Energy Wholesale Market Review

Week Ending 28th February 2020

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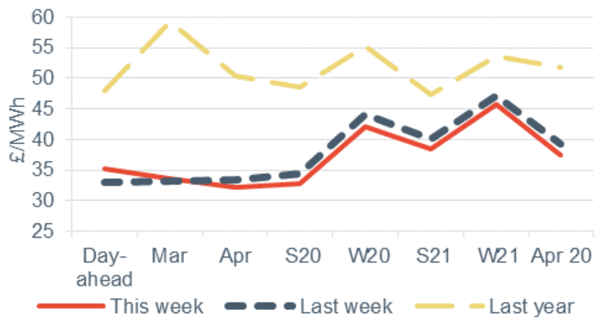
Headlines 28/02/2020

Most power and gas contracts decreased this week, reflecting the movements of the global economy, with the day-ahead contracts as the exceptions. Day-ahead gas rose 6.2% to 24.00p/th, as forecasts of a drop in temperatures saw a rise in expected gas demand. Day-ahead power followed gas and rose 6.8% to £35.15/MWh as forecasts of lower wind generation extended gains. March 20 gas was down 7.3% at 20.85p/th, and April 20 gas decreased 3.3% to 21.11p/th. All seasonal gas contracts declined this week, down by 5.8% on average. Summer 20 and winter 20 gas dropped 6.0% and 5.9% respectively, subsiding to 22.00p/th and 34.38p/th. All seasonal power contracts declined this week, down on average by 4.0%, as summer 20 power decreased 4.7% to £32.75/MWh, while winter 20 power fell 4.4% to £42.15/MWh. Brent crude oil fell 6.5% to average $53.93/bl as prices recorded their largest weekly fall in over 4 years, dropping 10.6% from Monday to Friday. EU ETS carbon lost 3.7% to average €24.04/t this week as prices lost the recent momentum seen in recent weeks, ending the week at €23.33/t. API 2 coal saw further losses this week, falling 3.6% to average $57.19/t.

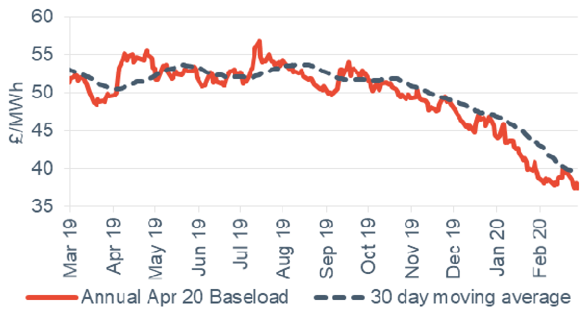
Baseload electricity

- Day-ahead power rose 6.8% to £35.15/MWh with forecasts of lower wind generation and colder weather supporting prices
- March 20 power climbed 1.1% to £33.50/MWh and April 20 power decreased 3.6% to £32.20/MWh
- Q220 power moved 4.6% lower to £32.50/MWh
- The Annual April 20 contract lost 4.5% to £37.45/MWh, 27.7% lower than the same time last year (£51.82/MWh)

