

# Energy Wholesale Market Review

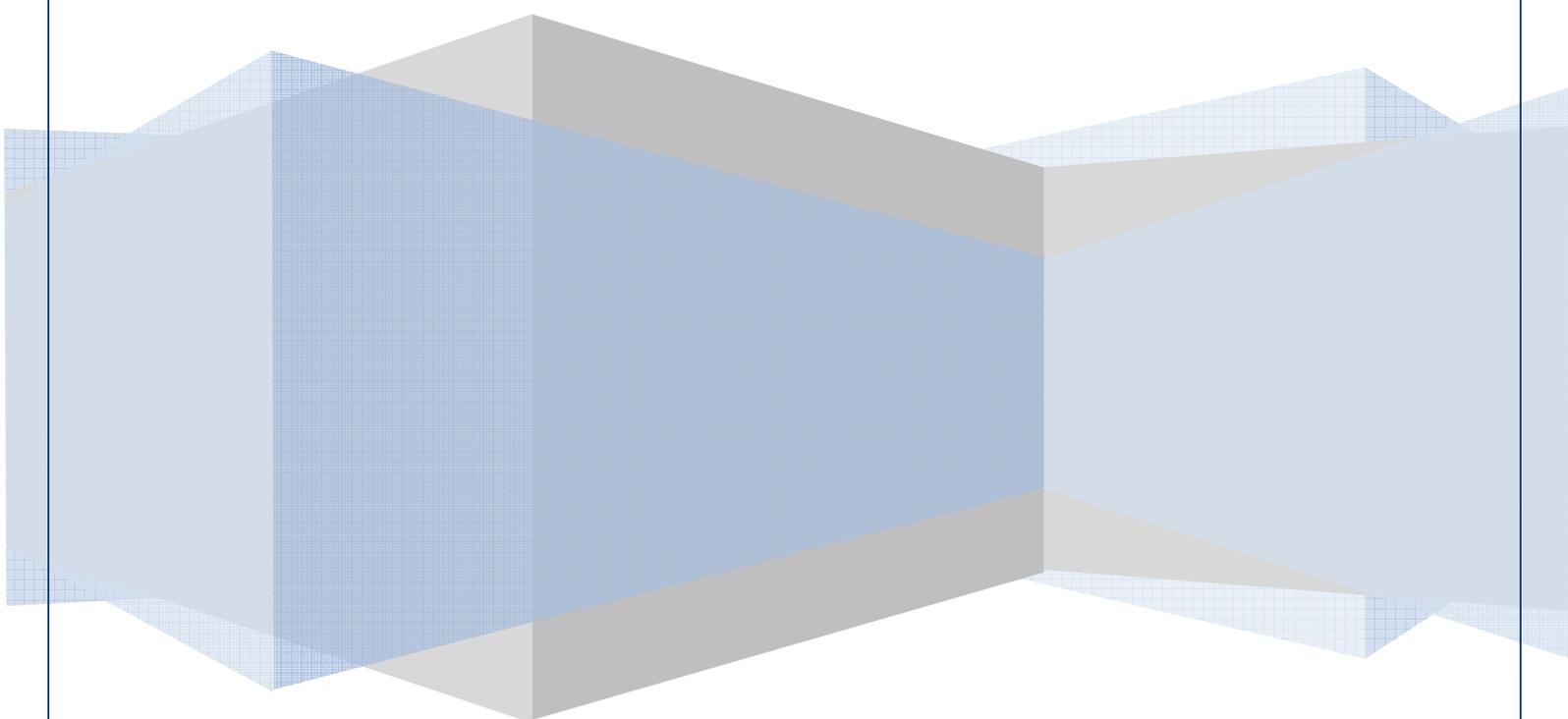
Week Ending 23rd November 2018



**edw** technology

**EDW House, Radian Court, Knowlhill, Milton Keynes, MK5 8PJ.**

**Phone:** +44 (0)8448 802 489  
**Email:** [info@edwtech.com](mailto:info@edwtech.com)  
**Website:** [edwtech.com](http://edwtech.com)





