



Energy Wholesale Market Review

Week Ending 9th October 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 09/10/2020

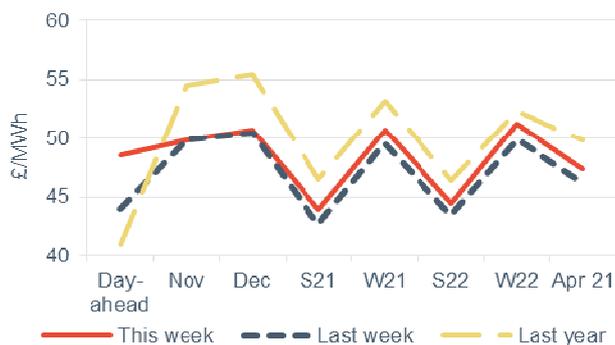
The majority of power and gas contracts experienced growth this week. Day-ahead power increased 10.4% to £48.55/MWh, owing to a rise in demand as a result of falling temperatures. The month-ahead contract slipped 0.2% to £49.85/MWh as one of only two power contracts to decline this week. December 20 power rose 0.5% to £50.75/MWh. Summer 21 power moved 3.1% higher to £44.00/MWh, with winter 21 also increasing 2.3% to £50.70/MWh. All gas contracts increased this week, indicative of increased demand experienced across GB and Continental Europe. Day-ahead gas lifted 20.3% to 38.50p/th, with colder temperatures outweighing the impact of an oversupplied system throughout the majority of the week. November 20 gas rose 7.8% to 38.55p/th, with December 20 gas rising 6.6% to 41.00p/th. Summer 21 gas rose 6.4% to 34.75p/th and the winter 21 contract climbed 3.9% to 43.60p/th. Brent crude oil rose 1.6% to average \$41.86/bl, gaining momentum from the news US president, Donald Trump left hospital and returned to the Whitehouse, having tested positive for the Coronavirus last week. Similarly, potential supply shortages amid strike action from oil field service workers in Norway has lent support to prices this week. EU ETS gained 0.3% to average €26.63/t, reversing trends seen last week. However, impacts of Brexit on the structure of EU ETS trading continue to loom over the market at present.

December 20 power rose 0.5% to £50.75/MWh. Summer 21 power moved 3.1% higher to £44.00/MWh, with winter 21 also increasing 2.3% to £50.70/MWh. All gas contracts increased this week, indicative of increased demand experienced across GB and Continental Europe. Day-ahead gas lifted 20.3% to 38.50p/th, with colder temperatures outweighing the impact of an oversupplied system throughout the majority of the week. November 20 gas rose 7.8% to 38.55p/th, with December 20 gas rising 6.6% to 41.00p/th. Summer 21 gas rose 6.4% to 34.75p/th and the winter 21 contract climbed 3.9% to 43.60p/th. Brent crude oil rose 1.6% to average \$41.86/bl, gaining momentum from the news US president, Donald Trump left hospital and returned to the Whitehouse, having tested positive for the Coronavirus last week. Similarly, potential supply shortages amid strike action from oil field service workers in Norway has lent support to prices this week. EU ETS gained 0.3% to average €26.63/t, reversing trends seen last week. However, impacts of Brexit on the structure of EU ETS trading continue to loom over the market at present.

Baseload electricity

- Day-ahead power rose 10.3% to £48.55/MWh, owing to increases in demand observed as the week progressed.
- November 20 power slipped 0.2% to £49.85/MWh and December 20 power increased 0.5% to £50.75/MWh.
- Q121 power moved 1.7% higher to £52.4/MWh.
- The annual April 21 contract rose 2.6% to £47.35/MWh, 5.0% lower than the same time last year (£49.86/MWh).

Forward curve comparison



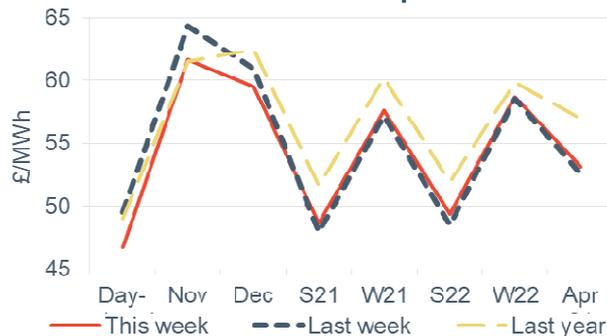
Annual April contract



Peak electricity

- Day-ahead peak power went down 5.7% to £46.70/MWh, countering trends seen by its baseload counterpart.
- November 20 peak power declined 4.2% to £61.65/MWh, and December 20 peak power decreased 2.4% to £59.49/MWh.
- The annual April 21 peak power contract lost 1.1% to £53.14/MWh
- This is 6.7% lower than the same time last year (£56.98/MWh).

Forward curve comparison



Annual April contract





Seasonal power prices

Seasonal baseload power contracts



- Most seasonal power contracts boosted this week, up on average by 2.1%.
- Summer 21 power gained 3.1% and winter 21 power climbed 2.3% to £44.00/MWh and £50.70/MWh, respectively.

Seasonal baseload power curve



- All seasonal peak power increased this week, up 1.1% on average.
- Summer 21 and winter 21 peak power increased 1.6% and 0.7% to £48.66/MWh and £57.61/MWh, respectively.