Forward curve comparison



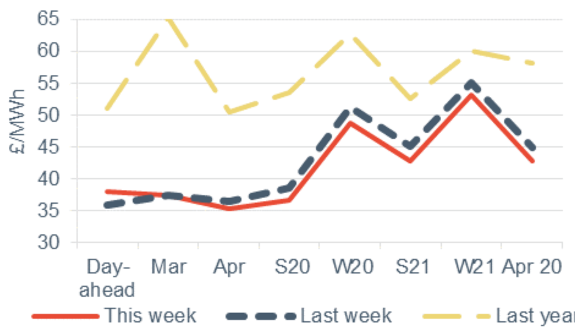
Annual April contract



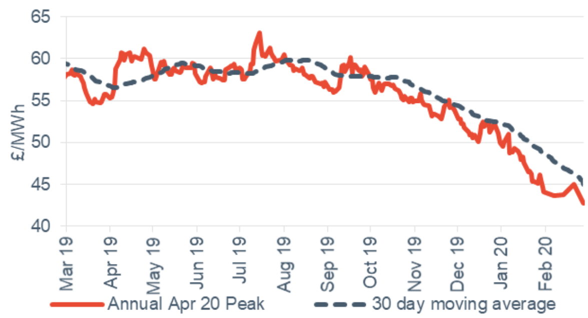
Peak electricity

- Day-ahead peak power was up 6.1% to £38.00/MWh following its baseload counterpart higher
- March 20 peak power declined 0.4% to £37.35/MWh, and April 20 peak power decreased 3.3% to £35.19/MWh
- The Annual April 20 peak power lost 5.0% to £42.71/MWh
- This is 26.6% lower than the same time last year (£58.17/MWh)

Forward curve comparison

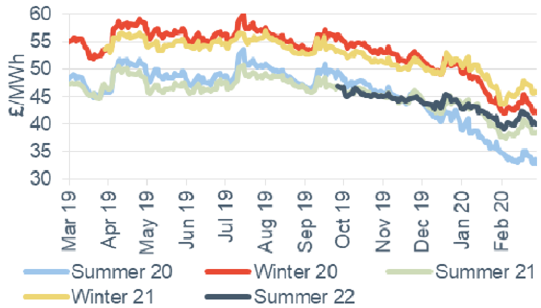


Annual April contract

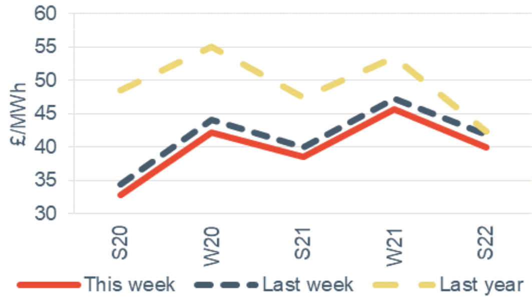


Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve

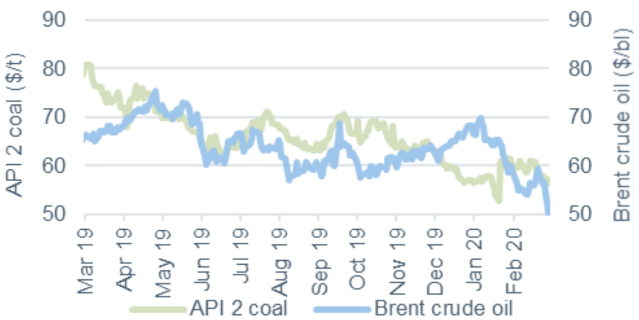


- All seasonal power contracts declined this week, down on average by 4.0%
- Summer 20 power decreased 4.7% to £32.75/MWh, while winter 20 fell 4.4% to £42.15/MWh

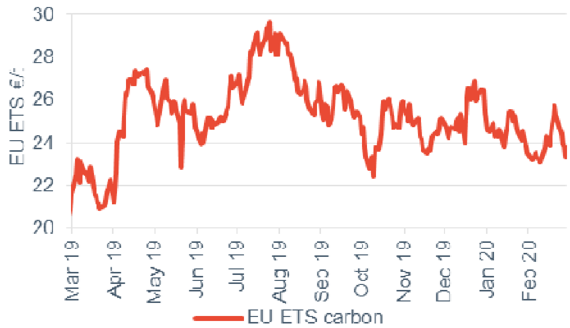
- All seasonal peak power contracts declined this week, down £4.7% on average
- Summer 20 and winter 20 peak power dropped 5.1% and 4.9% respectively, falling to £36.65/MWh and £48.77/MWh

