



Energy Wholesale Market Review

Week Ending 30th October 2020



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Headlines 30/10/2020

All power and gas contracts fell this week, largely weighed upon by lockdown announcements made across GB and Continental Europe which have acted to suppress demand. Day-ahead gas fell 11.6% to 38.00p/th, following a period of milder temperatures correlated with strong renewable generation throughout the week. Similarly, day-ahead power declined, falling 18.3% to £35.75/MWh, with high wind output weighing on prices coupled with lower demand. November 20 gas was down 5.3% at 42.05p/th, and December 20 gas decreased 8.9% to 42.66p/th. All seasonal gas contracts declined this week, down by 5.7% on average – following the wider movements in commodity markets. Summer 21 and winter 21 gas dropped 8.4% and 5.3% respectively, subsiding to 33.77p/th and 42.02p/th respectively. All seasonal power contracts declined this week, down on average by 4.4%, as summer 21 power decreased 6.1% to £42.40/MWh, while winter 21 fell 4.7% to £48.65/MWh. Brent crude oil fell notably this week, seeing a decrease of 6.6% to average \$39.57/bl. The Brent crude price suffered this week as a result of recent lockdown announcements as news of a global escalation in covid-19 case numbers emerged, adding to fears within the market of a likely drop-off in demand. EU ETS carbon dropped by a further 3.5% to average €23.60/t for the week.

Baseload electricity

- Day-ahead power fell 18.3% to £35.75/MWh, following strong wind output throughout the week.
- November 20 power slipped 7.3% to £47.5/MWh and December 20 power decreased 8.6% to £47.75/MWh.
- Q121 power moved 5.6% lower to £50.5/MWh.
- The annual April 21 contract lost 5.4% to £45.53/MWh, 5.5% lower than the same time last year (£48.2/MWh).

Forward curve comparison



Annual April contract



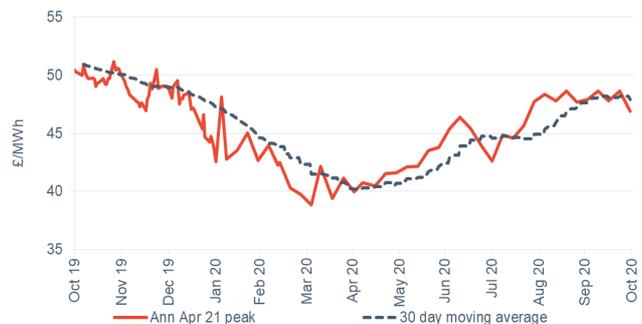
Peak electricity

- Day-ahead peak power was down 6.8% to £48.00/MWh, amid mild temperatures and high renewables output.
- November 20 peak power declined 3.0% to £56.53/MWh, and December 20 peak power decreased 5.0% to £55.47/MWh.
- The annual April 21 peak power contract lost 2.7% to £51.34/MWh.
- This is 6.2% lower than the same time last year (£54.72/MWh).

Forward curve comparison



Annual April contract





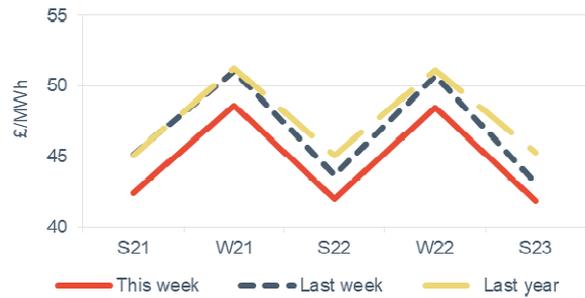
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 4.4%.
- Summer 21 power decreased 6.1% to £42.40/MWh, while winter 21 fell 4.7% to £48.65/MWh.

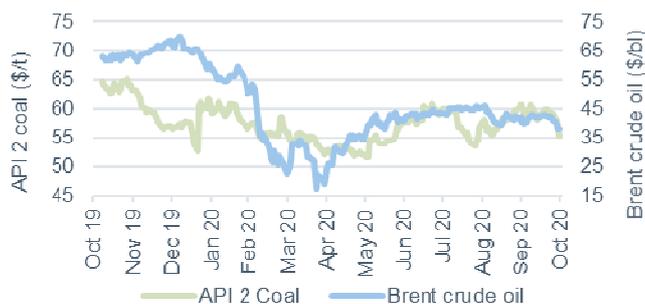
Seasonal baseload power curve



- All seasonal peak power contracts declined this week, down 2.9% on average.
- Summer 21 and winter 21 peak power dropped 3.5% and 2.1% respectively, falling to £46.90/MWh and £55.77/MWh.

