



# Energy Wholesale Market Review

Week Ending 23<sup>rd</sup> of July 2021



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## Contents

<b>Baseload electricity</b>	<b>3</b>
<b>Peak electricity</b>	<b>3</b>
<b>Seasonal power prices</b>	<b>4</b>
<b>Commodity price movements</b>	<b>4</b>
<b>Supplier tariff movements</b>	<b>4</b>
<b>Wholesale price snapshot</b>	<b>5</b>
<b>About EDW Technology Limited</b>	<b>6</b>



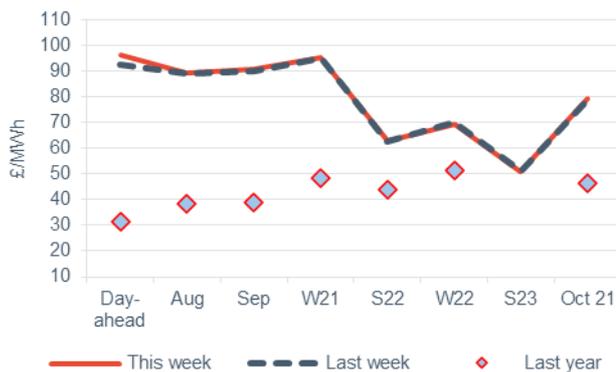
## Headlines 23/07/2021

It was a largely bullish week again for GB gas and power markets this week, building on recent upward drivers. Subsequently, day-ahead gas rose 3.1% to 90.00p/th, rebounding from losses in the week prior, driven by the continued low levels of gas in storage and reduced North Sea pipeline flows in the week. Day-ahead power rose 4.1% to £96.00/MWh, buoyed by higher gas prices and low wind output. August 21 gas was up 2.5% at 88.97p/th, and September 21 gas increased 3.1% to 90.65p/th. Most seasonal gas contracts boosted this week, up by 0.5% on average, with winter 21 and summer 22 gas rising 1.5% and 0.4% respectively, lifting to 93.60p/th and 56.00p/th. Seasonal power contracts saw similar movements, up on average by 0.1%, as winter 21 and summer 22 expanded 0.2% and 0.4% respectively, growing to £95.00/MWh and £63.00/MWh. Brent crude oil fell 4.5% to average \$71.47/bl this week. A significant driving force of downward movements this week for Brent crude prices can be attributed to the outcome of recent OPEC+ discussions. The discussions concluded with members agreeing to boost production in August. It was a third consecutive week of bearish price movements across both UK and European carbon markets. The EU ETS fell 1.6% to €51.99/t, with the UK ETS falling 0.8% to £43.30/t. Whilst prices across both the UK and EU ETS dropped, prices are still high by comparison to prices earlier this year.

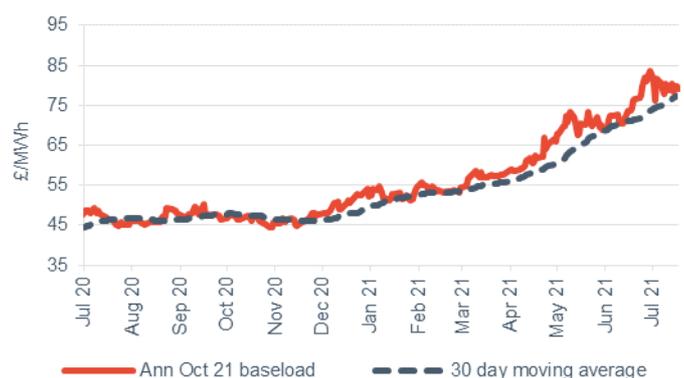
### Baseload electricity

- Day-ahead power rose 4.1% to £96.00/MWh, following gas price movements on the near curve and buoyed by the continuation of lower wind output in part.
- August 21 power climbed 0.7% at £89.35/MWh and September 21 power increased 0.9% to £90.65/MWh.
- Q421 power was unchanged at £95.75/MWh.
- The annual October 21 contract rose 0.3% to £79/MWh, 70.6% higher than the same time last year (£46.3/MWh).

