

Energy Wholesale Market Review

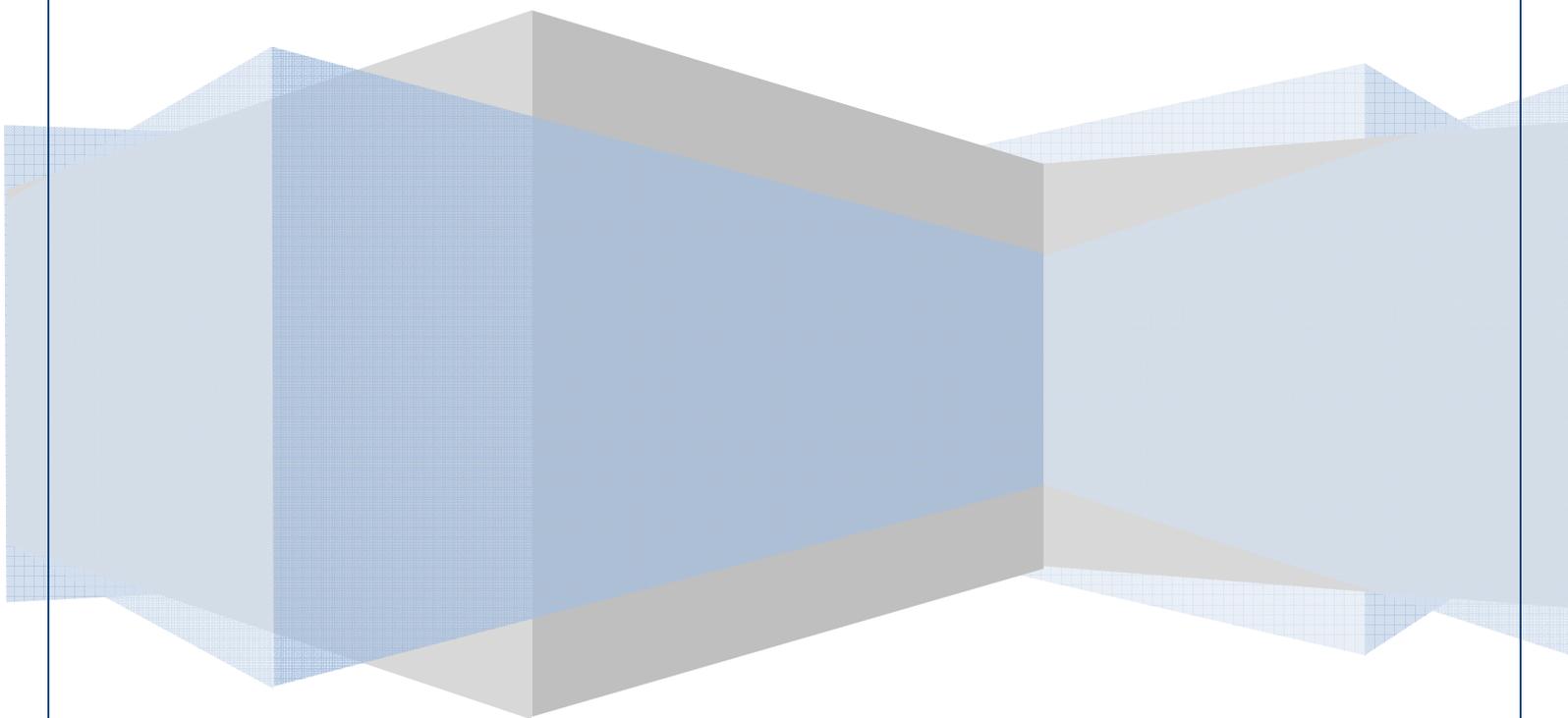
Week Ending 25th January 2019



edw technology

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

Phone: +44 (0)8448 802 489
Email: info@edwtech.com
Website: edwtech.com





Contents

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



Headlines 25/01/2019

All wholesale power and gas contracts fell this week. Prices have been pressured towards the end of the week by forecasts of warmer temperatures over the weekend, falling commodity prices and a well-supplied gas system. All baseload power contracts fell, with day-ahead power down 7.5% to end the week at £59.5/MWh, weighed on by falling gas and commodity prices. Seasonal power contracts were down 2.4% on average. All gas contracts fell as temperatures lifted towards the end of the week and the gas system was well supplied with an increase in LNG imports. Day-ahead gas decreased 7.7% to 57.7p/th, although forecasts of below seasonal temperatures from 28 January could lift prices this week. Seasonal gas contracts slid 5.6% on average. Summer 19 gas fell 9.2% to a seven-month low of 50.2p/th. Brent crude oil prices were up 1.8% to average \$61.7/bl. Prices dropped in the middle of the week following reports that US crude stocks rose to 445mn barrels. However, Brent crude prices recovered after the US threatened to impose sanctions on crude exports from Venezuela. API 2 coal prices rose 1.7% to average \$86.0/t. Coal