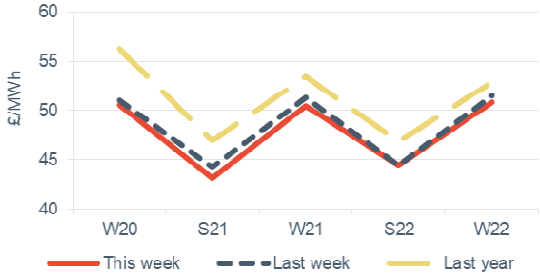


Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve

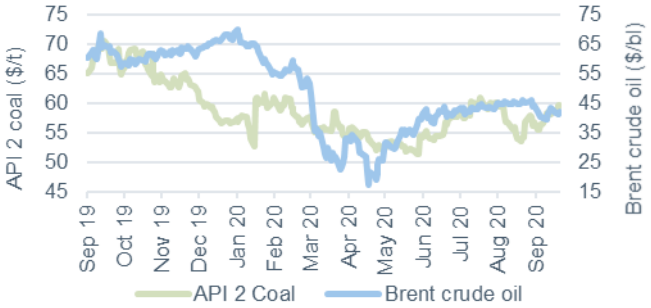


- Most seasonal power contracts declined this week, down on average by 1.2%.
- Winter 20 power decreased 0.8% to £50.57/MWh, while summer 21 fell 2.5% to £43.16/MWh.

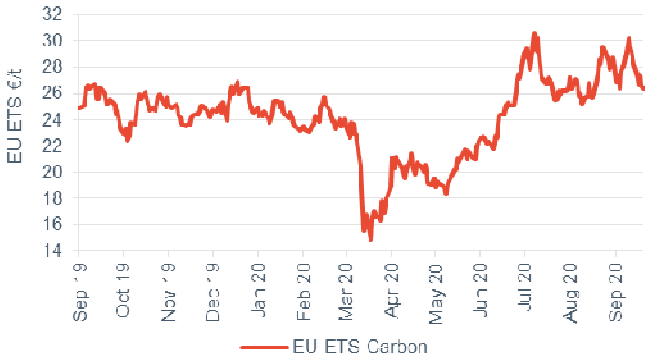
- All seasonal peak power contracts declined this week, down 1.6% on average.
- Winter 20 and summer 21 peak power dropped 1.0% and 2.0% respectively, falling to £59.40/MWh and £47.67/MWh.

Commodity price movements

Oil and coal



Carbon



- Following previous gains, brent crude oil prices rose again this week, seeing a 1.5% increase to average $41.89/bl, maintaining a strong position above $40/bl throughout the entirety of the week. API2 coal similarly experienced growth rising 1.6% to $59.11/t.
- The crude oil price was generally supported amid relative market positivity - despite some of the fresh lockdown restrictions imposed across the UK in the bid to retain control over the Coronavirus.
- Initial reports indicated that global oil consumption could reach pre-covid levels despite the new measures imposed.

- Following the previous week's increase, EU ETS prices fell 8.0% to average €26.90/t this week.
- This week's price movements highlight the continued volatility of the EU ETS prices in recent months, struggling to find much continuity week on week.
- Weak demand as a result of the on-going pandemic coupled with increased supply of EUA's weighed on prices significantly

Supplier tariff movements

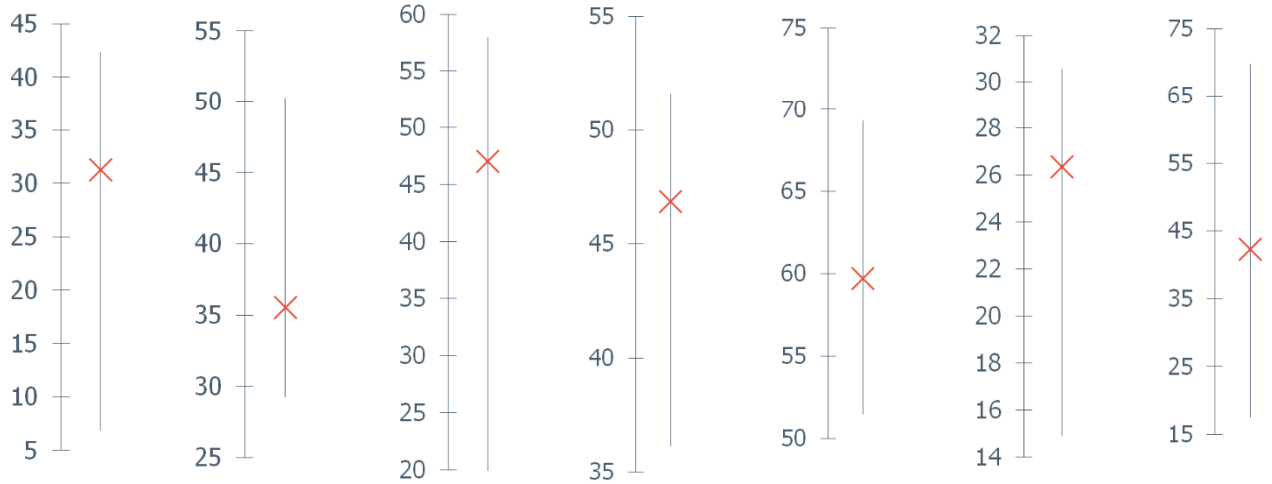
Two suppliers reduced the price of their cheapest available tariff between 12 September and 19 September. EDF Energy reduced its tariff by the greatest amount, £4/year to £895/year on average, while Shell Energy reduced its tariff by £1/year to £874/year on average. 10 suppliers increased the price of their cheapest tariff between 12 September and 19 September. Together Energy increased its cheapest available tariff by £114/year to £969/year on average. Igloo Energy put through the next highest increase of £86/year to £891/year on average

Domestic tariff movements are a useful proxy for small and medium sized buinsess 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	25 Sep 20	31.30	35.57	47.00	46.87	59.70	26.36	42.30
Last week	18 Sep 20	29.00	35.42	52.75	47.63	58.10	28.16	43.52
Four weeks ago	28 Aug 20	26.50	36.43	47.25	47.78	56.75	29.55	45.10
Last year	26 Sep 19	25.35	49.83	35.75	51.18	66.75	25.33	62.64
Year-on-year % change		23.5%	-28.6%	31.5%	-8.4%	-10.6%	4.1%	-32.5%
12-month high		42.40	50.28	58.00	51.59	69.30	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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