Energy Wholesale Market Review

Week Ending 14th May 2021

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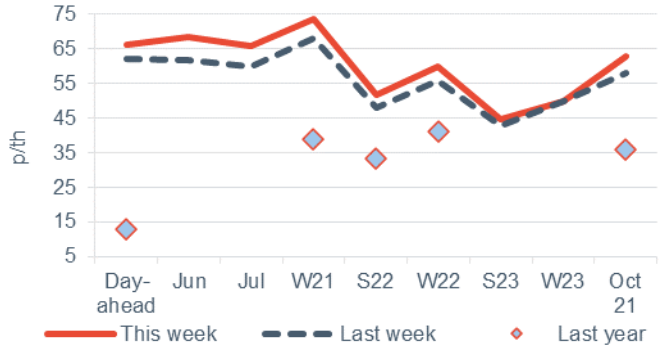
Headlines 14/05/2021

It was a collectively bullish week across most tracked gas and power contracts this week. In support of this, day-ahead gas rose 6.9% to 66.25p/th, following cooler temperatures at the weeks start and higher gas-for-power demand amid weaker wind generation. Day-ahead power rose 18.4% to £82/MWh, finding support from prolonged periods of weaker wind generation in the week, lowering demand and record high carbon prices. June 21 gas was up 10.5% at 68.25p/th, and July 21 gas increased 9.8% to 65.86p/th. Seasonal gas contacts experienced gains, rising by 5.7% on average, with winter 21 and summer 22 gas increasing 8.7% and 7.7% respectively, lifting to 73.77p/th and 51.59p/th. Similar movements were seen in seasonal power contracts, which averaged 6.9% higher, as winter 21 and summer 22 expanded 8.1% and 7.8% respectively, rising to £84.46/MWh and £62.50/MWh. Brent crude oil prices slipped this week, down 0.7% to average $68.18/bl. The weeks start saw supply disruption from a cyber-attack on the US Colonial Pipeline causing a temporary shutdown, supporting oil prices. However, the rising number of COVID-19 cases across India and select parts of Asia ultimately overshadowed the aforementioned bullish price movements. EU ETS carbon prices rose this week, rising 8.9% to average €53.53/t. Prices once again broke all-time record highs, reaching €55.69/t on 14 May.

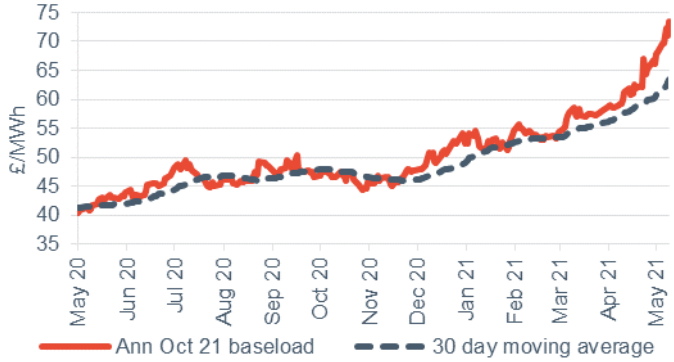
Baseload electricity

- Day-ahead power rose 18.4% to £82/MWh, following prolonged periods of weaker wind generation in the week, lowering demand and record highs in carbon markets.
- June 21 power climbed 11.2% at £77.8/MWh and July 21 power increased 11.4% to £79/MWh.
- Q321 power moved 10.5% higher to £76.91/MWh.
- The annual October 21 contract rose 7.9% to £73.48/MWh, 76.1% higher than the same time last year (£41.73/MWh).