## 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 23/11/2018

This week, the majority of wholesale power and gas prices fell, following Brent crude oil and API 2 coal prices lower. Prompt wholesale power and gas contracts were pressured by revised temperature forecasts, which are higher than previously expected for the rest of 2018. Most baseload power contracts fell this week. The day-ahead contract slid 4.6% to £67.0/MWh. Wind generation is forecast to reach 10.0GW on 28 November, with the return of Heysham 2 nuclear plant on 24 November offering further supply security. Day-ahead gas dropped 3.9% to end the week at 67.3p/th. Prices were pressured by milder temperature forecasts and the gas system being oversupplied across the week amid high LNG send-out. The weekly average Brent crude oil price fell for a seventh consecutive week, down 5.3% to average \$64.3/bl. Oil prices plummeted to \$58.9/bl during the day on 23 November. This followed news earlier in the week that US crude stocks rose for a ninth consecutive week to their highest level since December 2017. API 2 coal prices dropped 4.6% to average \$83.7/t, down from \$87.8/t the previous week. Prices fell to \$83.0/t on 21 November, the lowest since April as Chinese demand for the commodity continues to fall following the country's decision to stop seaborne thermal coal imports until 2019. EU ETS carbon prices continued to recover, experiencing a third consecutively weekly rise. Prices were up 1.3% to average €19.9/t and ended the week above €21.0/t for the first time in seven weeks.

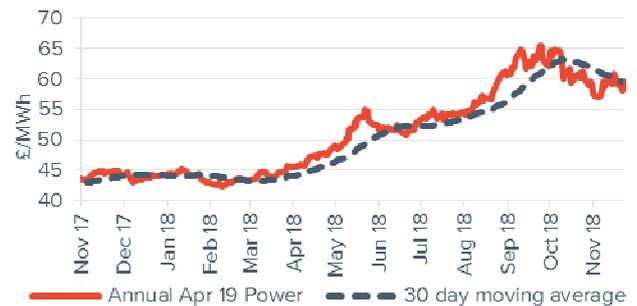
### Baseload electricity

- Day-ahead power dropped 4.6% to £67.0/MWh.
- The contract started the week at £60.3/MWh, with higher wind generation expected the following day.
- December 18 and January 19 power lowered 6.1% and 4.3% to £65.5/MWh and £67.0/MWh respectively.
- Annual April 19 power decreased 2.2% to £59.6/MWh.
- The contract is 2.2% below the same time last month when it was £59.9/MWh, and 33.0% above the same period last year (£44.8/MWh).

#### Forward curve comparison



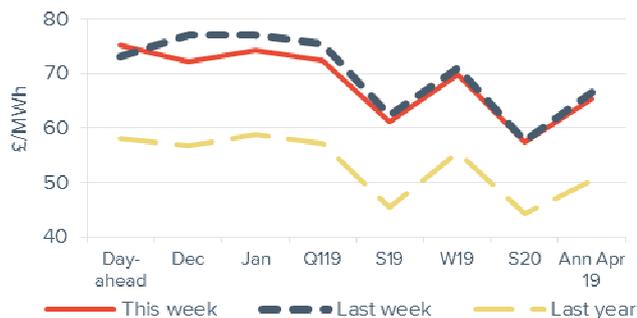
#### Annual April contract



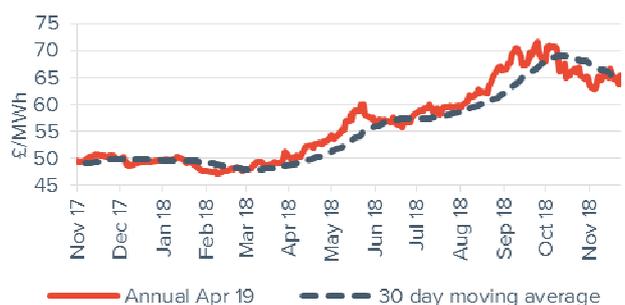
### Peak electricity

- Day-ahead peak power gained 3.1% week-on-week to £75.3/MWh. This was £8.3/MWh above its baseload counterpart, a £5.3/MWh increase week-on-week.
- Month-ahead peak power went down 6.4% to end the week at £72.2/MWh, £6.7/MWh above its baseload counterpart.
- Week-on-week, annual April 19 peak power went down 1.8% to £65.4/MWh. The contract was £5.8/MWh above its baseload power counterpart.
- The contract was 0.3% below its price last month (£65.6/MWh) and 29.6% higher than its value last year (£50.5/MWh).