prices dipped towards the end of the week to \$85.7/t as an uptick in temperatures in continental Europe lowered demand. EU ETS carbon prices were up 5.7% to average €24.5/t. Carbon prices found support last week as below seasonal normal temperatures across Europe pushed up power demand and led to an increase in conventional power generation amid period of low wind generation.

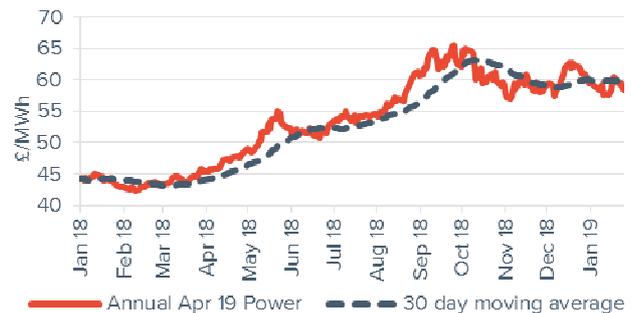
Baseload electricity

- Day-ahead power fell 7.5% week-on-week to £59.5/MWh, following a reduction in gas prices and forecast of higher wind output over the weekend.
- February and March 19 power contracts dropped 6.1% and 5.5% to £60.9/MWh and £57.7/MWh respectively.
- Annual April 19 power declined 3.4% to £58.4/MWh.
- The contract is 4.2% below the same time last month when it was £60.9/MWh, but 34.4% above the same time last year when it was £43.5/MWh.

Forward curve comparison



Annual April contract



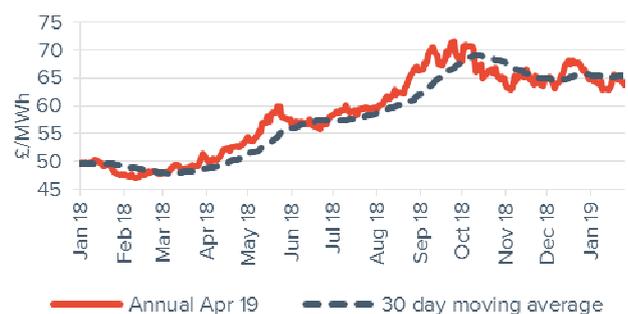
Peak electricity

- Day-ahead peak power dropped 10.8% to £64.7/MWh. This was £5.2/MWh above its baseload counterpart.
- Month-ahead peak power went down 5.2% to end the week at £67.4/MWh, £6.5/MWh above its baseload counterpart.
- Week-on-week, annual April 19 peak power fell 2.0% to £63.8/MWh. The contract remains £5.4/MWh above its baseload power counterpart.
- The contract was 4.0% below its price last month (£66.5/MWh), but 32.7% higher than its value last year (£48.1/MWh).

