



# Energy Wholesale Market Review

Week Ending 8<sup>th</sup> March 2019



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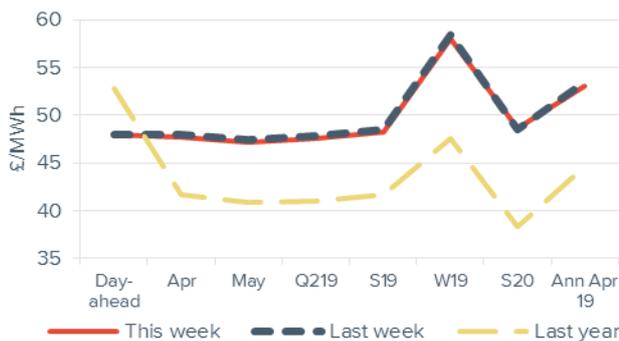
## Headlines 08/03/2019

Nearly all wholesale power and gas contracts fell week-on-week. Whilst day-ahead power was unchanged at £48.0/MWh, day-ahead gas dropped to fresh 17-month lows as comfortable gas supplies and mild temperatures continued in early March. Gas prices were further pressured by a slip in Brent crude oil prices. Nearly all near-term baseload power contracts fell week-on-week, although day-ahead power was an exception, remaining at £48.0/MWh. Most seasonal power contracts reversed the previous week's gains, dropping 0.2% on average. Whilst the summer and winter 19 contracts fell to £48.2/MWh and £58.0/MWh, respectively, summer and winter 20 power both rose from the previous week, up 0.2% and 0.5% to £48.6/MWh and £55.4/MWh, respectively. Near-term gas prices have continued to be pressured by comfortable gas supplies amid the arrival of several LNG tankers, above seasonal normal temperatures, and strong supplies from the UKCS and Norway. Day-ahead gas dropped 3.3% to end the week at 42.8p/th, with the contract dropping to a fresh 17-month low of 42.6p/th on 7 March. Seasonal gas contracts decreased 2.3% on average. Brent crude oil fell for a second consecutive week, slipping 0.4% to average \$65.8/bl. Oil prices continue to fluctuate in response to OPEC+ production cuts creating a tighter market, and rising US crude production which is easing the impact of OPEC's cuts. API 2 coal prices fell for the first time in three weeks, down 1.0% to average \$78.7/t. EU ETS carbon prices rose 12.5% to average €22.8/t.

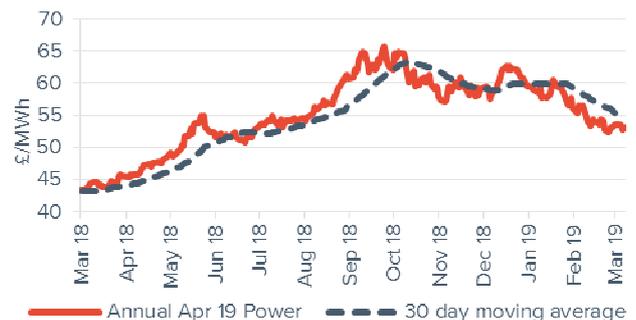
### Baseload electricity

- Day-ahead power remained unchanged £48.0/MWh.
- The contract dropped to an 11-month low of £46.9/MWh on 6 March, amid forecasts of higher wind.
- The April and May 19 power contracts were down 0.6% and 0.5% to £47.6/MWh and £47.2/MWh, respectively.
- Annual April 19 power fell 0.7% to £53.1/MWh.
- The contract is 5.0% below the same time last month when it was £55.9/MWh, but 19.1% above the same time last year when it was £44.6/MWh.