Forward curve comparison



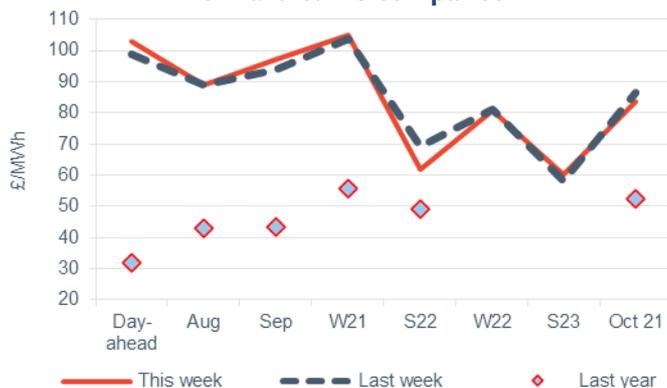
Annual October contract



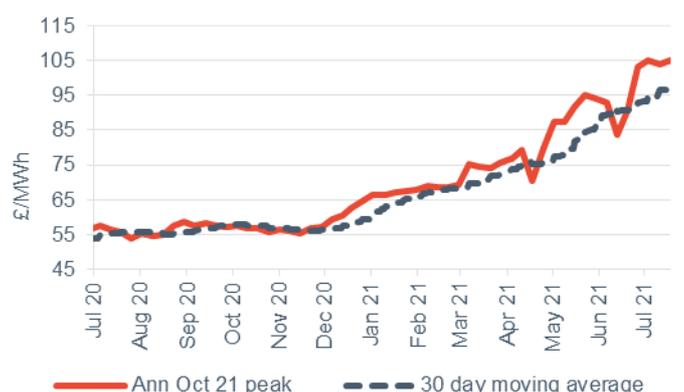
### Peak electricity

- Day-ahead peak power was up 4.4% to £103.00/MWh, following its baseload counterpart upwards
- August 21 peak power gained 0.2% at £89/MWh, and September 21 peak power increased 3.8% to £97.2/MWh.
- The annual October 21 peak power lost 3.5% to £83.5/MWh
- This is 59.7% lower than the same time last year (52.28/MWh).

Forward curve comparison



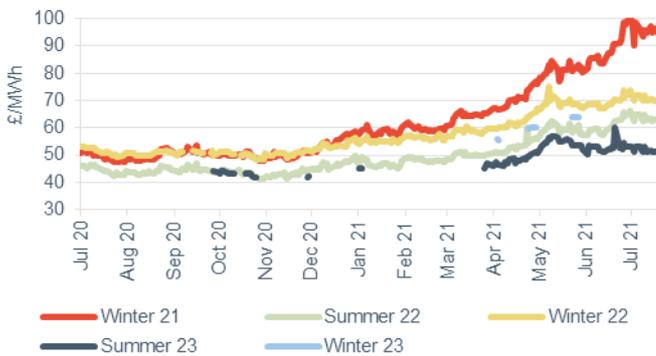
Annual October contract





## Seasonal power prices

### Seasonal baseload power contracts



- Most seasonal power contracts saw slight gains this week, up on average by 0.1%.
- Winter 21 and summer 22 expanded 0.2% and 0.4% respectively, rising to £95.00/MWh and £63.00/MWh.

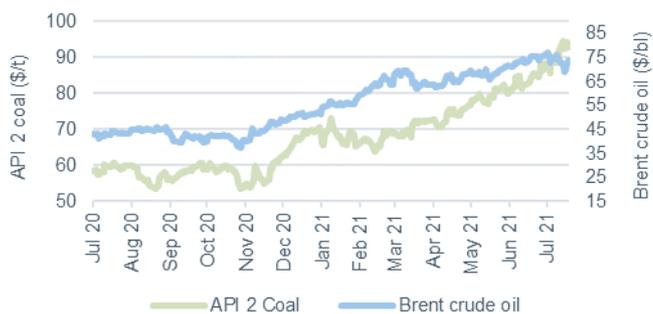
### Seasonal baseload power curve



- The majority of seasonal peak power contracts declined this week, down 1.7% on average.
- Winter 21 gas increased 1.1% to £105.00/MWh, while summer 22 peak power dropped 10.4% to £62.00/MWh.

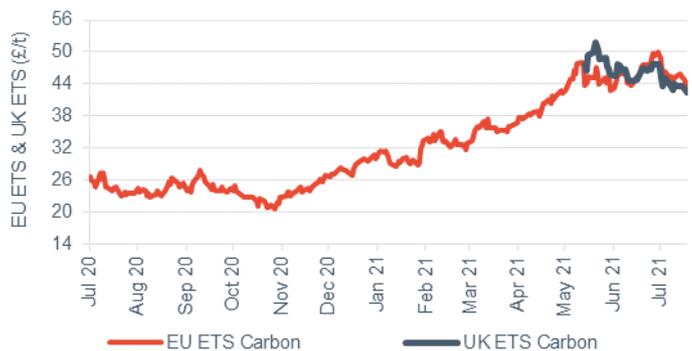
## Commodity price movements

### Oil and coal



- Brent crude oil fell 4.5% to average \$71.47/bbl this week.
- A combination of bearish factors contributed to the price losses in Brent crude oil across this week.
- A significant driving force of downward movements this week for Brent crude prices can be attributed to the outcome of recent OPEC+ discussions. The discussions concluded with members agreeing to boost production in August, something which had previously been avoided to prevent market oversupply in an uncertain landscape amid on-going demand recovery concerns from coronavirus.
- Sustained losses were capped by projections of tighter supply for the remainder of 2021.

