



# Energy Wholesale Market Review

Week Ending 2<sup>nd</sup> July 2021



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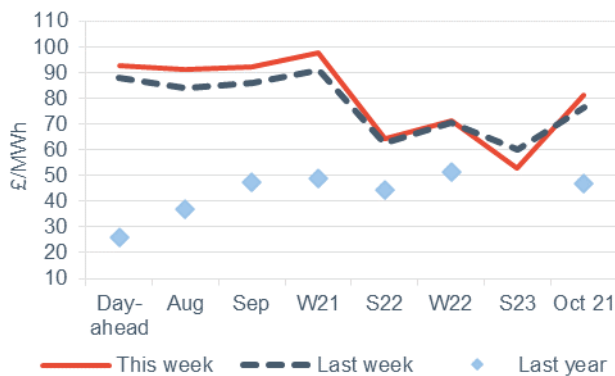
## Headlines 02/07/2021

Power and gas contracts continued their recent bullish run this week, with record highs observed across both day-ahead contracts. Day-ahead gas leapt 21.0% to 97.85p/th, the contracts highest price since March 2018. Near-term gas prices have been supported by high gas-for-power demand, coupled with curtailed Norwegian supplies and low gas storage levels. Longer dated gas contracts have been supported by unseasonably low gas storage levels across Europe, along with high LNG prices amid strong Asian demand. August 21 gas was up 12.3% at 88.41p/th, and September 21 gas increased 10.6% to 88.85p/th. All seasonal gas contracts boosted last week, up by 4.6% on average. These price movements fed through to the power market with the day-ahead power price up 5.1% to £92.50/MWh, rising to a four-month high in the week. EU ETS carbon rose 4.5% to average €56.48/t, reaching an all-time high on Thursday. Elsewhere, UK ETS carbon rose 2.7% to average £47.12/t, while Brent crude oil gained 0.4% to average \$75.13/bl this week.

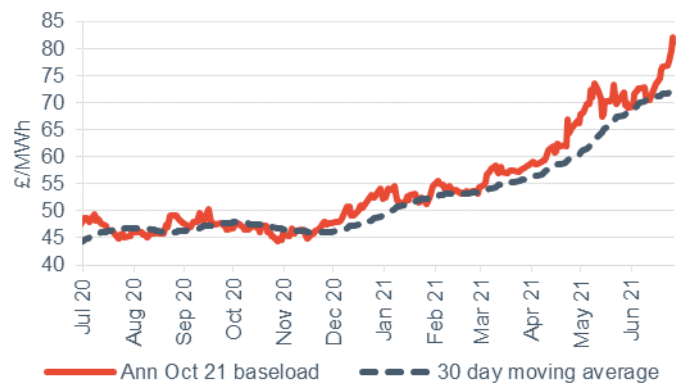
### Baseload electricity

- Day-ahead power rose 5.1% to £92.50/MWh, reaching a four month high on 1 July at £96.75/MWh. Prices have been driven higher by low wind output and rising gas prices.
- August 21 power increased 8.5% to £91.00/MWh and September 21 power went up 7.6% to £92.35/MWh.
- Q4-21 power leapt 15.0% to £97.55/MWh.
- The annual October 21 contract lifted 5.8% to £81.08/MWh, 73.3% higher than the same time last year (£46.79/MWh).

