

Energy Wholesale Market Review

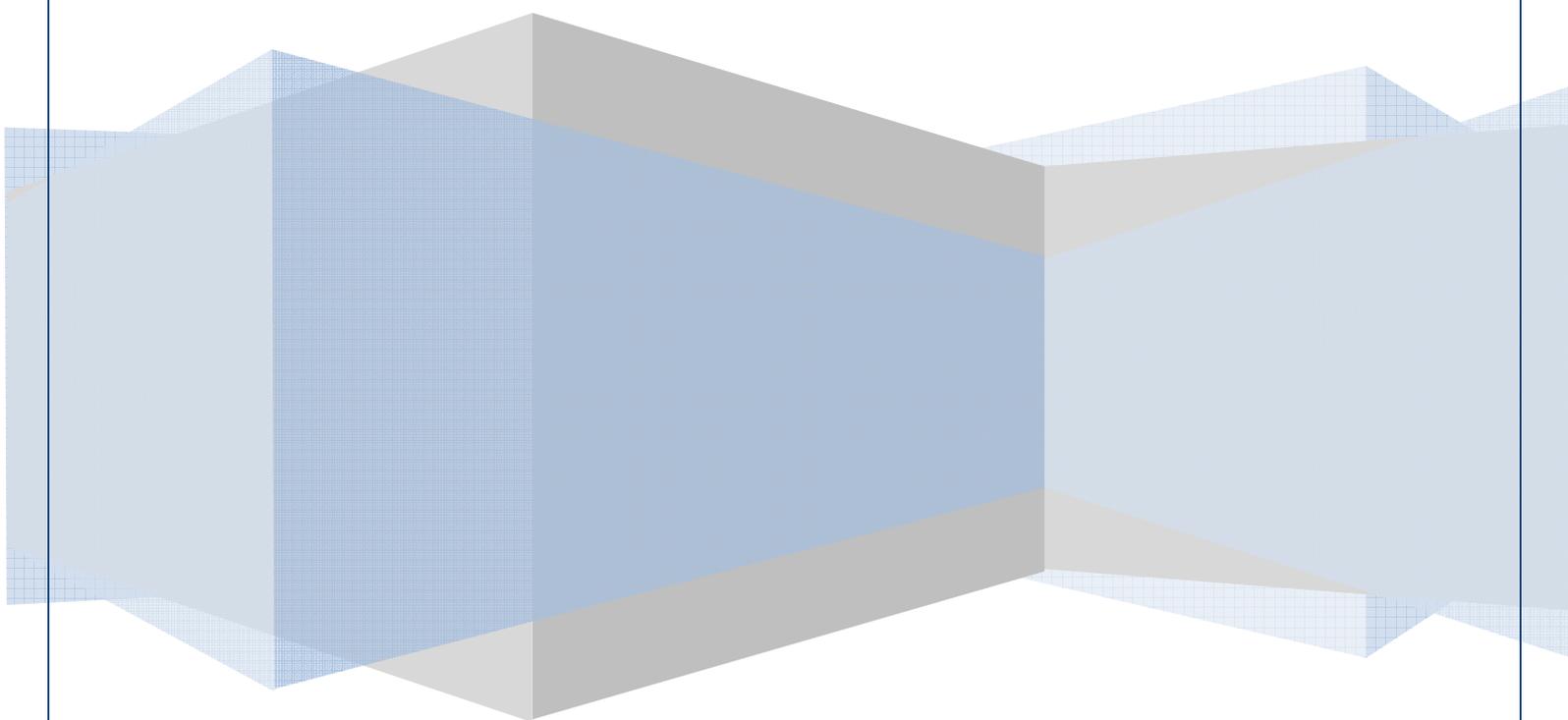
Week Ending 28th September 2018



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Headlines 28/09/2018

All power contracts reversed the previous week's gains, following gas prices lower despite below seasonal normal temperatures expected at the start of next week. Week-on-week, day-ahead gas prices dropped 3.6% to 73.3p/th, but with prices hitting a five-month high of 78.4p/th on 24 September as colder temperatures lead to increased gas demand. Day-ahead power followed its gas counterpart lower, down 4.1% to end the week at £67.1/MWh. Nearly all seasonal gas and power contracts decreased week-on-week, with summer 20 gas and winter 20 power the exceptions. Seasonal gas contracts fell 1.0% on average with winter 18 and summer 19 falling 2.2% and 1.4% to 78.0p/th and 62.8p/th respectively. Seasonal power contracts fell 1.2% on average, with winter 18 power reversing the previous week's gains and dropping 3.2% to £71.3/MWh. The weekly average Brent crude oil price rose for the sixth consecutive week, gaining 3.1% to average \$81.6/bl, up from \$79.1/bl the previous week. Oil hit a fresh four-year high at above \$82.0/bl on 25 September as the upcoming US sanctions on Iran have supported prices. API 2 coal rose 0.9% to average \$97.6/t last week, hitting a five-year high of \$98.8/t on 24 September. EU ETS carbon prices experienced a second consecutive weekly decline, dropping 0.2% to average €21.1/t.