Forward curve comparison



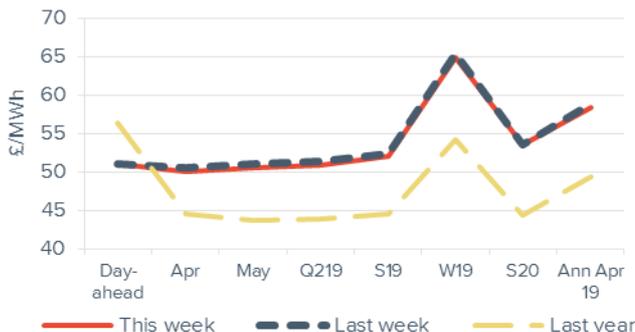
Annual April contract



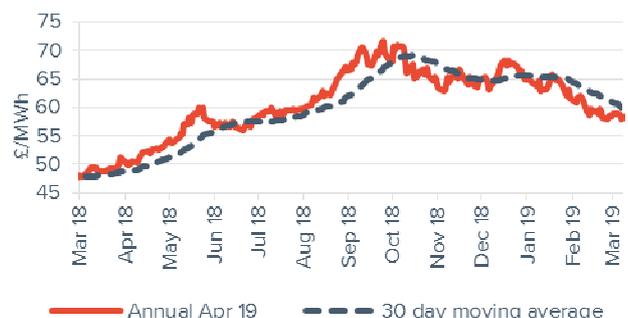
### Peak electricity

- Day-ahead peak power remained at £51.0/MWh, staying £3.0/MWh above its baseload counterpart.
- Day-ahead peak power is 9.6% lower than the same time last year when it was £56.4/MWh.
- Both April and May 19 peak power slipped 1.1% to £50.1/MWh and £50.5/MWh, respectively.
- Annual April 19 peak power decreased 0.8% to £58.4/MWh, £5.3/MWh above its baseload power counterpart.
- The contract was 4.7% below its price last month (£61.3/MWh), but 18.2% higher than its value last year (£49.4/MWh).

Forward curve comparison



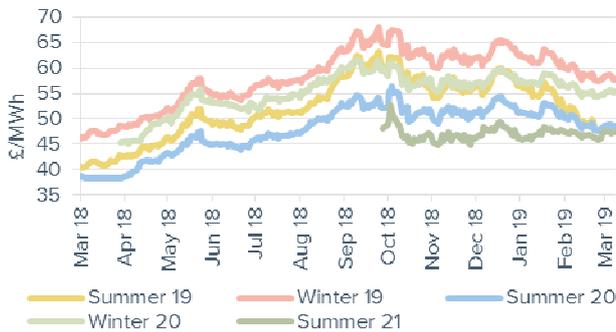
Annual April contract





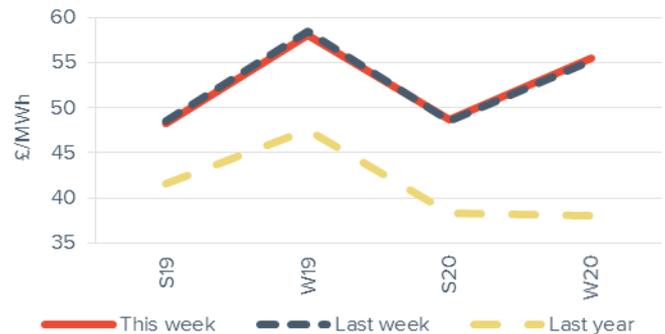
## Seasonal power prices

### Seasonal baseload power contracts



- Most seasonal power contracts reversed the previous week's gains, dropping 0.2% on average.
- Summer and winter 19 contracts fell to £48.2/MWh and £58.0/MWh respectively
- Summer and winter 20 power both rose from the previous week, up 0.2% and 0.5% to £48.6/MWh and £55.4/MWh respectively

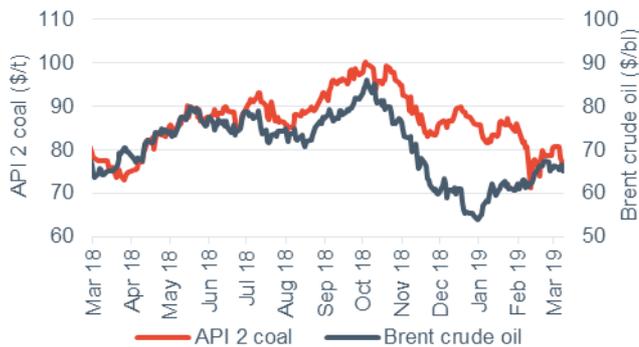
### Seasonal baseload power curve



- Most seasonal peak power contracts went down this week, dropping by 0.3% on average.
- The summer 19 peak contract was 0.7% lower at £52.0/MWh, £3.8/MWh above its baseload power counterpart.

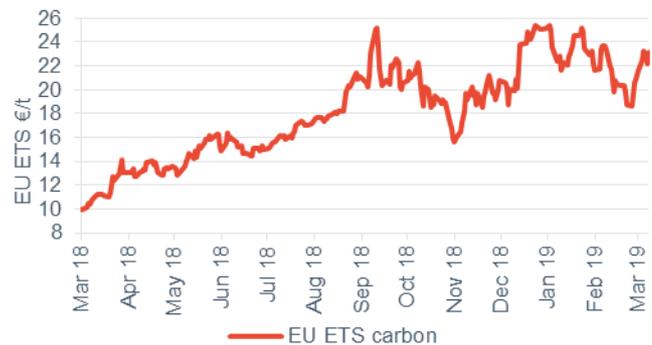
## Commodity price movements

### Oil and coal



- Brent crude oil fell for a second consecutive week, slipping 0.4% to average \$65.8/bl.
- Oil prices continue to fluctuate in response to OPEC+ production cuts creating a tighter market, and rising US crude production which is easing the impact of OPEC's cuts.
- API 2 coal prices fell for the first time in three weeks, down 1.0% to average \$78.7/t.
- Despite coal prices starting the week at a three-week high of \$80.8/t, prices ended the week at \$76.4/t, the lowest since 18 February.
- Coal prices have been pressured by weaker demand in the Northern Hemisphere, amid warmer temperatures across Asia and Europe.