#### Forward curve comparison



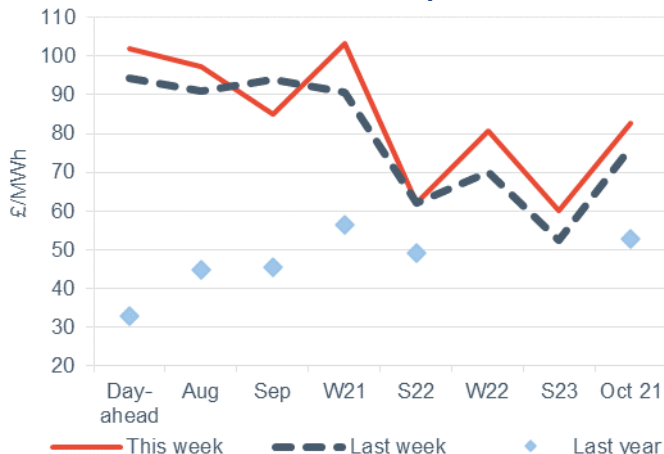
#### Annual October contract



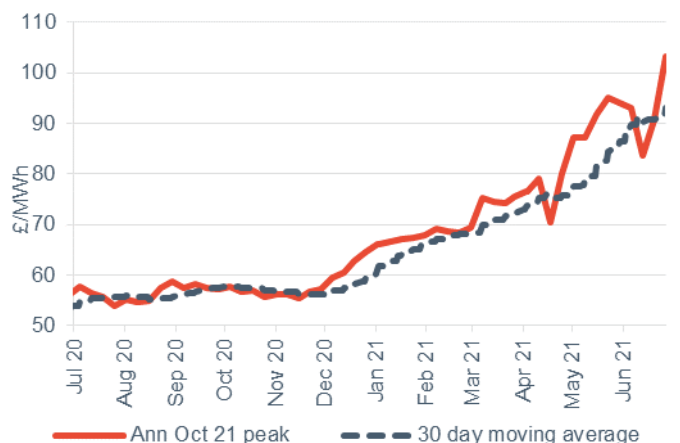
### Peak electricity

- Day-ahead peak power grew 8.2% to £102.0/MWh, following its baseload counterpart upwards.
- August 21 peak power rose 6.9% to £97.20/MWh, September 21 peak power lost 9.6% to £85.00/MWh.
- Annual October 21 peak power went up 8.1% to £82.65/MWh.
- This is 56.6% higher than the same time last year (£52.77/MWh).

#### Forward curve comparison



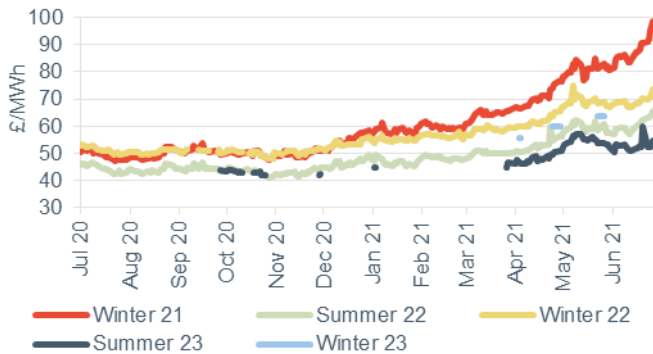
#### Annual October contract





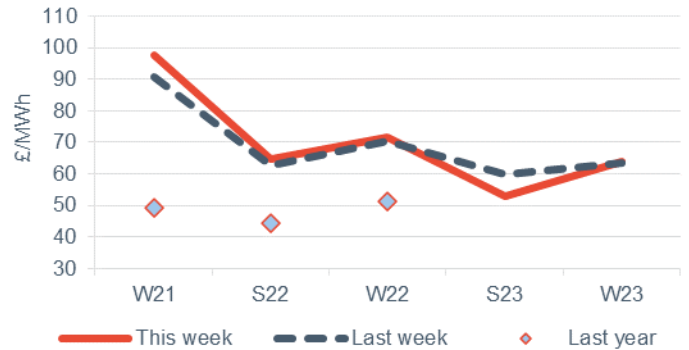
## Seasonal power prices

### Seasonal baseload power contracts



- Seasonal power contracts gained 0.1% on average this week.
- Winter 21 power climbed 7.4% to £97.65/MWh, while Summer 22 power increased 3.2% to £64.50/MWh.

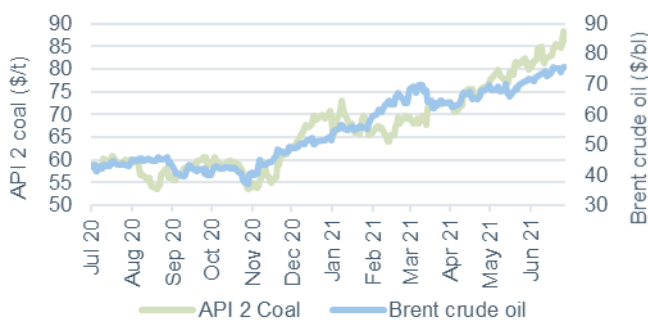
### Seasonal baseload power curve



- Seasonal peak power contracts increased 10.8% on average.
- Winter 21 peak power jumped 13.9% to £103.30/MWh and Summer 22 peak power eased 0.4% to £62.00/MWh.

