



Energy Wholesale Market Review

Week Ending 6th November 2020



edw technology

EDW House, Radian Court, Knowlhill, Milton Keynes, MK5 8PJ.

Phone: +44 (0)8448 802 489
Email: info@edwtech.com
Website: edwtech.com



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



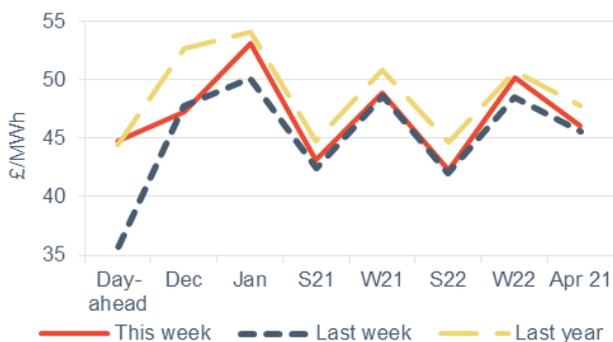
Headlines 6/11/2020

Power contracts generally experienced upward price movements this week, with exceptions of the month-ahead contract and Q121 contract, both falling by 1.2% and 1.8% respectively. Power contracts have been predominately supported by low wind output throughout the week which has led to tight supply margins. The Day-ahead power contract benefitted from the aforementioned system conditions, rising 25.0% to £44.7/MWh. Gas contracts contrasted this, likely as a result of a short spell of increased temperature above seasonal normal levels, reducing demand. As such, day-ahead gas fell 1.4% to 37.45p/th. December 20 gas was down 5.1% at 40.50p/th, and January 21 gas decreased 0.7% to 41.79p/th. Most seasonal gas contracts rose last week, up by 5.2% on average, with summer 21 gas increasing 0.7% to 34.00p/th, while winter 21 gas dropped 0.2% to 41.93p/th. All seasonal power contracts grew, up on average by 1.5%, as summer 21 and winter 21 expanded 1.8% and 0.5% respectively, rising to £43.15/MWh and £48.91/MWh. Brent crude oil remained relatively static last week, averaging \$39.76/bl. In recent weeks, the Brent crude price had remained relatively stable sitting above the \$40.00/bl mark, but has slipped as a result of market uncertainty with global coronavirus cases escalating daily. EU ETS prices rose last week. Prices increased by 3.5% to average €24.43/t, lifting above recent price trends in the last fortnight where prices have remained close to €23.00/t.

Baseload electricity

- Day-ahead power rose 25.0% to £44.7/MWh, amid generally low wind output observed over the course of the week, coupled with periods of high offline thermal capacity which consequently led to tight supply margins.
- December 20 power slipped 1.2% at £47.2/MWh and January 21 power increased 5.8% to £53.06/MWh.
- Q121 power moved 1.8% lower to £49.6/MWh.
- The annual April 21 contract rose 1.1% to £46.03/MWh, 3.6% lower than the same time last year (£47.75/MWh).

Forward curve comparison



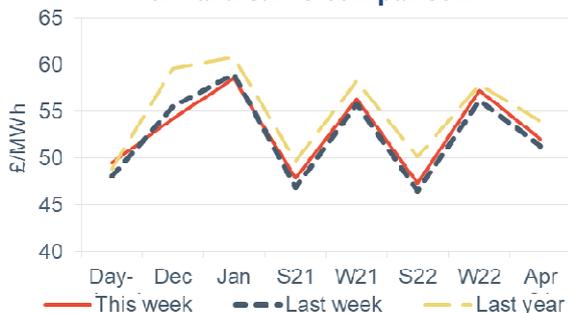
Annual April contract



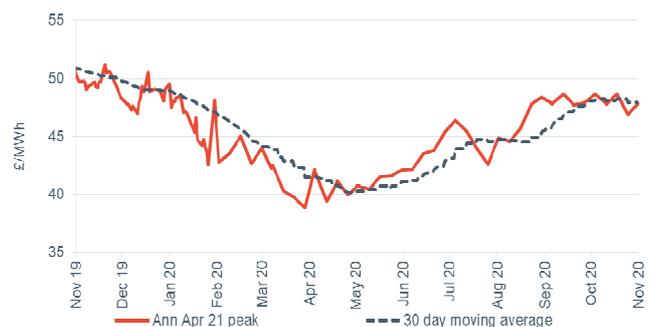
Peak electricity

- Day-ahead peak power was up 3.1% to £49.50/MWh, following, following its baseload counterpart higher.
- December 20 peak power declined 2.2% at £54.26/MWh, and January 21 peak power decreased 0.8% to £58.48/MWh.
- The annual April 21 peak power lost 1.5% to £52.09/MWh.
- This is 3.5% lower than the same time last year (54/MWh).

Forward curve comparison



Annual April contract





Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts grew this week, up on average by 1.5%.
- Summer 21 and winter 21 expanded 1.8% and 0.5% respectively, rising to £43.15/MWh and £48.91/MWh.

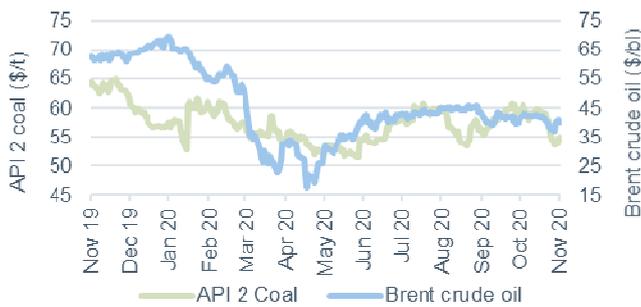
Seasonal baseload power curve



- All seasonal peak power contracts increased this week, up 1.7% on average.
- Summer 21 and winter 21 peak power increased 2.1% and 0.9% respectively, rising to £47.88/MWh and £56.29/MWh.

