



Energy Wholesale Market Review

Week Ending 29th January 2021



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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



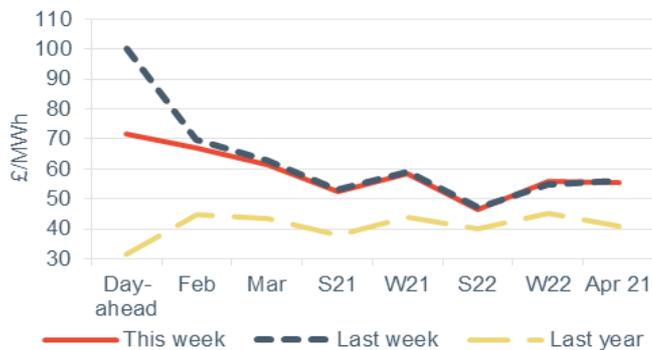
Headlines 29/01/2021

This week has seen mixed price movements, with prices leaning towards bearish. Day-ahead gas fell 3.3% to 59.00p/th, afflicted by periods of warmer weather, particularly at the week's start. Day-ahead power fell 28.5% to £71.5/MWh, with increased wind generation experienced for large parts of the week, coupled with reduced demand in parallel and the new IFA2 IGW interconnector coming online. February 21 gas was down 8.5% at 54.84p/th, and March 21 gas decreased 16.1% to 47.52p/th. Most seasonal gas contracts declined last week, down by 0.9% on average, while summer 21 and winter 21 gas dropped 1.4% and 1.1% respectively, to 43.57p/th and 51.67p/th. Most seasonal power contracts declined this week, down on average by 0.4%, as summer 21 power decreased 0.9% to £52.50/MWh and winter 21 fell 0.6% to £58.65/MWh. Brent crude oil marginally reversed last week's decline, lifting 0.8% to \$55.93/bl this week. Despite prices rising, the general sentiment in the market remains cautious. Global lockdowns across many major economies continues, with little sign of easing in the coming weeks. Vaccination roll-out continues to provide some assurance to markets, providing support to prices. EU ETS carbon rose 1.6% to average €33.48/t. Like other commodity markets, news of high global case numbers of COVID-19 continues to act bearishly on the carbon price. On 29 January, the return of EUA auctions acted to push prices lower with increased supply volumes.

Baseload electricity

- Day-ahead power fell 28.5% to £71.5/MWh, following increased wind generation experienced for large parts of the week, coupled with reduced demand in parallel and the new IFA2 IGW interconnector coming online.
- February 21 power slipped 4.1% to £67/MWh and March 21 power decreased 2.4% to £61.5/MWh.
- Q221 power moved 1.7% lower to £53.37/MWh.
- The annual April 21 contract lost 0.8% to £55.58/MWh, 36.4% higher than the same time last year (£40.75/MWh).

