Energy Wholesale Market Review

Week Ending 20th November 2020

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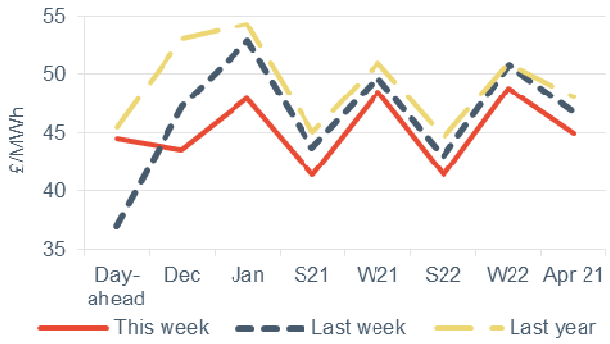
Headlines 20/11/2020

All gas contracts fell this week, reflecting a period of warmer weather experienced throughout the week, compounded by reduced demand. As a result, day-ahead gas fell 6.7% to 34.60p/th, owning to the aforementioned conditions. Similar to gas contracts, the majority of power contracts declined this week with the notable exception being the day-ahead contract which rose 20.3% to £44.5/MWh, supported by weaker renewable output during the week combined with periods of lower wind generation. December 20 gas was down 7.9% at 37.21p/th, and January 21 gas decreased 8.9% to 38.22p/th. All seasonal gas contracts declined this week, down by 4.4% on average. Summer 21 and winter 21 gas dropped 8.0% and 4.5% respectively, subsiding to 31.62p/th and 40.49p/th. All seasonal power contracts declined this week, down on average by 3.4%, as summer 21 power decreased 5.2% to £41.40/MWh, while winter 21 fell 2.6% to £48.49/MWh. Brent crude oil climbed again this week, lifting a further 2.1% from the week prior to average $44.05/bl – reaching a two-month high on 19 November with prices at $44.31/bl. Oil prices continued to gain momentum from further vaccination developments announced throughout this week and OPEC+ are looking at the potential of delaying supply increases originally proposed for January 2021. EU ETS carbon climbed a further 2.9% to average €26.23/t, this week. Like other commodity markets, carbon prices rose to a milestone high, reaching a one-month high of €27.60/t on 18 November. Carbon prices, like many global commodities markets this week, found support from the positive news of COVID-19 vaccinations.

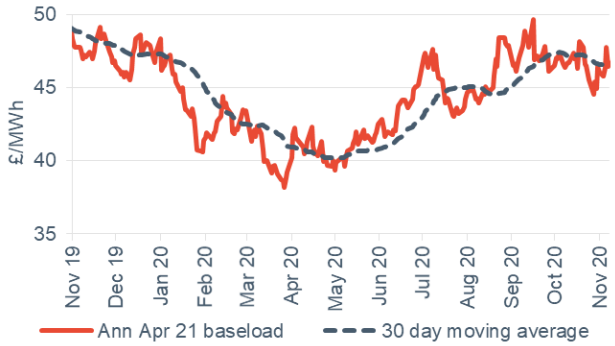
Baseload electricity

- Day-ahead power rose 20.3% to £44.5/MWh, following weaker renewable generation coupled with periods of reduced wind generation throughout the week.
- December 20 power slipped 7.9% to £43.5/MWh and January 21 power decreased 9.4% to £47.9/MWh.
- Q121 power moved 6.8% lower to £46.5/MWh.
- The annual April 21 contract lost 3.8% to £44.94/MWh, 6.4% lower than the same time last year (£48/MWh).

