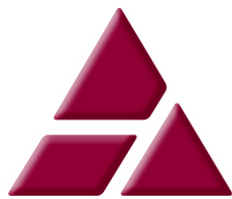




# Energy Wholesale Market Review

Week Ending 7<sup>th</sup> February 2020



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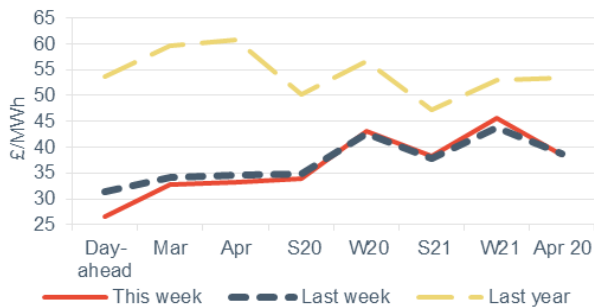


## Headlines 07/02/2020

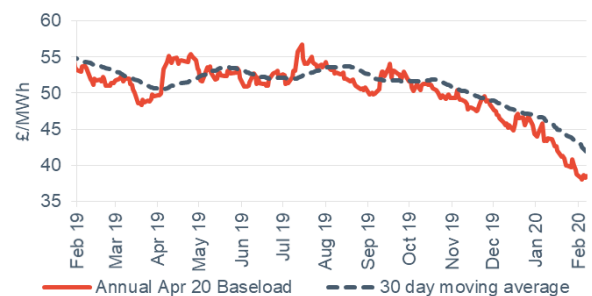
The majority of short-term power and gas contracts fell this week, with some future seasonal contracts gaining despite substantial losses seen in the day-ahead contracts. Day-ahead gas fell 7.3% to end the week at 22.75p/th, with forecasts of fluctuating temperatures seeing gas extend losses this week. Day-ahead power followed gas and fell 15.9% to £26.50/MWh as expected high wind generation next week pushed prices lower. March 20 gas was down 5.9% at 22.27p/th, and April 20 gas decreased 7.1% to 22.10p/th. Most seasonal gas contracts traded higher this week, up by 2.8% on average. This was despite the summer 20 gas dropping 3.4% to 23.61p/th, while winter 20 gas increased 2.3% to 35.86p/th. Seasonal power contracts generally boosted this week, up on average by 1.0%, as summer 20 power expanded 2.3% to £34.00/MWh, while winter 20 fell 0.7% to £43.00/MWh. Brent crude oil fell by 6.0% to \$55.36/bl as the spread of the coronavirus continued to impact global markets, though the majority of falls came earlier in the week as the commodity price steadied later on. EU ETS carbon slipped by 2.9% to €23.33/t to follow oil and gas prices lower, while API 2 coal lost by 0.6% to \$60.28/t despite predictions that prices could rise due to increasing demand in China.

- Day-ahead power fell 15.9% to £26.50/MWh despite rising to near £38/MWh on low wind generation midweek
- March 20 power slipped 4.1% to £32.79/MWh and April 20 power decreased 3.7% to £33.25/MWh
- Q220 power moved 2.3% lower to £33.88/MWh
- The Annual April 20 contract lost 0.6% to £38.50/MWh, 28.0% lower than the same time last year (£53.45/MWh)

