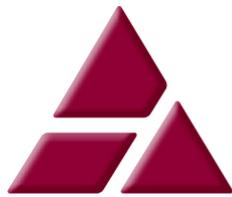




# Energy Wholesale Market Review

Week Ending 18<sup>th</sup> January 2019



**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 18/01/2019

All wholesale power and gas contracts rose this week. Prices have been supported by the recovery of commodity prices, below seasonal normal temperatures and tighter supply margins amid nuclear outages and weaker wind generation. With half of UK nuclear capacity offline due to planned and unplanned outages this week, day-ahead baseload power was up 3.1% from the previous week to £64.4/MWh. All seasonal baseload power contracts went up week-on-week, rising 3.8% on average. Gas contracts also rose this week, with day-ahead gas up 5.4% to 62.5p/th, as gas for heating demand went up towards the end of the week following much colder temperatures. February and March 19 gas climbed 1.6% and 1.2% to 62.9p/th and 60.7p/th respectively. Seasonal gas contracts were up 2.7% on average, with summer 19 gas increasing 3.3% to 55.3p/th, following oil prices higher. Brent crude oil prices rose for the second consecutive week, up 1.2% to average \$60.6/bl. Prices have risen as data showed OPEC's production cuts coming into effect, despite news that US crude production hit a record 11.9mn bpd the previous week, up from 11.7mn bpd the week before. EU ETS carbon prices recovered from last week's decline, rising 3.8% to average €23.2/t. Within-day carbon prices reached a high of €24.7/t on 18 January, the highest since 3 January. API 2 coal prices went up for the first time in three weeks, increased 2.9% to average \$84.6/t. Coal prices have been supported by colder temperatures across Europe, increasing demand for coal-fired power generation.

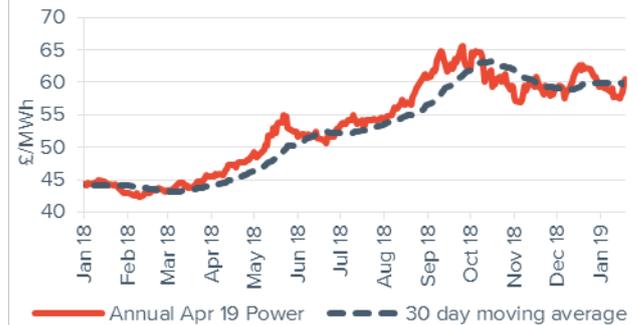
### Baseload electricity

- Day-ahead power rose 3.1% week-on-week to £64.4/MWh, amid tight supply margins following several nuclear outages and forecasts of lower wind generation.
- February and March 19 power contracts gained 5.5% and 4.3% to £64.9/MWh and £62.2/MWh respectively.
- Annual April 19 power gained 4.5% to £60.4/MWh.
- The contract is 2.9% below the same time last month when it was £62.2/MWh and 36.7% above the same time last year when it was £44.2/MWh.

#### Forward curve comparison



#### Annual April contract



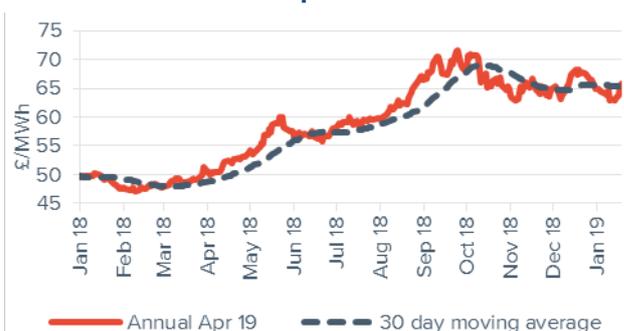
### Peak electricity

- Day-ahead peak power rose 3.9% to £72.5/MWh. This was £8.1/MWh above its baseload counterpart.
- Month-ahead peak power went up 5.1% to end the week at £71.1/MWh, remaining £6.2/MWh above its baseload counterpart.
- Week-on-week, annual April 19 peak power rose 4.2% to £65.8/MWh. The contract was £5.4/MWh above its baseload power counterpart.
- The contract was 3.0% below its price last month (£67.8/MWh) and 33.2% higher than its value last year (£49.4/MWh).

#### Forward curve comparison



#### Annual April contract





## Seasonal power prices

### Seasonal baseload power contracts



- All seasonal contracts rose, up 3.8% on average.
- Both summer 19 and summer 20 power went up 4.7% to £57.2/MWh and £53.2/MWh respectively.

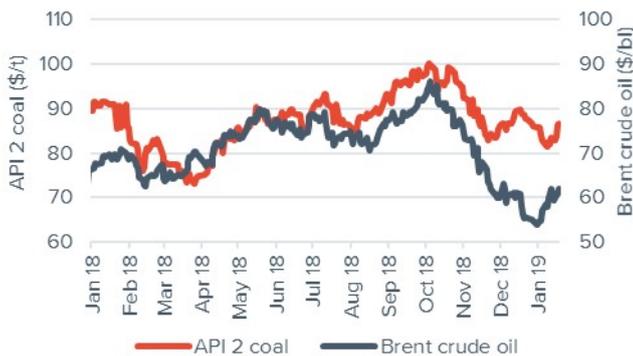
### Seasonal baseload power curve



- All seasonal peak power contracts went up this week, recovering the previous week's decline.
- Seasonal peak contracts went up 3.5% on average.
- The summer 19 contract saw the largest change, gaining 4.6% to £61.0/MWh.