#### Forward curve comparison



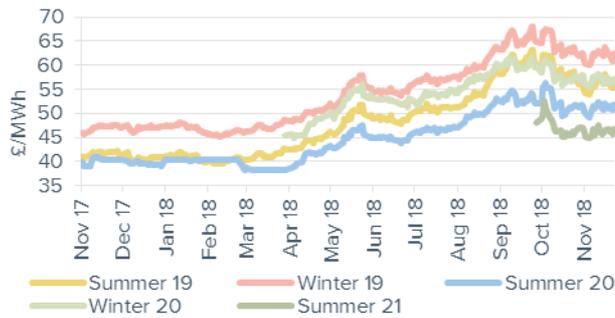
#### Annual April contract



## Seasonal power prices

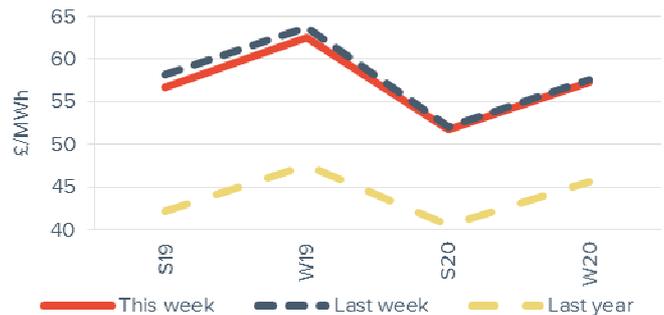


### Seasonal baseload power contracts



- Most seasonal baseload power contracts fell, down 1.0% on average, with summer 21 the exception.
- Summer and winter 19 power went down 2.6% and 1.9% to £56.7/MWh and £62.5/MWh respectively.

### Seasonal baseload power curve



- All seasonal peak power contracts decreased this week, down 1.2% on average.
- Prices followed their gas counterparts, with seasonal gas contracts 3.0% lower on average.

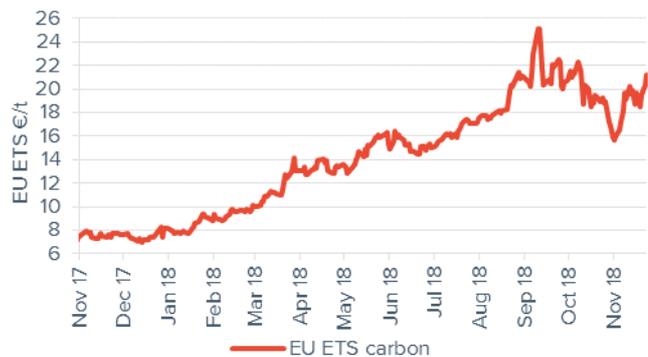
## Commodity price movements

### Oil and coal



- The weekly average Brent crude oil price fell for a seventh consecutive week, down 5.3% to average \$64.3/bl.
- Within-day oil prices plummeted to \$58.9/bl on 23 November, a 13-month low.
- This followed news earlier in the week that US crude stocks rose for a ninth consecutive week to their highest since December 2017 at 446.9mn barrels.
- API 2 coal prices dropped 4.6% to average \$83.7/t, down from \$87.8/t the previous week.
- Prices fell to \$83.0/t on 21 November, the lowest since April as Chinese demand for the commodity continues to fall following the country's decision to stop seaborne thermal coal imports until 2019.