### Forward curve comparison



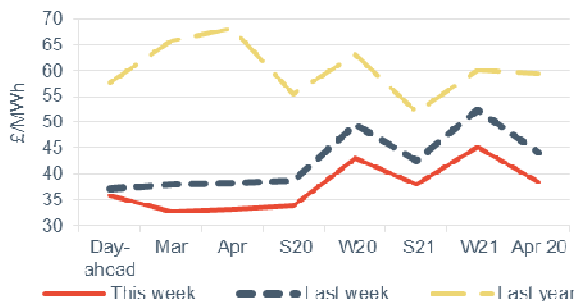
### Annual April contract



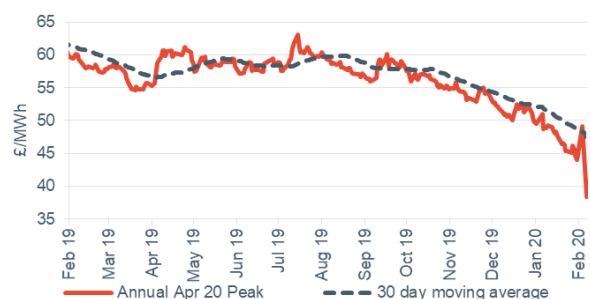
## Peak electricity

- Day-ahead peak power was down 3.9% to £35.70/MWh, following its baseload counterpart lower
- March 20 peak power declined 13.6% at £32.79/MWh, and April 20 peak power decreased 12.9% to £38.41/MWh
- The Annual April 20 peak power lost 12.9% to 38.41/MWh
- This is 35.2% lower than the same time last year (59.30/MWh)

### Forward curve comparison



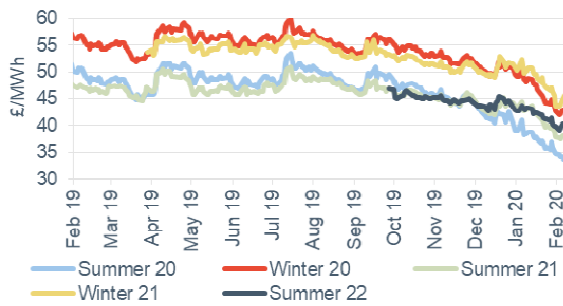
### Annual April contract



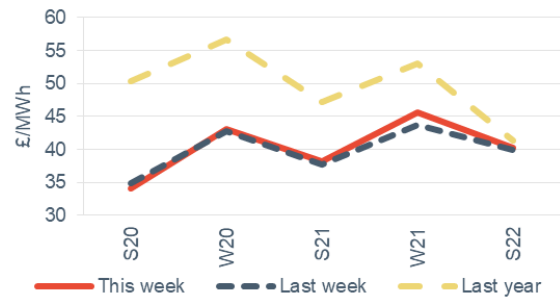


## Seasonal power prices

### Seasonal baseload power contracts



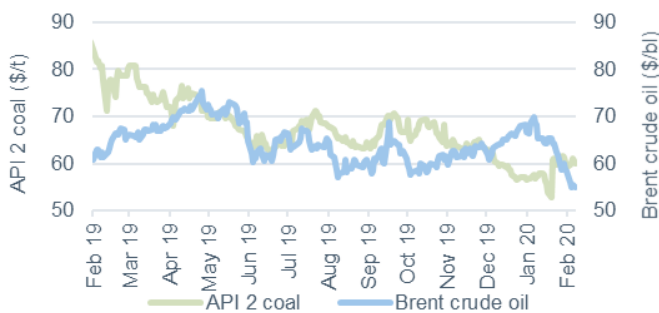
### Seasonal baseload power curve



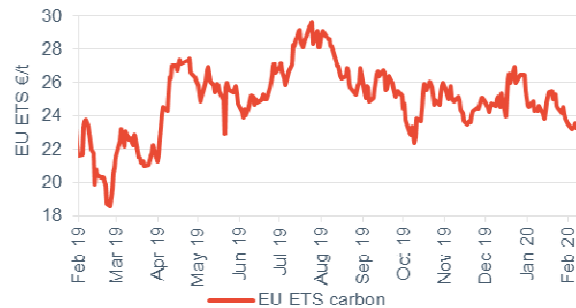
- Most seasonal power contracts increased this week, up on average by 1.0%
- Summer 20 power expanded 2.3% to £34.00/MWh, while winter 20 fell 0.7% to £43.00/MWh
- Most seasonal peak power contracts declined this week, down £12.6% on average
- Summer 20 and winter 20 peak power dropped 12.4% and 13.2% respectively, falling to £33.81/MWh and £43.00/MWh