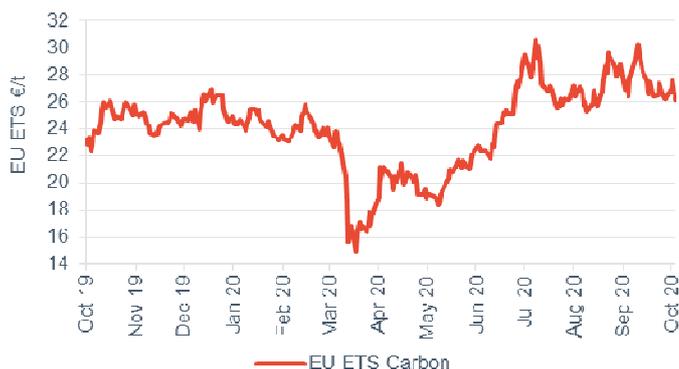
Commodity price movements

Oil and coal



- Following a slight decline from the previous week, Brent crude oil rose this week, seeing a 1.6% increase to average \$41.86/bl.
- Reversing previous market fears surrounding the health of US President, Donald Trump – the market reacted positively to news president Trump had left hospital and returned to the Whitehouse.
- In contrast, API 2 coal declined 0.5% to \$59.79/t.

Carbon



- Following the previous week's decline EU ETS carbon prices rose this week, reversing a two week consecutive decline. Prices rose 0.3% to average €26.72/t.
- Despite the uplift this week, a general sentiment of a looming 'hard Brexit' continues to weigh on prices. Concerns remain as to the structure of EU ETS carbon trading and its functionality when the UK ultimately removes itself from the European Union. Prices generally remain relatively low in comparison to recent weeks, where prices observed were upwards of €29.00/t.

Supplier tariff movements

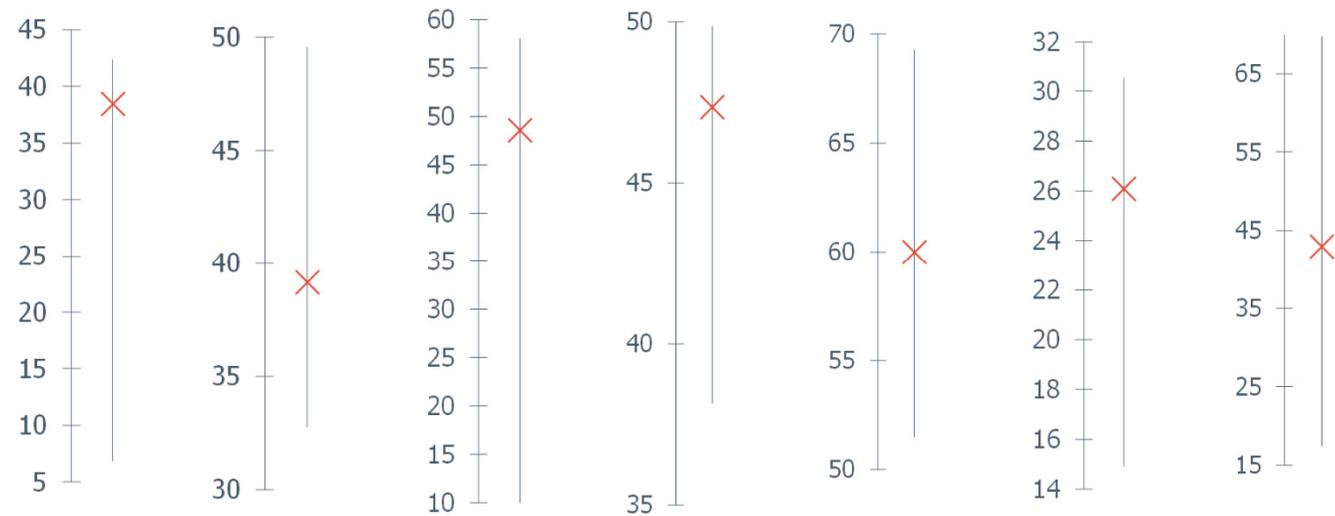
Nine suppliers increased the price of their cheapest available tariff between 26 September and 3 October. Affect Energy put through the highest increase of £53/year to £953/year on average, followed by M&S Energy with an increase of £43/year to £1,007/year. Two suppliers reduced the price of their cheapest tariff, with npower Select and GOTO Energy reducing their tariffs by £1/year to £897/year and £900/year, respectively. Simplicity Energy offered the cheapest medium-term fixed tariff priced at £932/year, while E.ON UK offered the cheapest large supplier tariff with its Fix 1 Year Exclusive August 2020 tariff priced at £859/year.



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	9 Oct 20	38.50	39.18	48.55	47.35	60.00	26.10	43.00
Last week	2 Oct 20	32.00	37.30	44.00	46.14	59.05	26.16	39.84
Four weeks ago	11 Sep 20	27.60	37.68	48.25	47.00	56.65	27.97	40.04
Last year	10 Oct 19	22.00	49.55	29.25	49.76	68.55	22.70	57.82
Year-on-year % change		75.0%	-20.9%	66.0%	-4.8%	-12.5%	15.0%	-25.6%
12-month high		42.40	49.55	58.00	49.86	69.25	30.57	69.75
12-month low		6.85	32.75	10.00	38.16	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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