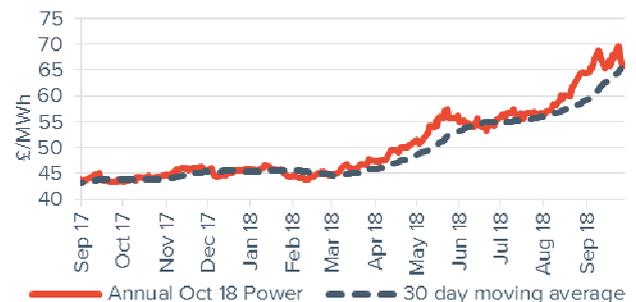
Baseload electricity

- Day-ahead power fell 4.1% to £67.1/MWh.
- Prices started the week at a fresh five-month high of £72.6/MWh but dropped towards the end of the week.
- Both October 18 and November 18 power decreased week-on-week, dropping to £70.1/MWh and £73.6/MWh respectively.
- The annual October 18 power contract fell 2.2% to end the week at £65.7/MWh (down from £67.2/MWh).
- The contract is £1.3/MWh (2.1%) higher than the same period last month, and 50.7% above the same time last year when it was £22.1/MWh.

Forward curve comparison



Annual October contract



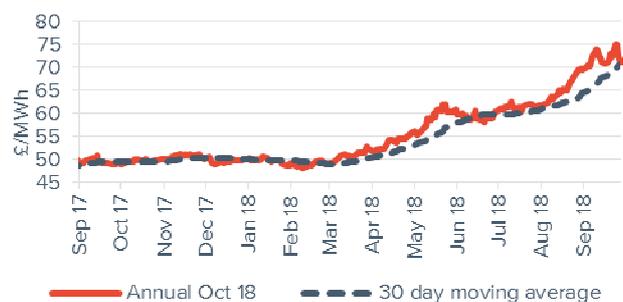
Peak electricity

- Day-ahead peak power reversed the previous week's gains, slipping 0.7% week-on-week to £72.5/MWh. This was £5.4/MWh above its baseload counterpart.
- Month-ahead peak power went down 2.5% to end the week at £73.5/MWh, £3.4/MWh above its baseload counterpart.
- Week-on-week, annual October 18 peak power lowered 1.6% to £71.2/MWh. The contract is £5.5/MWh above its baseload power counterpart.
- The contract was 2.2% above its price last month (£69.6/MWh) and 44.7% higher than its value last year (£49.2/MWh).

Forward curve comparison



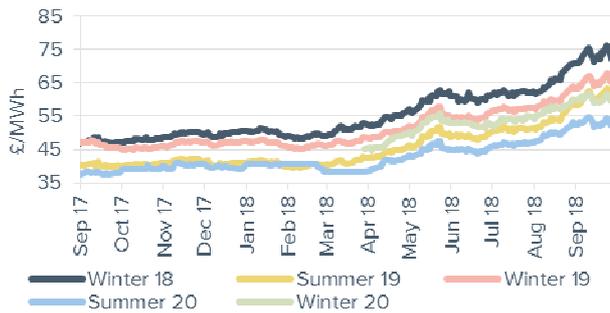
Annual October contract



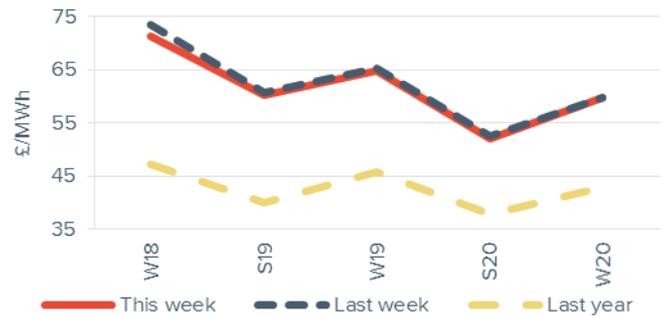


Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve

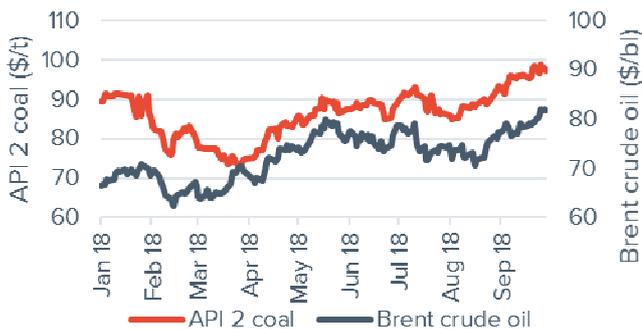


- Seasonal contracts were down 1.2% on average.
- Despite ending the week down, winter 18, summer 19 and winter 19 power contracts all hit fresh record highs last week, with winter 18 power peaking at £76.2/MWh on 24 September.