Forward curve comparison



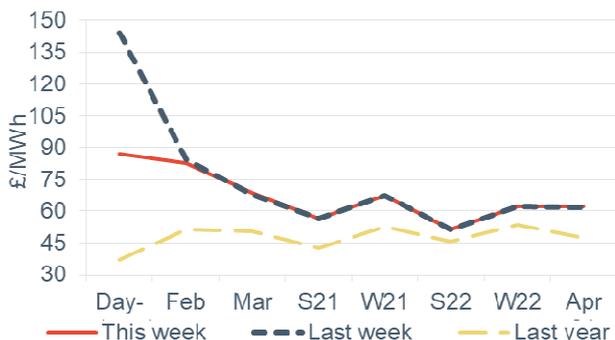
Annual April contract



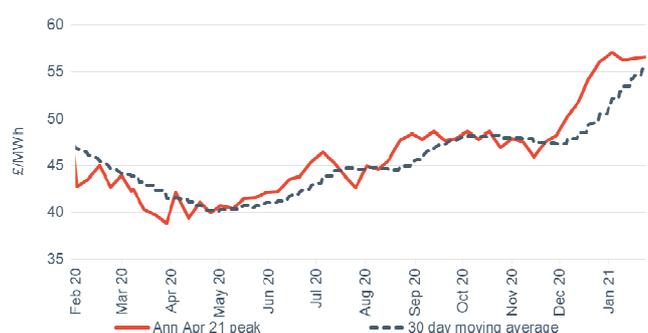
Peak electricity

- Day-ahead peak power was down 39.6% to £87.00/MWh, following the day-ahead contracts lower.
- February 21 peak power declined 2.1% to £82.62/MWh, and March 21 peak power increased 1.1% to £68.47/MWh.
- The annual April 21 peak power contract lost 0.4% to £62.01/MWh.
- This is 30.5% lower than the same time last year (47.5/MWh).

Forward curve comparison



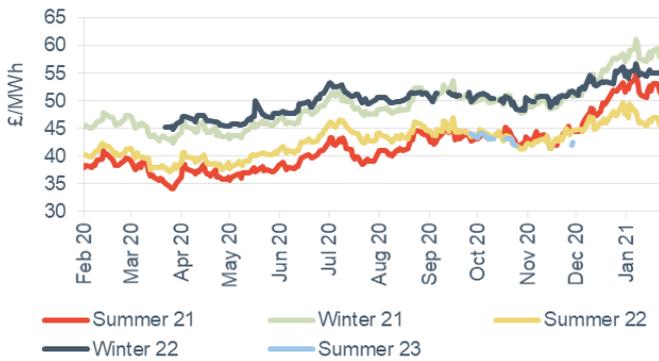
Annual April contract



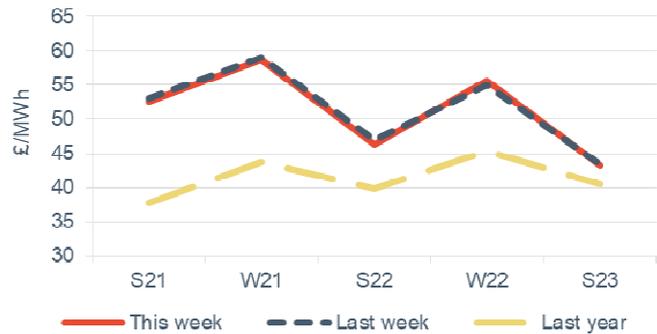


Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve

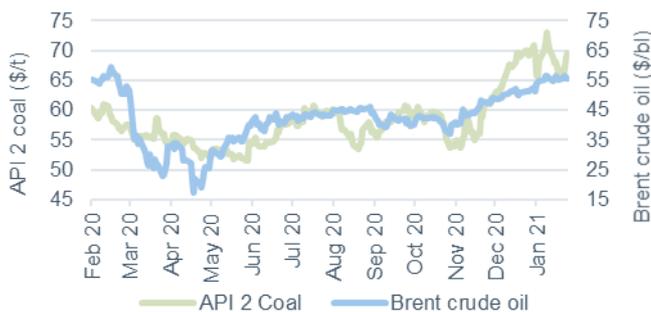


- Most seasonal power contracts declined this week, down on average by 0.4%.
- Summer 21 power decreased 0.9% to £52.50/MWh, while winter 21 fell 0.6% to £58.65/MWh.

- Most seasonal peak power contracts boosted this week, up 0.3% on average.
- Summer 21 and winter 21 peak power increased 0.3% and 0.4% respectively, to £56.54/MWh and £67.47/MWh.

Commodity price movements

Oil and coal



Carbon



- Brent crude oil marginally reversed last week's decline, lifting 0.8% to \$55.93/bl this week.
- Despite prices rising, the general sentiment in the market remains cautious. Global lockdowns across many major economies continues, with little sign of easing in the coming weeks. Case numbers are generally responding to stringent lockdown measures however, with reports of falling numbers in Europe and China. Vaccination roll-out continues to provide some assurance to markets.
- Similarly, the Brent crude price continues to benefit from extended supply cut pledges from Saudi Arabia for February and March,
- API 2 coal rose 0.3% from the previous week to average \$67.70/t.

