



Energy Wholesale Market Review

Week Ending 18th December 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 18/12/2020

The majority of power and gas contracts rose this week, in what has largely been a relatively bullish week for prices. However, some contracts reversed wider trends. Day-ahead gas represented one of the few contracts to decline this week, albeit marginally, slipping 0.1% to 42.50p/th, supported by periods of reduced temperature but ultimately offset by phases of notable system oversupply and wavering demand in parallel. Conversely, day-ahead power rose 10.5% to £49.9/MWh, supported by reduced wind generation at the start of the week coupled with increased demand. January 21 gas was up 2.5% at 45.79p/th, and February 21 gas increased 2.8% to 47.08p/th. Most seasonal gas contracts boosted this week, up by 1.1% on average, while both summer 21 and winter 21 gas increased 2.5% and 2.3% respectively, lifting to 36.80p/th and 45.38p/th. Most seasonal power contracts rose this week, up on average by 0.7%, as summer 21 and winter 21 expanded 1.7% and 1.1% respectively, rising to £47.30/MWh and £53.20/MWh. Brent crude oil climbed for the sixth consecutive week, lifting 3.3% higher to average \$50.90/bl. Oil prices continued to rally on COVID-19 vaccination developments, creating a more positive demand outlook with more rapid economic recoveries predicted than previously. Oil prices also found support from reduced US crude inventories. EU ETS carbon climbed for the sixth consecutive week, rising 2.8% to average €30.86/t this week. Carbon prices are over 14% higher than the same time last month and over 20% higher than last year.

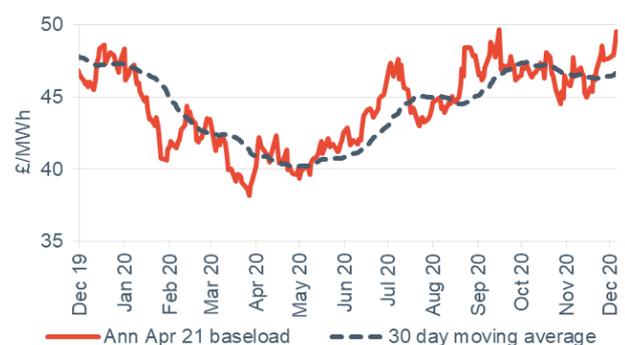
Baseload electricity

- Day-ahead power rose 10.5% to £49.9/MWh, supported by reduced wind generation at the start of the week coupled with increased demand.
- January 21 power climbed 0.9% at £57.5/MWh and February 21 power decreased 1.1% to £58.55/MWh.
- Q121 power moved 2.4% higher to £56.12/MWh.
- The annual April 21 contract rose 1.4% to £50.25/MWh, 4.0% higher than the same time last year (£48.31/MWh).

Forward curve comparison



Annual April contract



Peak electricity

- Day-ahead peak power was up 1.2% to £55.00/MWh, following its baseload counterpart higher.
- January 21 peak power gained 2.9% at £69.96/MWh, and February 21 peak power increased 3.8% to £70.21/MWh.
- The annual April 21 peak power lost 2.4% to £56.13/MWh.
- This is 3.2% lower than the same time last year (54.38/MWh).

Forward curve comparison



Annual April contract





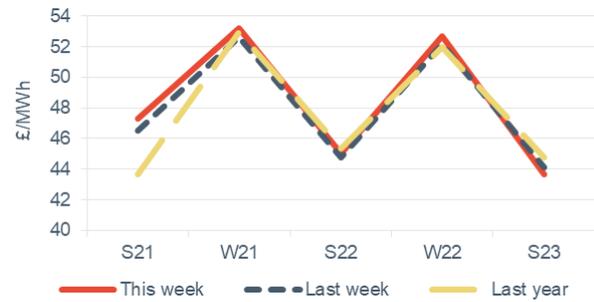
Seasonal power prices

Seasonal baseload power contracts



- Most seasonal power contracts boosted this week, up on average by 0.7%.
- Summer 21 and winter 21 expanded 1.7% and 1.1% respectively, rising to £47.30/MWh and £53.20/MWh.

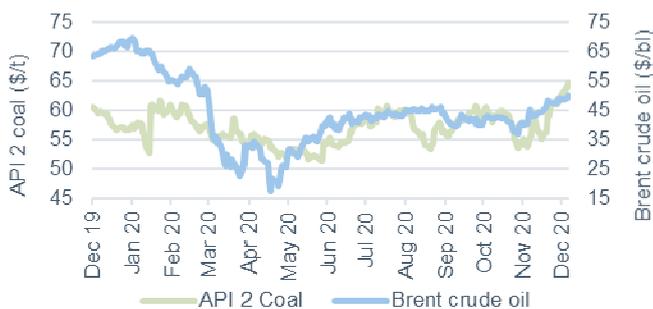
Seasonal baseload power curve



- Most seasonal peak power contracts boosted this week, up 1.5% on average.
- Summer 21 and winter 21 peak power increased 3.0% and 1.8% respectively, falling to £51.78/MWh and £60.47/MWh.

