



# Energy Wholesale Market Review

Week Ending 16<sup>th</sup> October 2020



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## Headlines 16/10/2020

Power contracts experienced mixed price movements throughout this week. Day-ahead power decreased 5.7% to £45.80/MWh, owing to strong renewables output forecast for the start of next week. This was despite high prices observed mid-week amid news of tight supply margins and numerous generator outages. The month-ahead contract (November 20) gained 0.1% to £49.90/MWh. In contrast, summer 21 power moved 1.3% lower to £43.45/MWh, with winter 21 also decreasing 1.6% to £49.90/MWh. Similar to power contract movements, gas contracts varied widely throughout the week, with forward contracts experiencing support from the forecast cold snap across GB and Continental Europe. Day-ahead gas lifted 5.2% to 40.50p/th. November 20 gas rose 5.8% to 40.80p/th, with December 20 gas also rising 4.9% to 43.00p/th. Summer 21 gas lifted 0.4% to 34.90p/th but the winter 21 contract slipped 1.1% to 43.10p/th. Brent crude oil marginally rose this week, seeing an increase of 1.0% to average \$42.28/bl. Despite the price growth this week, a general sentiment of uncertainty continues to circulate throughout the market as the threat of COVID-19 globally begins to intensify again. EU ETS prices fell this week, reversing the marginal increase in prices the previous week. Prices dropped by 5.4% to average €25.27/t for the week, following similar drivers to the oil market, as rising COVID-19 cases could dampen demand for EUAs this winter.

### Baseload electricity

- Day-ahead power fell 5.7% to £45.80/MWh, weighed on by forecasts of strong renewables output for the start of next week, but despite periods of tight supply margins experienced this week.
- November 20 power climbed 0.1% to £49.90/MWh and December 20 power increased 0.8% to £51.15/MWh.
- Q121 power moved 0.5% higher to £52.65/MWh.
- The annual April 21 contract lost 1.4% to £46.68/MWh, 4.9% lower than the same time last year (£49.07/MWh).

Forward curve comparison



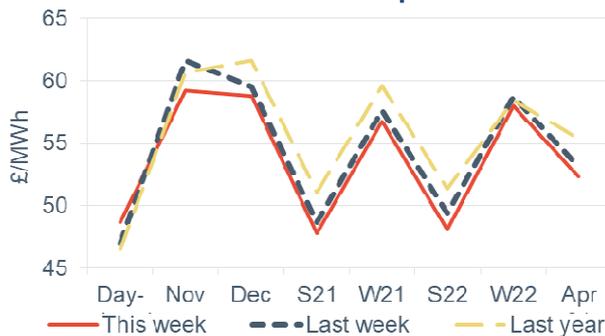
Annual April contract



### Peak electricity

- Day-ahead peak power was up 3.5% to £48.65/MWh, countering trends observed by its baseload counterpart.
- November 20 peak power declined 3.9% to £59.23/MWh, and December 20 peak power decreased 1.1% to £58.83/MWh.
- The annual April 21 peak power contract lost 1.6% to £52.28/MWh.
- This is 5.5% lower than the same time last year (£55.34/MWh).

Forward curve comparison



Annual April contract





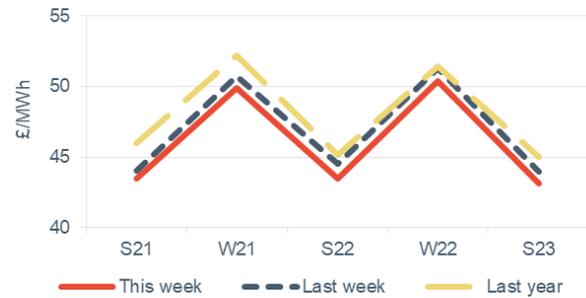
## Seasonal power prices

### Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 1.8%.
- Summer 21 power decreased 1.3% to £43.45/MWh, while winter 21 fell 1.6% to £49.90/MWh.

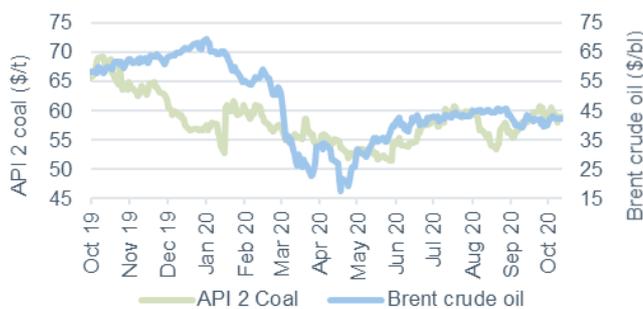
### Seasonal baseload power curve



- Most seasonal peak power contracts declined this week, down 1.8% on average.
- Summer 21 and winter 21 peak power dropped 1.8% and 1.4% respectively, falling to £47.78/MWh and £56.78/MWh.