Forward curve comparison



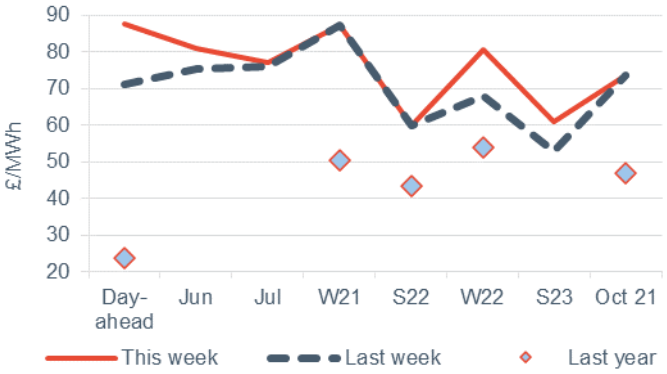
Annual April contract



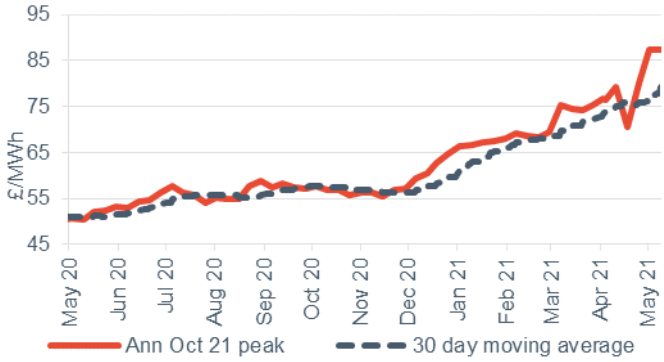
Peak electricity

- Day-ahead peak power was up 23.5% to £87.65/MWh, following gains made from its baseload counterpart.
- June 21 peak power gained 7.3% at £80.75/MWh, and July 21 peak power increased 1.3% to £77/MWh.
- The annual October 21 peak power lost 0.0% to £73.5/MWh.
- This is 56.6% lower than the same time last year (46.94/MWh).

Forward curve comparison

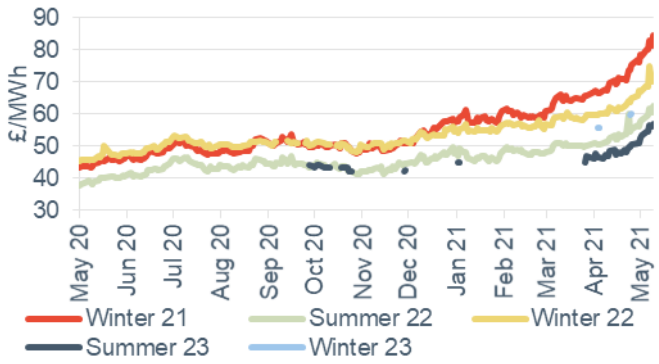


Annual April contract



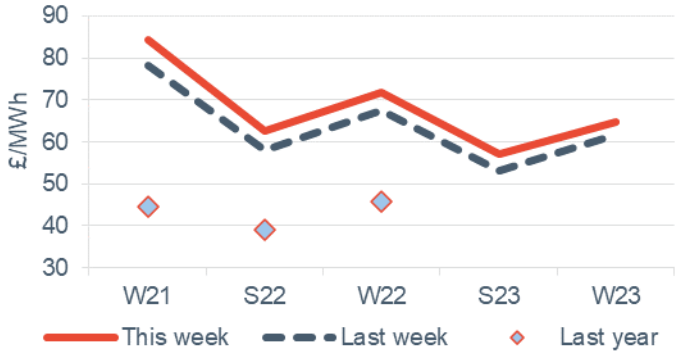
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts boosted this week, up on average by 6.9%.
- Winter 21 and summer 22 expanded 8.1% and 7.8% respectively, rising to £84.46/MWh and £62.50/MWh.

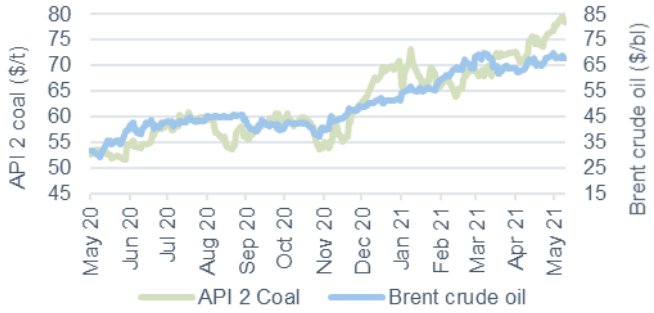
Seasonal baseload power curve



- Most seasonal peak power contracts boosted this week, up 8.4% on average.
- winter 21 and summer 22 peak power dropped 0.0% and 0.0% respectively, falling to £87.25/MWh and £59.75/MWh.

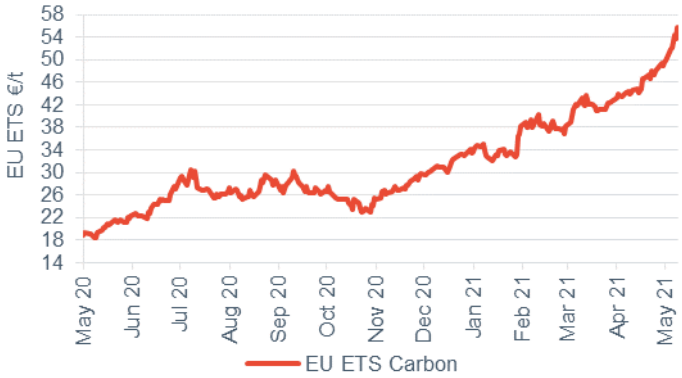
Commodity price movements

Oil and coal



- Brent crude oil prices slipped this week, down 0.7% to average $68.18/bl.
- At the week's start, supply disruption from a cyber-attack on US pipelines causing temporary shutdowns, supported prices.
- However, the underlying COVID-19 crisis across India and select parts of Asia ultimately overshadowed the aforementioned bullish price movements, creating genuine concern for demand recovery entering the summer period, should the current trajectory of COVID-19 cases in these countries continue.