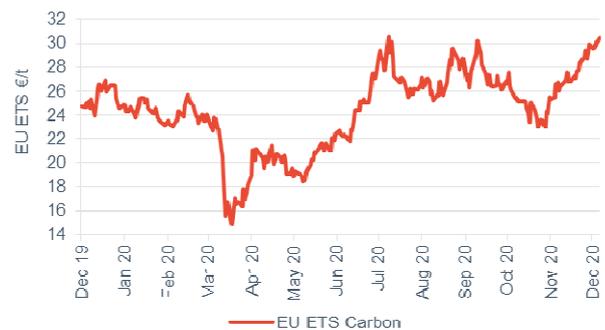
Commodity price movements

Oil and coal



- Brent crude oil climbed for the sixth consecutive week, lifting 3.3% higher to average \$50.90/bbl.
- Oil prices continued to rally on COVID-19 vaccination developments, creating a more positive demand outlook with more rapid economic recoveries predicted than previously.
- The first roll-out of vaccinations to the general public has acted to ease market fears and concerns over lack of demand post-COVID.
- Oil prices also found support from reduced US crude inventories. Initial reports at the week's start suggested there was a surplus in supply, but this was later counteracted with findings inventories were lower than previously understood.
- API 2 coal gained 5.4% from the previous week to average \$67.12/t.

Carbon



- EU ETS carbon climbed for the sixth consecutive week, rising 2.8% to average €30.86/t this week. Carbon prices are over 14% higher than the same time last month and over 20% higher than last year.
- Prices predominately found support from positive sentiment on the EU's ambitious and revised emissions targets for 2030. However, Brexit uncertainty may act to dampen further sustained rises with some ambiguity remaining on future of ETS trading with the release of the Energy White Paper from government this week.
- Carbon prices, like many commodity markets, continue to find support from positive COVID-19 vaccination developments.

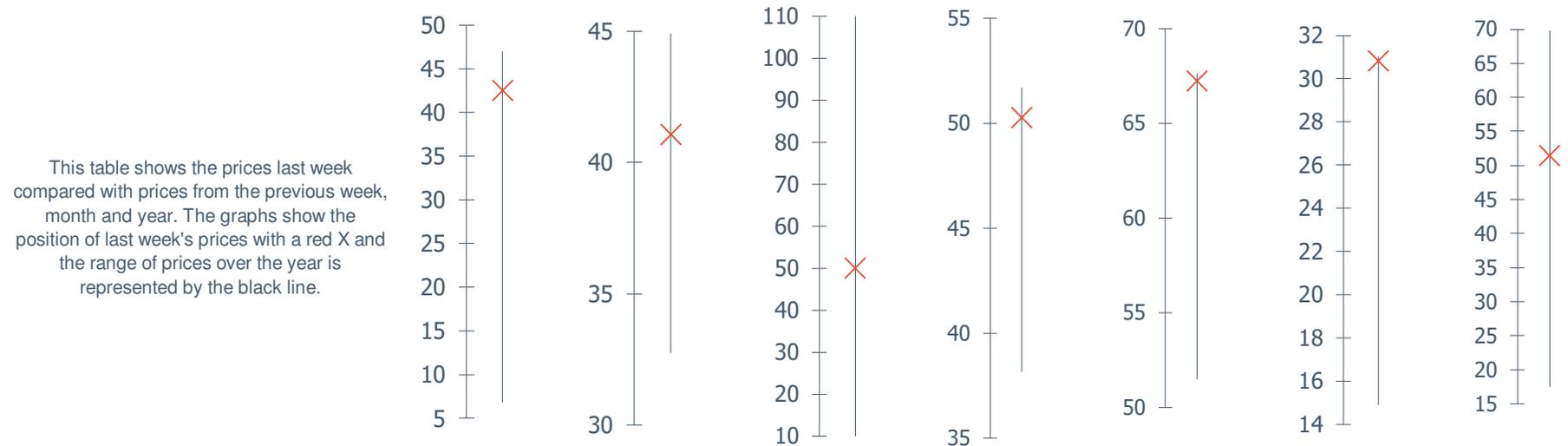
Supplier tariff movements

Four suppliers decreased the price of their cheapest available tariffs between 5 December and 12 December (Figure 2). GOTO Energy decreased its cheapest tariff by the greatest amount (£18/year to £888/year on average), Green Network Energy and Scottish Power both decreased their cheapest tariffs by £5/year to £862/year and £865/year on average respectively with Avro Energy reducing its cheapest tariff by £1/year to £871/year on average. 10 suppliers increased the price of their cheapest available tariffs between 5 December and 12 December. British Gas increased its cheapest tariff by the greatest amount of £49/year to £907/year on average, while E.ON UK recorded the second largest increase in its cheapest tariff of £47/year to £914/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	18 Dec 20	42.50	41.09	49.90	50.25	67.25	30.81	51.45
Last week	11 Dec 20	42.55	40.14	45.15	49.55	64.75	30.41	50.15
Four weeks ago	20 Nov 20	34.60	36.06	44.50	44.94	55.05	26.79	44.20
Last year	19 Dec 19	32.50	43.55	39.50	47.73	58.60	26.55	66.20
Year-on-year % change		30.8%	-5.6%	26.3%	5.3%	14.8%	16.0%	-22.3%
12-month high		47.00	44.92	110.00	51.68	67.65	31.04	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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