### Carbon



- EU ETS carbon prices continued to recover, experiencing a third consecutively weekly rise.
- Prices were up 1.3% to average €19.9/t and ended the week above €21.0/t for the first time in seven-weeks.
- Prices have resurged as cheaper coal prices and favourable clean dark spreads have increased demand for permits in Europe.
- With API 2 coal prices expected to remain near or below current levels, EU ETS carbon could rise further as coal fired-power generation becomes economically attractive compared to gas

## Supplier tariff movements

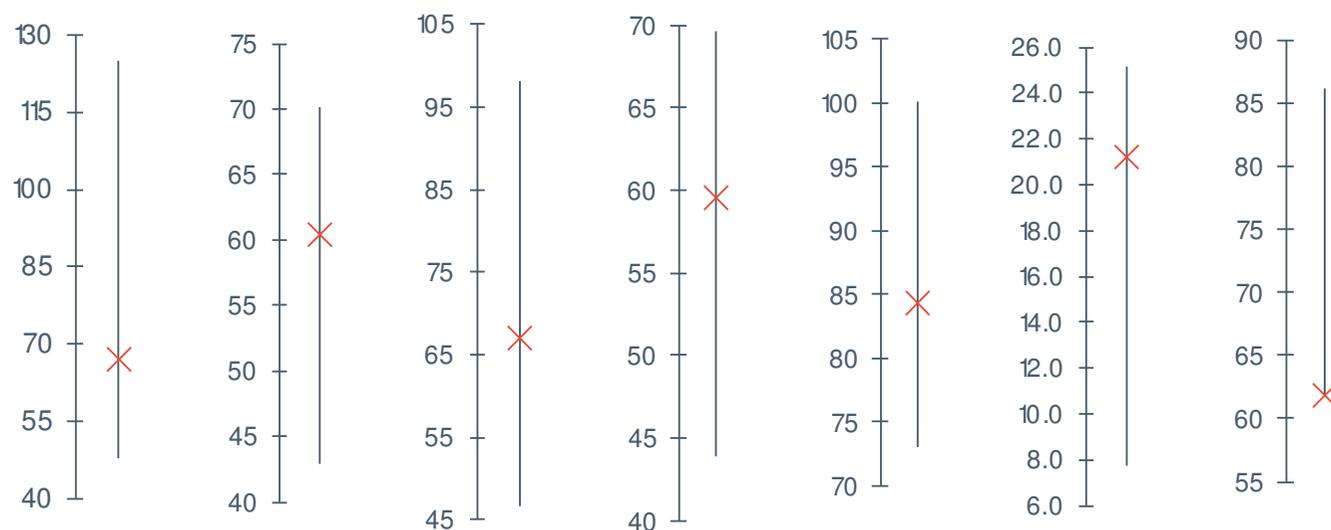
In October, 23 suppliers moved up the price bandings with their cheapest dual fuel products, with just three moving down. Of the three downward movements, the largest was seen from Simplicity Energy which launched a new 12-month fixed tariff priced at £1,048 per year on average. The largest price increases of over £100 were applied by several of the Robin Hood White label suppliers. They had previously offered some of the market leading fixed tariffs in September.



## 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	23 Nov 18	67.30	60.45	67.00	59.58	84.25	21.18	61.85
Two weeks ago	16 Nov 18	70.00	62.98	70.25	60.93	88.00	19.66	68.09
Four weeks ago	26 Oct 18	66.05	63.30	66.70	59.86	96.00	18.96	76.06
Last year	24 Nov 17	56.20	46.79	53.40	44.80	83.10	7.74	63.64
Year-on-year %change		19.8%	29.2%	25.5%	33.0%	1.4%	173.6%	-2.8%
Year high		125.00	70.19	98.00	69.61	100.15	25.16	86.12
Year low		47.80	42.89	46.50	43.85	73.00	7.76	61.85

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.

### EDW Technology Limited

EDW House

Radian Court

Knowlhill

Milton Keynes

MK5 8PJ

UK

Tel: +44 (0) 8448 802 489

Fax: +44 (0) 8448 802 487

Website: [www.edwtech.com](http://www.edwtech.com)

Copyright © 2018 EDW Technology Limited. All rights reserved.

No part of this publication may be reproduced, transmitted, transcribed, stored in a retrieval system, or translated into any language, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior written permission from EDW Technology Limited.

All copyright, confidential information, patents, design rights and all other intellectual property rights of whatsoever nature contained herein are and shall remain the sole and exclusive property of EDW Technology Limited. The information furnished herein is believed to be accurate and reliable. However, no responsibility is assumed by EDW Technology Limited for its use, or for any infringements of patents or other rights of third parties resulting from its use.