- EU ETS carbon rose 1.6% to average €33.48/t.
- Like other commodity markets, news of high global case numbers of COVID-19 continues to act bearishly on the carbon price. On 29 January, the return of EUA auctions acted bearishly on prices with increased supply volumes although, the market reacted strongly, clearing relatively comfortably.
- We may continue to see prices fluctuate week-on-week but hold onto the stronger >€32.00/t price point.
- Colder weather forecast also acted bullishly on price movements, with increased heating demand.

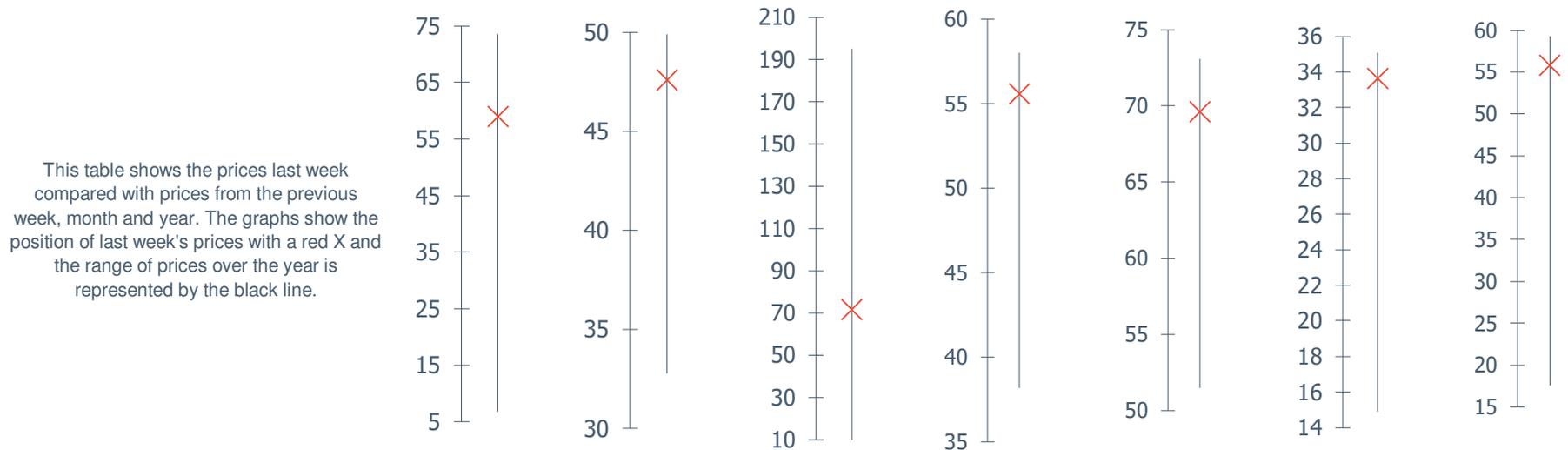
Supplier tariff movements

Three suppliers decreased the price of their cheapest available tariff between 16 January and 23 January. People's Energy decreased its cheapest available tariff by £56/year to £932/year on average, whilst E.ON UK reduced its cheapest available tariff by £34/year to £950/year on average and British Gas Evolve decreased its cheapest available tariff by £19/year to £961/year on average. Nine suppliers increased the price of their cheapest available tariff between 16 January and 23 January. Pure Planet increased its cheapest tariff by the greatest amount of £83/year to £960/year on average, followed by PFP Energy with an increase of £41/year to £989/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	29 Jan 21	59.00	47.62	71.50	55.58	69.60	33.65	55.79
Last week	22 Jan 21	61.00	48.22	100.00	56.00	65.90	33.94	54.98
Four weeks ago	24 Dec 20	50.00	43.74	56.50	52.51	68.90	32.28	51.10
Last year	31 Jan 20	24.55	35.36	31.50	40.75	59.25	23.53	58.34
Year-on-year % change		140.3%	34.7%	127.0%	36.4%	17.5%	43.0%	-4.4%
12-month high		73.50	49.91	195.00	58.04	73.10	35.10	59.31
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 20 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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