Commodity price movements

Oil and coal



- Brent crude oil fell notably this week, seeing a decrease of 6.6% to average \$39.57/bl. In weeks previous, the Brent crude price had remained relatively stable sitting above the \$40.00/bl mark.
- However, news of tighter restrictions rolled out across Europe and the UK combined with increasing case numbers as pre-empted the week prior, has weighed on prices heavily this week.
- Increased lockdown measures continue to generate concern within the market from a likely drop-off in demand. Similarly, a ramp up in production from Libya late this week had added to a further bearish outlook on prices with concerns over oversupply.
- API 2 coal similarly declined, falling 3.4% to average \$57.45/t for the week.

Carbon



- EU ETS prices fell again this week. Prices dropped by a further 3.5% to average €23.60/t for the week.
- The drop in prices this week was symptomatic of the general sentiment observed across many global commodity markets, as COVID-19 cases begin to climb at an increased pace.
- An agreed verdict for the carbon market post-Brexit is still yet to be agreed, fuelling further fears within the market about the future of EU ETS trading.
- The uncertainty surrounding a definitive framework for the market has dampened prices for several weeks, combined with already suppressed prices as a result of wavering demand from the Coronavirus.

Supplier tariff movements

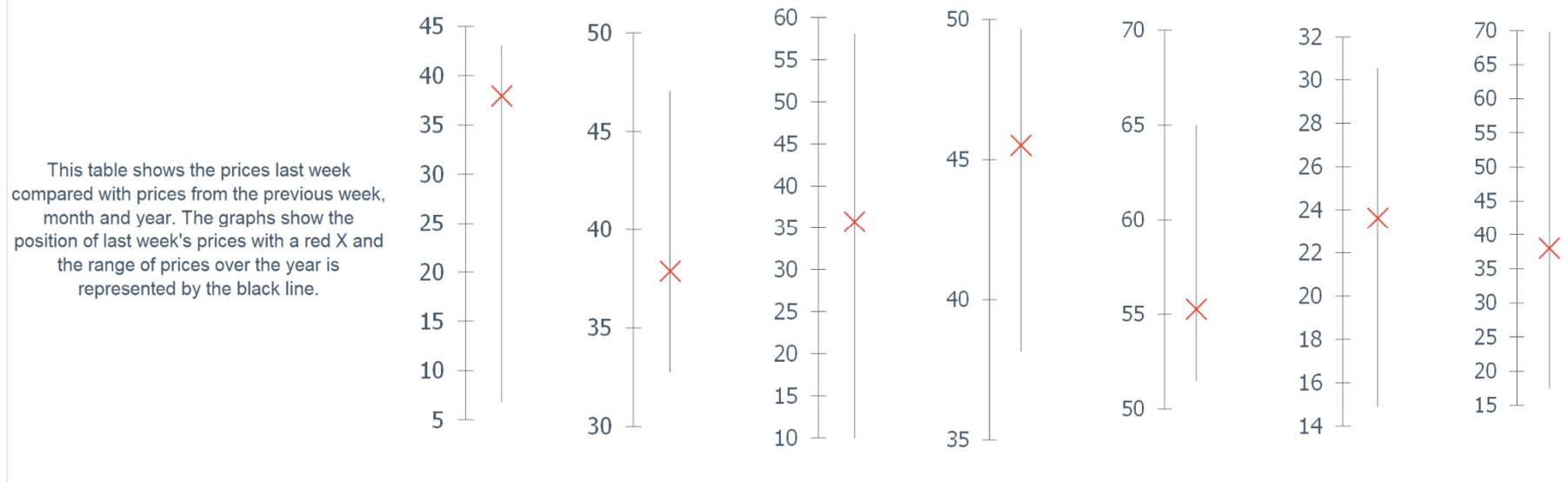
PFP Energy was the only supplier to put through a price decrease between 17 October and 24 October, launching its Fixed - November 2021 v1 Paperless Billing tariff, pricing £89/year cheaper than its cheapest available tariff on 17 October (Together Fixed III - October 2021 Paperless) at £833/year on average.

Nine suppliers increased the price of their cheapest available tariffs between 17 October and 24 October. ESB Energy put through the highest increase of £27/year to £987/year on average, followed by Outfox the Market with an increase of £25/year to £879/year on average.



Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal	Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(\$/bl)
This week	30 Oct 20	38.00	37.90	35.75	45.53	55.25	23.62	38.00
Last week	23 Oct 20	43.00	40.61	43.75	48.11	59.40	25.12	42.35
Four weeks ago	2 Oct 20	32.00	37.30	44.00	46.14	59.05	26.16	39.84
Last year	31 Oct 19	21.75	46.07	33.75	48.33	63.60	25.97	60.69
Year-on-year % change		74.7%	-17.7%	5.9%	-5.8%	-13.1%	-9.0%	-37.4%
12-month high		43.00	47.03	58.00	49.67	65.00	30.57	69.75
12-month low		6.85	32.75	10.00	38.16	51.50	14.90	17.53





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 19 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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