Carbon



- EU ETS carbon prices rose this week, rising 8.9% to average €53.53/t. Prices once again broke all-time record highs, reaching €55.69/t on 14 May.
- EU ETS carbon continues to rise to new highs. This week in particular, gains continue to be driven by expectations of tighter EU ETS policy reform and strong buying demand from speculative traders.
- Forecasts of temperature reductions in parts of North-West Europe next week may boost prices further still for the coming weeks.

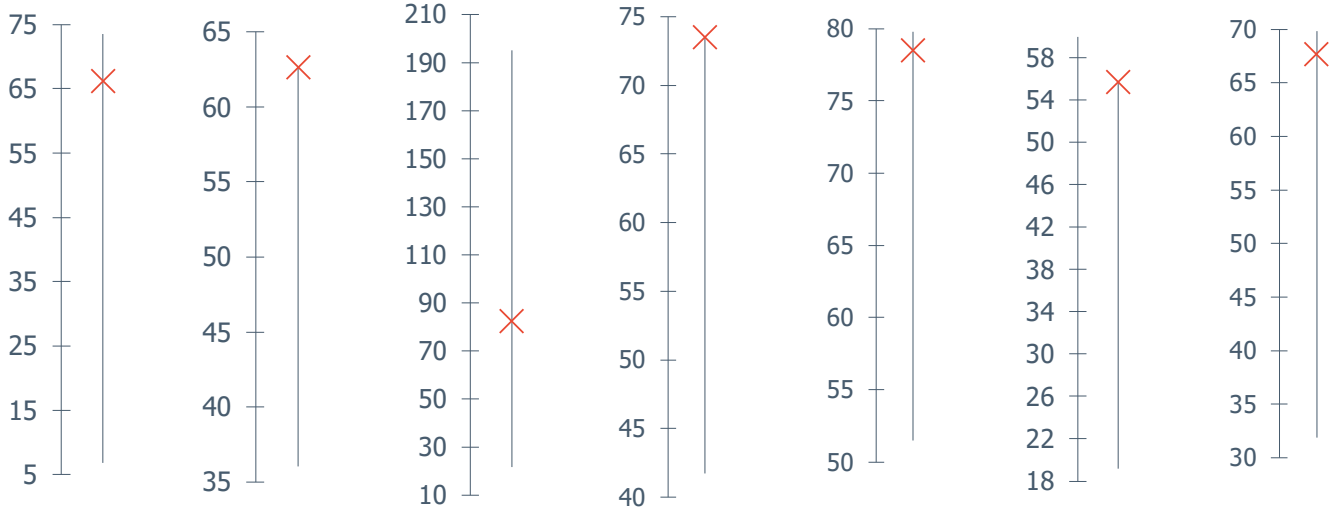
Supplier tariff movements

PFP Energy was the only supplier to decrease the price of its cheapest available tariff between 1 May and 8 May. The supplier decreased its cheapest tariff by £187/year to £845/year on average, which was the cheapest tariff on the market. Five suppliers increased the price of their cheapest available tariffs between 1 May and 8 May. Zebra Energy increased its cheapest tariff by the greatest amount with an increase of £49/year on average to £1,090/year on average. The next greatest increase was from HUB energy which increased its cheapest tariff by £46/year to £1,014/year on average which meant that the supplier fell out of the top 20 tariffs.

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	14 May 21	66.25	62.68	82.00	73.48	78.50	55.69	67.71
Last week	7 May 21	62.00	57.88	69.25	68.07	77.75	49.94	68.00
Four weeks ago	16 Apr 21	56.75	51.60	65.50	61.13	74.75	44.62	67.23
Last year	15 May 20	12.85	36.06	21.70	41.73	53.45	19.19	31.87
Year-on-year % change		415.6%	73.8%	277.9%	76.1%	46.9%	190.2%	112.5%
12-month high		73.50	62.68	195.00	73.48	79.80	55.69	69.80
12-month low		6.85	36.06	21.50	41.73	51.50	19.19	31.87

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 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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