Forward curve comparison



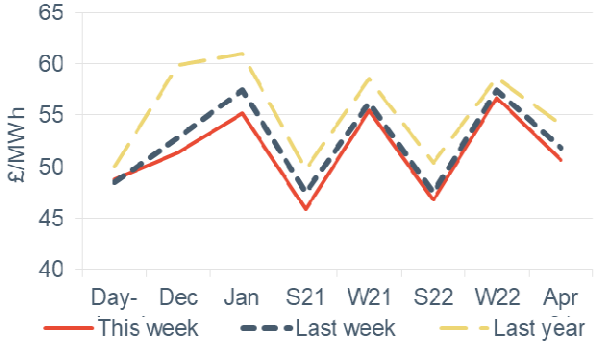
Annual April contract



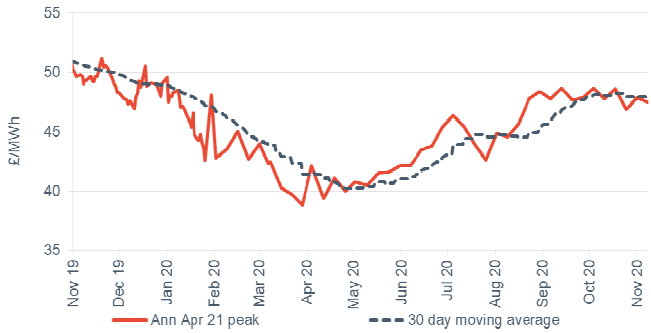
Peak electricity

- Day-ahead peak power was up 0.5% to £48.75/MWh, following its baseload counterpart higher.
- December 20 peak power declined 2.7% to £51.4/MWh, and January 21 peak power decreased 3.9% to £55.21/MWh.
- The annual April 21 peak power lost 2.3% to £50.67/MWh.
- This is 6.4% lower than the same time last year (54.11/MWh).

Forward curve comparison

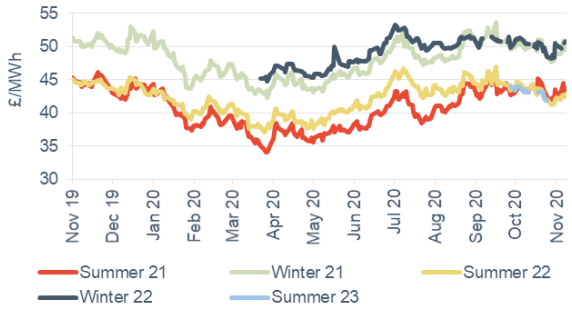


Annual April contract



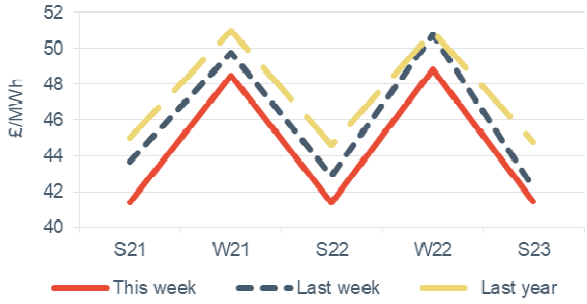
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 3.4%.
- Summer 21 power decreased 5.2% to £41.40/MWh, while winter 21 fell 2.6% to £48.49/MWh.

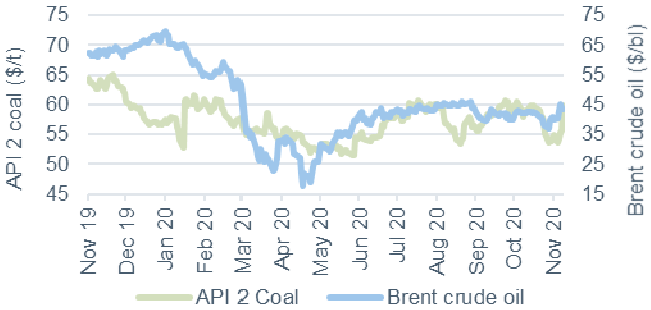
Seasonal baseload power curve



- All Seasonal peak power contracts declined this week, down 1.9% on average.
- Summer 21 and winter 21 peak power dropped 3.4% and 1.3% respectively, falling to £45.89/MWh and £55.45/MWh.

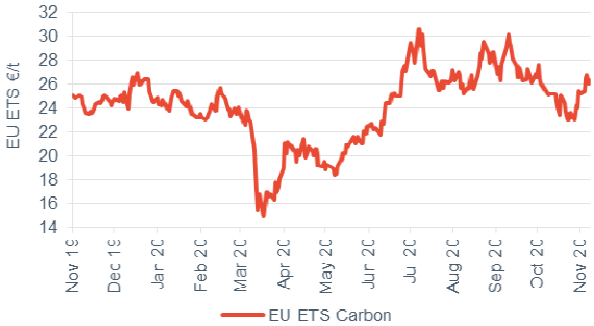
Commodity price movements

Oil and coal



- Brent crude oil climbed again this week, lifting a further 2.1% from the week prior to average $44.05/bl – reaching a two-month high on 19 November with prices at $44.31/bl.
- Oil prices continue to gain momentum from further vaccination developments announced throughout this week.
- Similarly, OPEC+ is looking at the potential of delaying supply increases originally proposed for January 2021, as a pre-emptive mechanism to provide further support to the Brent crude price during an important period for many global commodity markets looking to emerge from the 'second wave' of Coronavirus.
- API 2 coal gained 0.9% from the previous week to average $56.25/t.