Commodity price movements

Oil and coal



- Brent crude oil remained relatively static last week, averaging \$39.76/bl. In recent weeks, the Brent crude price has remained relatively stable sitting above the \$40.00/bl mark.
- Prices have been afflicted by recent widespread lockdown announcements throughout Europe, weighing on demand. Similarly, global cases of coronavirus continue to increase daily, generating underlying uncertainty within the market
- Assurances from OPEC in providing support to prices with supply cuts had acted to lift prices last week but it remains unclear whether this type of support mechanism will be robust enough to outweigh the ever growing concerns of demand fears
- API 2 coal declined, falling 5.6% to average \$54.24/t for the week.

Carbon



- EU ETS prices rose last week. Prices increased by 3.5% to average €24.43/t, lifting above recent price trends in the last fortnight where prices have remained within the €23.00/t benchmark.
- The carbon market followed other global commodity markets higher, as the U.S. presidential elections remain in deadlock.
- Carbon markets will likely be subject to a degree of volatility as the outcome of the elections remains unclear.
- Gains have also been driven by speculative buying from market participants, along with a looming drop in EUA supply

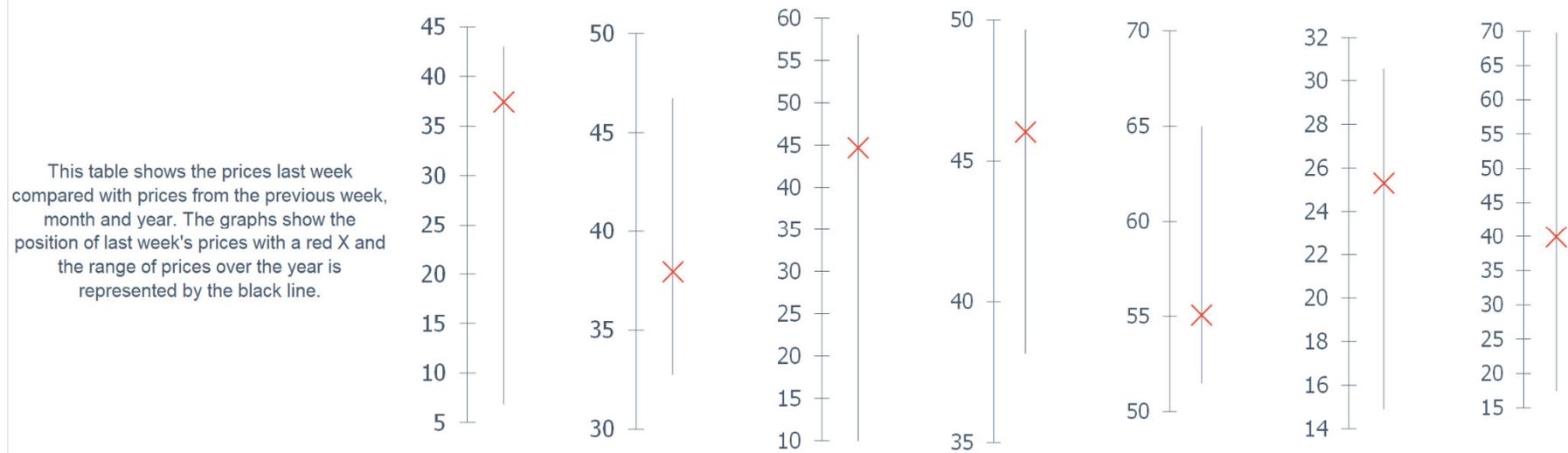
Supplier tariff movements

Four suppliers decreased the price of their cheapest available tariffs between 24 October and 31 October (Figure 2). Utility Warehouse decreased its tariff by the greatest amount - £83/year to £1,037/year on average, followed by Yorkshire Energy with a decrease of £42/year to £901/year on average. Five suppliers increased the price of their cheapest available tariffs between 24 October and 31 October. Co-op Energy put through the highest increase of £53/year to £953/year on average, followed by Orbit Energy with an increase of £35/year to £990/year on average



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	6 Nov 20	37.45	37.97	44.70	46.03	55.05	25.31	39.93
Last week	30 Oct 20	38.00	37.90	35.75	45.53	55.25	23.62	38.00
Four weeks ago	9 Oct 20	38.50	39.18	48.55	47.35	60.00	26.10	43.00
Last year	7 Nov 19	36.00	45.65	45.40	47.82	63.85	24.97	62.42
Year-on-year % change		4.0%	-16.8%	-1.5%	-3.7%	-13.8%	1.4%	-36.0%
12-month high		43.00	46.73	58.00	49.67	65.00	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.

EDW Technology Limited

EDW House

Radian Court

Knowlhill

Milton Keynes

MK5 8PJ

UK

Tel: +44 (0) 8448 802 489

Fax: +44 (0) 8448 802 487

Website: www.edwtech.com

Copyright © 2020 EDW Technology Limited. All rights reserved.

No part of this publication may be reproduced, transmitted, transcribed, stored in a retrieval system, or translated into any language, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior written permission from EDW Technology Limited.

All copyright, confidential information, patents, design rights and all other intellectual property rights of whatsoever nature contained herein are and shall remain the sole and exclusive property of EDW Technology Limited. The information furnished herein is believed to be accurate and reliable. However, no responsibility is assumed by EDW Technology Limited for its use, or for any infringements of patents or other rights of third parties resulting from its use.