- All seasonal peak power contracts decreased last week, down 1.5% on average.
- Prices followed a decrease in gas prices.

Commodity price movements

Oil and coal



- The weekly average Brent crude oil price rose for the sixth consecutive week, gaining 3.1% to average \$81.6/bbl, up from \$79.1/bbl the previous week.
- Oil hit a fresh four-year high above \$82.0/bbl on 25 September as the upcoming US sanctions on Iran lifted prices, as this could lead to reduced supplies.
- However, the announcement by Nigeria's OPEC representative suggests that OPEC will balance the oil market albeit with little spare capacity.
- API 2 coal rose 0.9% to average \$97.6/t last week, hitting a five-year high of \$98.8/t on 24 September.

Carbon



- EU ETS carbon prices experienced a second consecutive weekly decline, dropping 0.2% to average €21.1/t.
- A total of 21.6mn EUAs were up for auction, following the sale of 12.6mn the previous week.
- Prices started the week up at €22.6/t following an EU auction of 4.2mn EUAs at €22.4/t on 24 September. However, prices fell to below €19.7/t on 26 September following weaker auction results.
- Belgian nuclear power outages could support carbon prices with only one nuclear reactor online from 20 October, reducing capacity to 1GW. This could result in higher fossil fuel burning in Europe and push demand for EUAs higher.

Supplier tariff movements

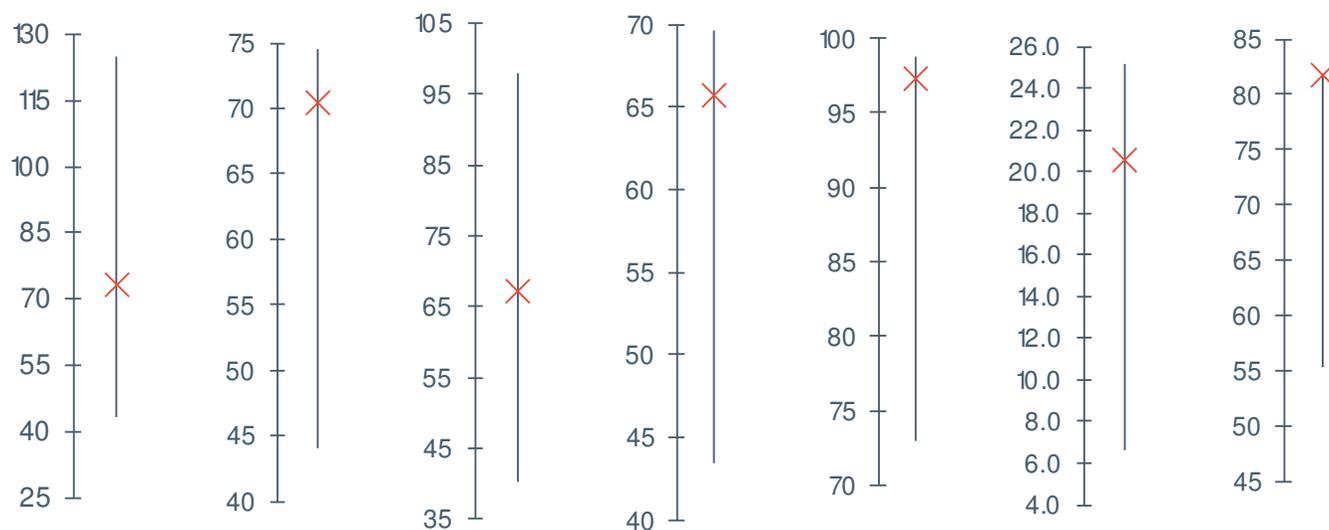
In August, four suppliers moved down a band after reducing the price of their cheapest tariff, while 21 moved up a banding. Of the four decreases, three came from Ovo Energy, Co-operative Energy, and GB Energy (still operating as a separate brand from Co-operative energy) reducing their fixed offers, with ENGIE launching a new EV Home fixed tariff at £980/year. The largest price increase came from Toto Energy, after the removal of its variable Smart Meter Saver tariff which had been priced at £826/year on average. The supplier's cheapest tariff in August was priced at £1,049/year for the average consumer, an increase of £223/year.



Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
Last week	28 Sep 18	73.25	70.40	67.10	65.73	97.25	20.55	81.70
Two weeks ago	21 Sep 18	76.00	71.72	70.00	67.23	98.40	21.85	79.43
Four weeks ago	31 Aug 18	69.25	65.45	67.00	64.38	93.25	21.11	77.15
Last year	29 Sep 17	44.60	44.33	40.25	43.63	80.70	7.18	57.55
Year-on-year %change		64.2%	58.8%	66.7%	50.7%	20.5%	186.2%	42.0%
Year high		125.00	74.54	98.00	69.61	98.75	25.16	81.94
Year low		43.25	44.03	40.25	43.40	73.00	6.60	55.34

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 17 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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