Forward curve comparison



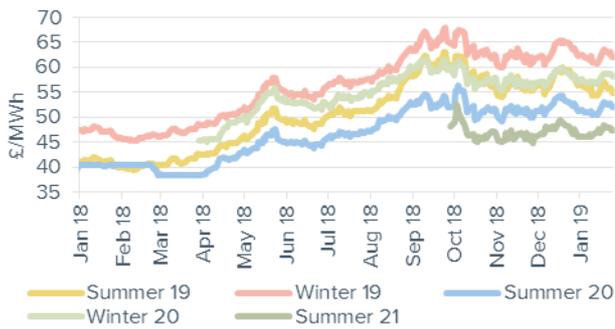
Annual April contract





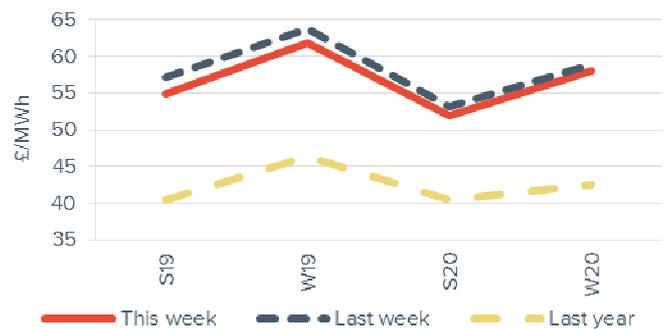
Seasonal power prices

Seasonal baseload power contracts



- All seasonal contracts fell, down 2.4% on average from the previous week. On average, contracts are 2.2% below the same period last month.
- Summer and winter 19 power went down 4.1% and 2.8% to £54.9/MWh and £61.9/MWh respectively.

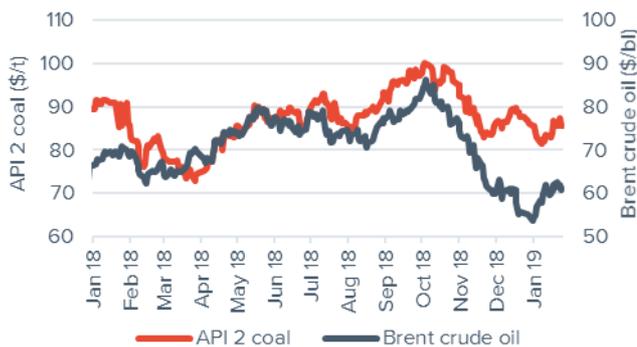
Seasonal baseload power curve



- All seasonal peak power contracts went down this week, reversing the previous week's gains.
- Seasonal peak contracts lost 2.5% on average.
- The summer 19 peak contract saw the largest change, dropping 3.6% to £58.8/MWh.

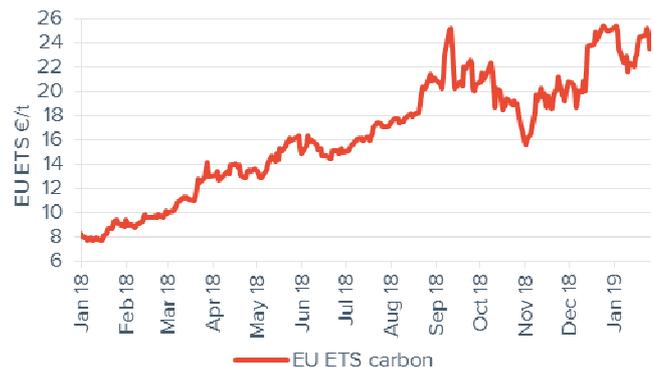
Commodity price movements

Oil and coal



- Brent crude oil prices rose for the third consecutive week, up 1.8% to average \$61.7/bl.
- Prices dipped in the middle of the week, dropping as low as \$60.3/bl following reports of a large increase in US crude stocks the previous week – the US Energy Information Agency (EIA) later reported that US crude stocks rose by 8mn barrels the previous week to 445mn barrels.
- However, Brent crude prices recovered towards the end of the week after the US threatened to impose sanctions on crude exports from Venezuela.
- API 2 coal prices continued to recover, rising 1.7% to average \$86.0/t.
- However, coal prices dipped towards the end of the week as forecasts of milder temperatures in continental Europe lowered demand.