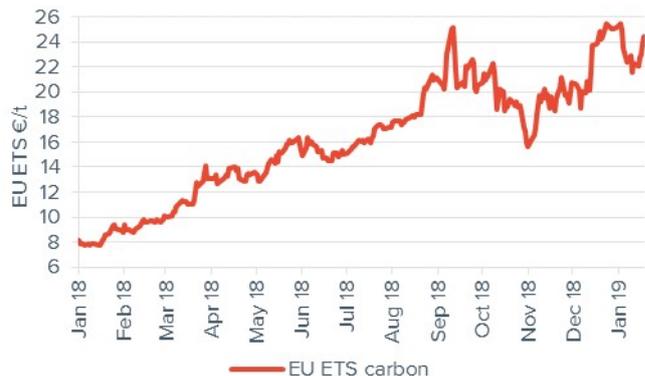
## Commodity price movements

### Oil and coal



- Brent crude oil prices rose for the second consecutive week, up 1.2% to average \$60.6/bl.
- Prices have risen as data showed OPEC's production cuts coming into effect, despite news that US crude production hit a record 11.9mn bpd the previous week, up from 11.7mn bpd.
- This week, HSBC lowered its 2019 Brent crude oil price forecast by 20% to \$64/bl. The bank has cited strong growth in US oil supplies and uncertainties over global oil demand amid slower than expected economic growth.
- API 2 coal prices went up for the first time in three weeks, increased 2.9% to average \$84.6/t.
- Coal prices have been supported by colder temperatures across Europe, increasing demand for coal.

### Carbon



- EU ETS carbon prices recovered from last week's decline, rising 3.8% to average €23.2/t.
- Within-day carbon prices reached a high of €24.7/t on 18 January, the highest since 3 January.
- This week, a survey of analysts by Reuters revealed an increase in EU ETS carbon price forecasts, with EUAs expected to average €27.0/t in 2019 and €32.8/t in 2020, before dropping to €27.3/t in 2021.
- Following this week's defeat of Brexit plans, the UK PM Theresa May will present a new/changed proposal for Brexit to Parliament on 21 January, which may bring further insight to plans for the UK's carbon tax beyond 29 March.

## Supplier tariff movements

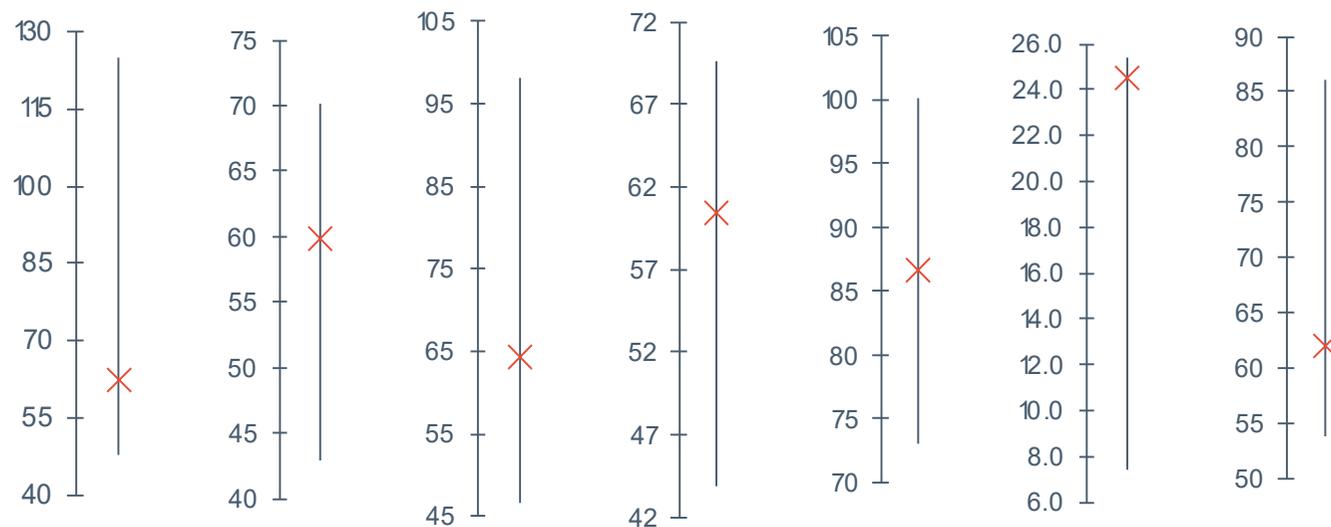
In November, only three suppliers moved up a banding in November. 19 suppliers moved down one or more bandings, with the greatest decrease in cheapest dual fuel offering seen by Toto Energy with the launch of its Online Fixed Saver at £980/year. Last month's market leader, Powershop, remains as market leader this month despite implementing a £49/year increase on its cheapest dual fuel offering. Multiple suppliers have also pre-emptively adjusted their default tariffs ahead of the implementation of the default price cap in January.



## 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	18 Jan 19	62.50	59.77	64.35	60.44	86.70	24.48	61.93
Two weeks ago	11 Jan 19	59.30	58.06	62.40	57.85	83.50	22.33	62.06
Four weeks ago	21 Dec 18	66.85	62.85	65.50	62.22	87.75	24.43	55.65
Last year	19 Jan 18	50.00	46.05	48.95	44.23	91.00	8.62	69.73
Year-on-year % change		25.0%	29.8%	315%	36.7%	-4.7%	184.0%	-11.2%
Year high		125.00	70.19	98.00	69.61	100.15	25.42	86.12
Year low		47.80	42.89	46.50	43.85	73.00	7.39	53.82

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 18 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 © 2019 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.