## Commodity price movements

### Oil and coal



### Carbon



- Brent crude oil fell by 6.0% to average \$55.36/bl as oil prices steadied towards the end of the week. Much of the losses were seen over the weekend as prices dropped nearly 4% to open this week at 56.13p/th.
- News of the continued outbreak of the coronavirus has dampened global markets again this week while the report of increase US inventories extended losses. The most likely gains in prices will come from the outcome of any decision by OPEC allies – who met this week to discuss deeper cuts to global oil supply.
- API 2 coal was relatively unchanged again this week, falling by 0.6% to average \$60.51/t.
- EU ETS carbon decreased 2.9% to average €23.33/t this week despite an upwards swing in momentum in the middle of the week.
- Prices extended four-month lows this week, dropping to €23.19/t on 4 February. Accompanying a small jump in oil prices on 4 February, EU ETS prices rose to a weekly high of €23.53/t on 6 February, before closing the week at 24.28/t.

## Supplier tariff movements

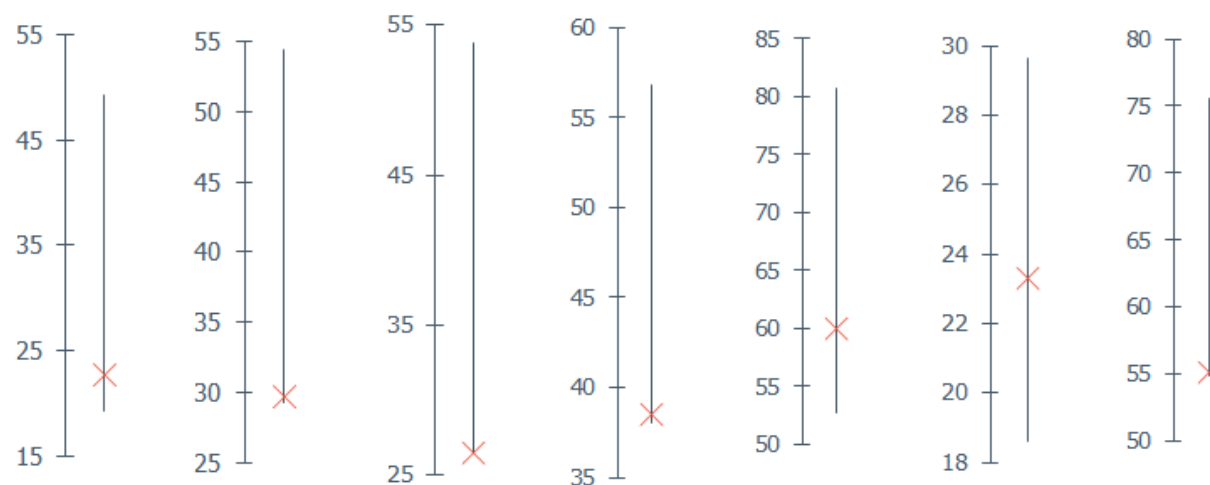
38 suppliers decreased the price of their cheapest available tariff in January compared to December, while three suppliers increased the price of their cheapest available tariff. British Gas decreased its tariff by the greatest amount (£297/year) to £875/year on average. Outfox the Market launched a new version of its variable tariff (One Variable 9.0) priced £14/year lower at £842/year on average and therefore had the cheapest variable tariff and was the cheapest priced the white label supplier. Avro Energy remained the cheapest medium supplier after it reduced the price of its cheapest tariff by £56/year to £835/year on average. E.ON UK was the cheapest large supplier for the third consecutive month after it reduced the price of its cheapest tariff, Fix Online Exclusive by £28/year to £865/year on average.



## Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal (\$/t)	Carbon (€/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead			
This week	7 Feb 20	22.75	29.74	26.50	38.50	60.00	23.28	55.06
Last week	31 Jan 20	24.55	29.74	31.50	38.75	59.25	23.53	58.34
Four weeks ago	10 Jan 20	29.35	36.69	36.15	43.70	57.90	24.64	65.39
Last year	8 Feb 19	49.25	52.63	53.75	53.45	77.65	23.40	61.46
Year-on-year % change		-53.8%	-43.5%	-50.7%	-28.0%	-22.7%	-0.5%	-10.4%
12-month high		49.25	54.45	53.75	56.79	80.75	29.66	75.54
12-month low		19.30	29.27	26.50	38.08	52.70	18.60	54.87

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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