Commodity price movements

Oil and coal



Carbon



- Brent crude oil fell 6.5% to average $53.93/bl as oil prices recorded their largest weekly fall in over 4 years, dropping 10.6% from Monday to Friday
- Market focus shifted from the drop in Libyan output – which saw prices lift last week, back to the increasing spread of the coronavirus outside of China
- With the virus having spread to a now estimated 47 countries, there are increasing market concerns over the damage this may do to the future of global oil consumption growth, particularly in large consuming countries such as the US
- API 2 coal saw further losses this week, falling by 3.6% to average $57.19/t. Coal prices dropped after another turbulent week for the global economy

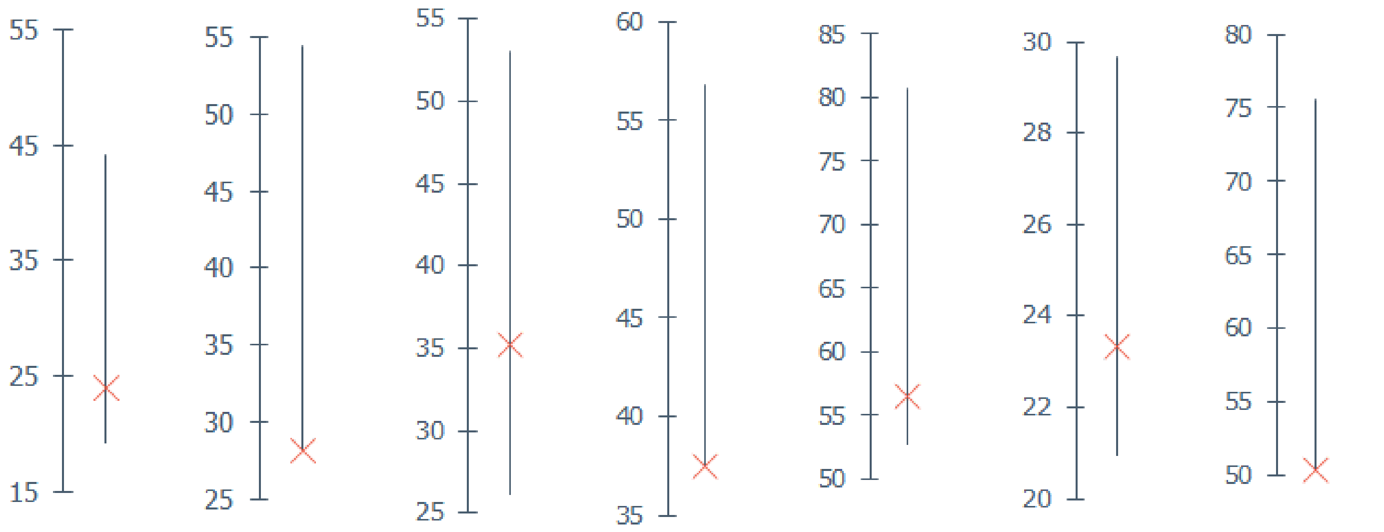
- EU ETS carbon lost 3.7% to average €24.04/t this week as prices lost the recent momentum seen in recent weeks, ending the week at €23.33/t
- Following Brent crude oil, API 2 coal prices and the wider global economy down, further pressure was added to EU ETS prices on the announcement that UK auctions for the ETS would resume on 4 March

Supplier tariff movements

38 suppliers decreased the price of their cheapest available tariff in January, 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 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.

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	($/t)	(€/t)	($/bl)
Last week	28 Feb 20	24.00	28.19	35.15	37.45	56.50	23.33	50.36
Two weeks ago	21 Feb 20	22.60	29.98	32.90	39.22	58.30	25.28	58.17
Four weeks ago	31 Jan 20	24.55	29.74	31.50	38.75	59.25	23.53	58.34
Last year	1 Mar 19	44.20	51.95	48.00	51.82	80.75	21.59	66.24
Year-on-year % change		-45.7%	-45.7%	-26.8%	-27.7%	-30.0%	8.1%	-24.0%
12-month high		44.20	54.45	53.00	56.79	80.75	29.66	75.54
12-month low		19.30	28.19	26.15	37.45	52.70	20.95	50.36

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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