### Carbon (UK and EU ETS)



- It was a third consecutive week of bearish price movements across both UK and European carbon markets. The EU ETS fell 1.6% to €51.99/t, with the UK ETS falling 0.8% to £43.30/t.
- Whilst prices across both the UK and EU ETS declined, prices are still high by comparison to prices earlier this year.
- Prices this week took direction from wider commodity markets.
- Lowering gas prices, weaker Brent crude prices and expectations of increased wind generation in parts of North-West Europe dampening demand for fossil fuel generation

## Supplier tariff movements

Seven suppliers increased the price of their cheapest available tariff between 10 July and 17 July. Shell Energy increased its cheapest available tariff by the greatest amount with an increase of £214/year to £1,359/year on average. People's Energy put through the second highest increase, increasing its cheapest tariff by £161/year to £1,071/year on average. Square1 Energy rose its cheapest tariff by £87/year to £1,027/year on average and went from third cheapest tariff on the market to rank seventh. So Energy also increased the price of its cheapest tariff

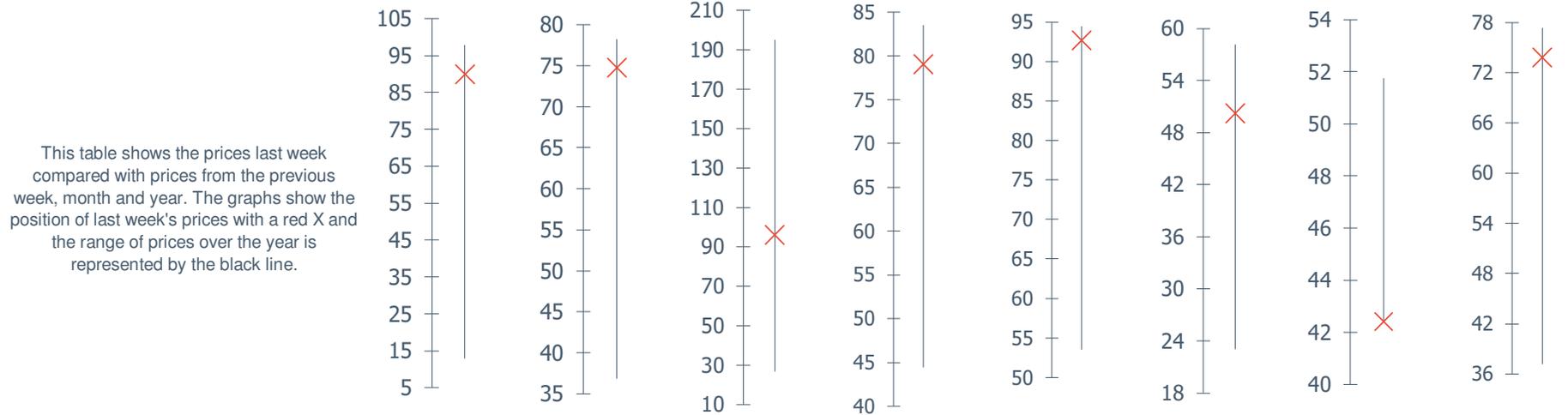


by £95/year to £1,130/year on average and the supplier fell from having the 10th cheapest tariff on the market to the 51st cheapest. No suppliers reduced the price of their cheapest tariff between 10 July and 17 July.



## Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal (\$/t)	EUA carbon (€/t)	UKA carbon (£/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead				
This week	23 Jul 21	90.00	74.80	96.00	79.00	92.65	50.23	42.40	73.79
Last week	16 Jul 21	87.30	74.02	92.25	78.76	92.10	53.23	43.75	73.78
Four weeks ago	25 Jun 21	80.90	69.60	88.00	76.63	85.50	55.55	47.00	75.36
Last year	24 Jul 20	13.30	38.33	31.50	46.30	60.00	26.80	N/A	43.80
Year-on-year % change		576.7%	95.2%	204.8%	70.6%	54.4%	87.4%	N/A	68.5%
12-month high		97.85	78.26	195.00	83.50	94.45	58.16	51.75	77.32
12-month low		12.85	36.85	26.70	44.45	53.50	23.02	42.40	37.19





## 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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