### Carbon



- EU ETS carbon prices rose 12.5% to average €22.8/t.
- Within-day carbon prices rose to €23.5/t on 5 March, the highest since 8 February.
- Traders are suggesting that the recent recovery in EU ETS carbon prices is unsustainable as there are no market signals supporting the commodity, particularly as temperatures remain above seasonal normal temperatures and gas prices across Europe are at multi-month lows. This would suggest that less coal-fired power generation is required as gas-fired power generation remains dominant.



## Supplier tariff movements

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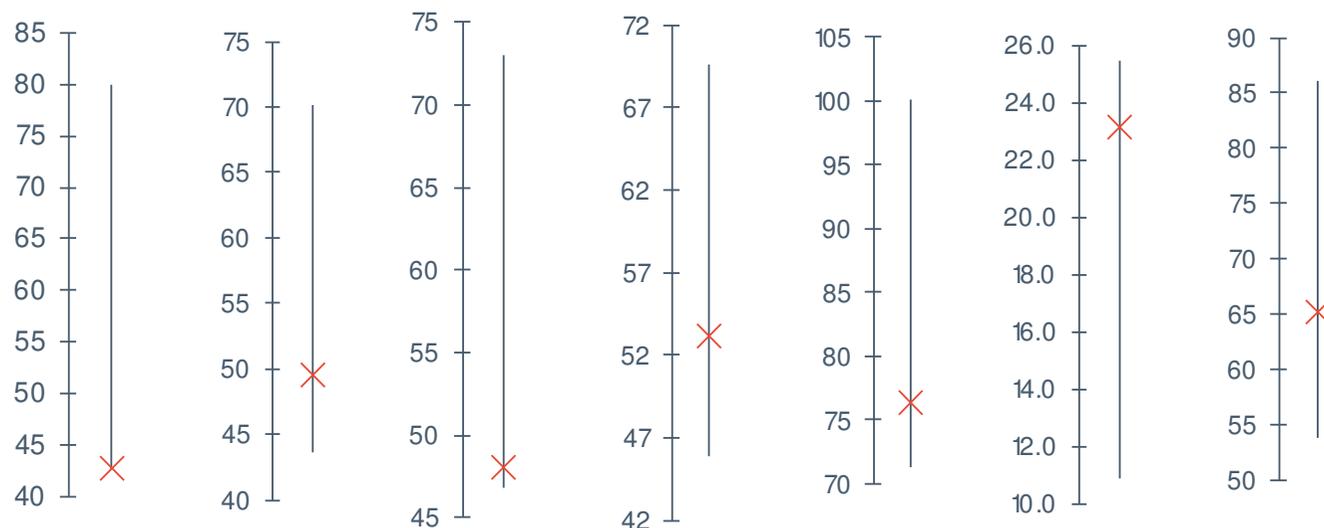
In January, 6 suppliers cheapest dual fuel tariffs moved up price bandings, whilst 10 moved down bandings. The greatest decrease in dual fuel tariff prices came from Orbit Energy with its cheapest tariff now priced at £974/year. This tariff was launched with a promise to remain 10% below the default price cap. Utility Point's 18-month dual fuel tariff remained the cheapest tariff available, priced at £903/year. Domestic tariff movements are a useful proxy for small and medium sized business rates, as the bills are largely made up of the same components.



## 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	8 Mar 19	42.75	49.60	48.00	53.10	76.35	23.10	65.13
Two weeks ago	1 Mar 19	44.20	51.39	48.00	53.48	80.75	21.59	66.24
Four weeks ago	8 Feb 19	49.25	53.06	53.75	55.89	77.65	23.40	61.46
Last year	9 Mar 18	53.20	44.89	52.85	44.58	77.35	10.90	64.15
Year-on-year %change		-19.6%	10.5%	-9.2%	19.1%	-1.3%	111.9%	1.5%
Year high		80.00	70.19	73.00	69.61	100.15	25.42	86.12
Year low		42.60	43.56	46.85	45.86	71.25	10.90	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.

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