## Commodity price movements

### Oil and coal



- Brent crude oil marginally rose this week, seeing an increase of 1.0% to average \$42.28/bl.
- Despite the price growth this week, a general sentiment of uncertainty continues to circulate throughout the market as the threat of COVID-19 globally begins to intensify again.
- Many economies are imposing fresh lockdown restrictions to battle a resurgence in case numbers.
- API 2 coal followed the previous week's decline, slipping a further 1.8% to average \$58.74/t for the week.

### Carbon



- EU ETS prices fell this week, reversing the marginal increase in prices the previous week. Prices dropped by 5.4% to average €25.27/t for the week.
- The drop in prices this week is symptomatic of the general sentiment observed across many global commodity markets, as the threat of COVID-19 begins to spiral out of control again. Prices observed in recent weeks have sat between €25-30/t, rising and falling with little consistency week on week.
- Compounding this week's decline is also a general concern of a 'hard Brexit' and implementation of a UK ETS scheme. No firm route forward has been agreed despite the 1 January back-stop date drawing closer.

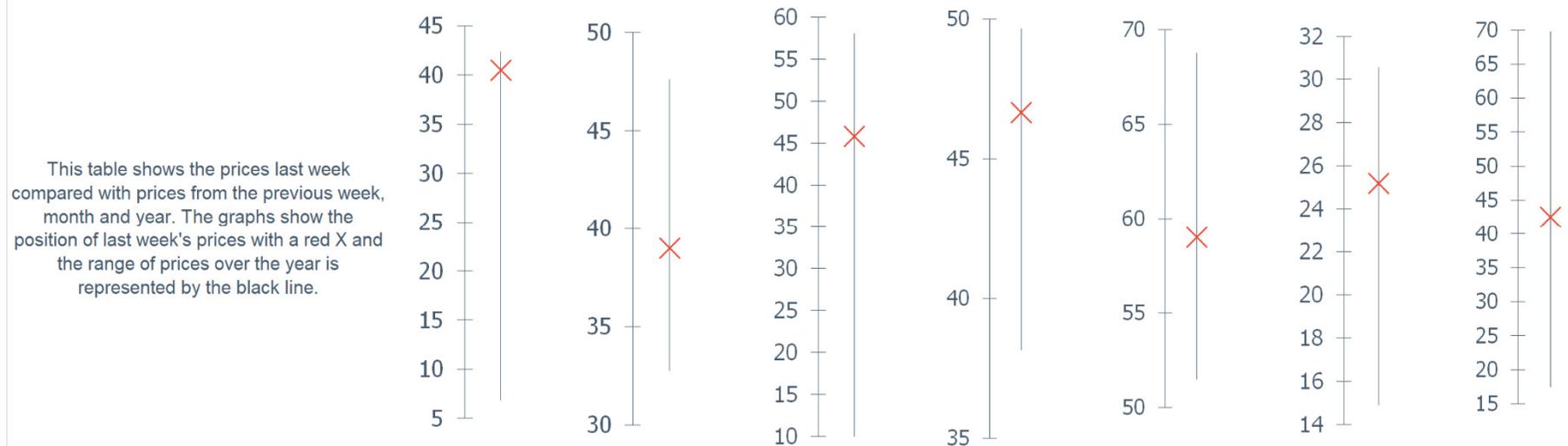
## Supplier tariff movements

Four suppliers increased the price of their cheapest available tariffs between 3 October and 10 October. Shell Energy put through the highest increase of £17/year to £891/year on average, followed by Pure Planet with an increase of £13/year to £897/year on average. Four suppliers reduced the price of their cheapest available tariffs between 3 October and 10 October (Figure 2). Utility Point put through the greatest decrease of £84/year to £866/year on average, followed by Scottish Power of £35/year to £965/year on average. Domestic tariff movements are a useful proxy for small and medium sized business rates.



## 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	16 Oct 20	40.50	39.00	45.80	46.68	59.00	25.20	42.50
Last week	9 Oct 20	38.50	39.18	48.55	47.35	60.00	26.10	43.00
Four weeks ago	18 Sep 20	29.00	38.34	52.75	47.78	58.10	28.16	43.52
Last year	17 Oct 19	25.80	47.62	37.75	49.35	67.80	25.94	59.44
Year-on-year % change		57.0%	-18.1%	21.3%	-5.4%	-13.0%	-2.9%	-28.5%
12-month high		42.40	47.62	58.00	49.67	68.75	30.57	69.75
12-month low		6.85	32.75	10.00	38.16	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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