Carbon



- EU ETS carbon climbed a further 2.9% to average €26.23/t, this week. Like other commodity markets, carbon prices rose to a milestone high, reaching a one-month high of €27.60/t on 18 November.
- Carbon prices, like many global commodities markets this week, found support from the positive news of COVID-19 vaccinations. Additionally, EUA auctions are expected to be delayed until late January 2021 at the earliest for technical reasons, offering support to prices in the near-term.
- Carbon prices will continue to be suppressed by on-going Brexit uncertainty, partially offsetting price growth in recent weeks.

Supplier tariff movements

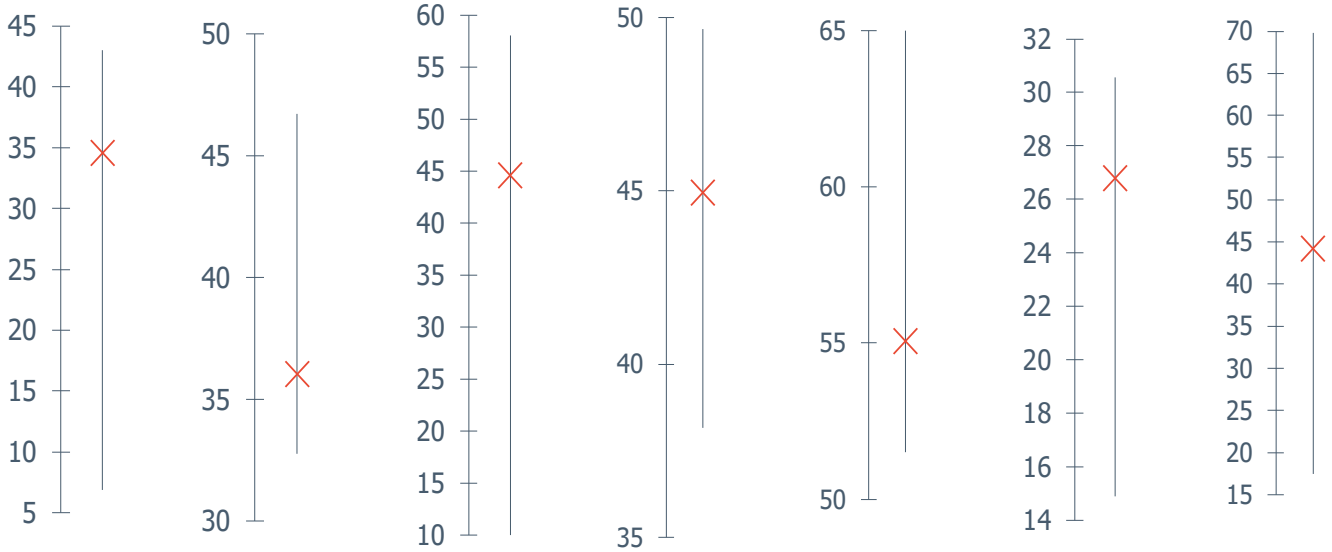
Eight suppliers decreased the price of their cheapest available tariffs between 7 November and 14 November. Utility Point decreased its tariff by the greatest amount £33/year to £832/year on average (the second cheapest tariff on the market), followed by Zebra Energy with a decrease of £13/year to £961/year on average.

Three suppliers increased the price of their cheapest available tariffs between 7 November and 14 November. GOTO Energy and Gulf Gas & Power both put through increases of £13/year to £917/year and £921/year on average respectively, while British Gas Evolve increased its cheapest tariff by £10/year to £890/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	20 Nov 20	34.60	36.06	44.50	44.94	55.05	26.79	44.20
Last week	13 Nov 20	37.10	38.39	37.00	46.71	59.80	26.34	43.28
Four weeks ago	23 Oct 20	43.00	40.61	43.75	48.11	59.40	25.12	42.35
Last year	21 Nov 19	40.35	45.48	45.25	47.51	64.50	24.01	62.29
Year-on-year % change		-14.3%	-20.7%	-1.7%	-5.4%	-14.7%	11.6%	-29.0%
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

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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