Carbon



- EU ETS carbon prices continued higher, up 5.7% to average €24.5/t.
- Carbon prices found support last week as below seasonal normal temperatures across Europe pushed up power demand and led to an increase in conventional power generation amid periods of low wind generation.
- EU ETS carbon prices are expected to drop slightly in the near-term, with mild temperatures in continental Europe forecast next week lowering demand for EUA volumes.
- Further pressure can be expected when the German coal phase-out commission announces dates for the closure of coal fired-power plants.

Supplier tariff movements

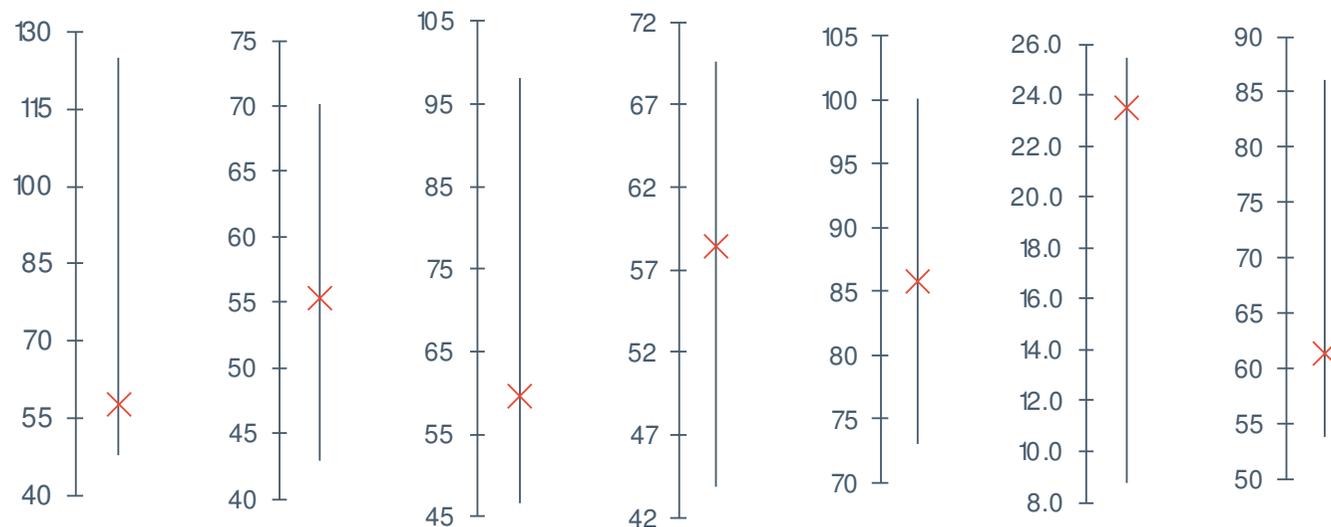
In November, only three suppliers moved up a banding in November. 19 suppliers moved down one or more bandings, with the greatest decrease in cheapest dual fuel offering seen by Toto Energy with the launch of its Online Fixed Saver at £980/year. Last month's market leader, Powershop, remains as market 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	25 Jan 19	57.70	55.35	59.50	58.38	85.70	23.49	61.22
Two weeks ago	18 Jan 19	62.50	59.77	64.35	60.44	86.70	24.48	61.93
Four weeks ago	28 Dec 18	62.50	59.73	62.50	60.92	86.15	25.02	54.88
Last year	26 Jan 18	48.00	44.69	48.05	43.45	88.00	9.09	70.56
Year-on-year %change		20.2%	23.8%	23.8%	34.4%	-2.6%	158.4%	-13.2%
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	8.76	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

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.