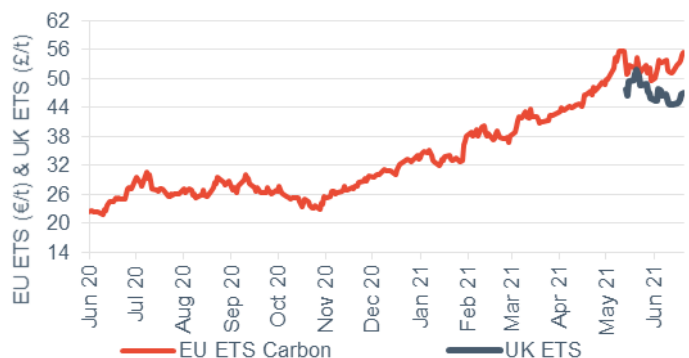
## Commodity price movements

### Oil and coal



- Brent crude oil went up 0.4% to average \$75.13/bl, reaching a fresh high of \$75.63/bl on 2 July, its highest price since November 2018.
- Oil prices were guided by developments stemming from OPEC+ members meeting in the latter half of the week to discuss quotas going forward from August, along with the potential extension of production cuts beyond April 2022.
- There is the potential for a modest increase in production between August and December 2021 indicating the views of OPEC+ members that global demand could uptick in the coming months.

### Carbon (UK and EU ETS)



- EU ETS carbon rose 4.5% to average €56.48/t, reaching an all-time high on Thursday. Elsewhere, UK ETS carbon rose 2.7% to average £47.12/t.
- Carbon prices continue to be influenced by rising gas prices throughout the week. Additional support was found from leaked information from the European Commission, concerning proposed reforms to the EU ETS.
- EU ETS gains were pegged back by the UK ETS's fortnightly auction, coupled with higher auction supply.

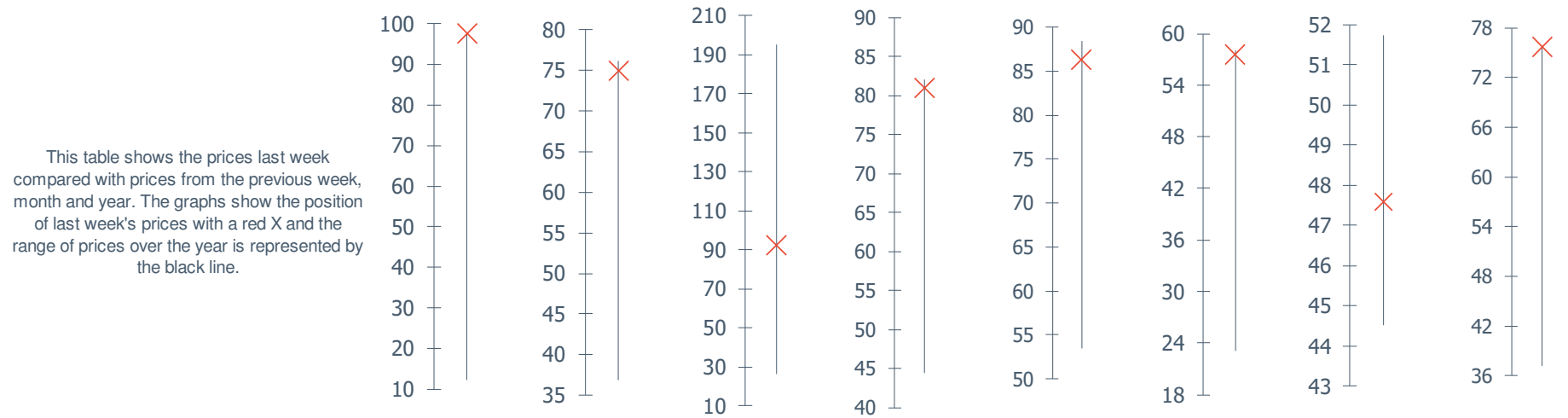
## Supplier tariff movements

Seven suppliers increased the price of their cheapest available tariff between 12 June and 19 June. British Gas Evolve increased its cheapest tariff by the greatest amount with an increase of £42/year to £1,121/year on average, followed by Outfox the Market with an increase of £27/year to £597/year on average. Conversely, no suppliers reduced the price of their cheapest tariff during the same timeframe. PFP Energy continued to offer the cheapest tariff on the market with its Green Variable s2 paperless tariff priced at £845/year on average.



## Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal (\$/t)	EUA carbon (€/t)	UKA carbon (£/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead				
This week	2 Jul 21	97.85	75.07	92.50	81.08	86.30	57.55	47.60	75.63
Last week	25 Jun 21	80.90	69.60	88.00	76.63	85.50	55.55	47.00	75.36
Four weeks ago	4 Jun 21	62.50	58.15	74.00	69.00	79.80	49.68	45.85	71.64
Last year	3 Jul 20	14.25	38.47	26.00	46.79	57.75	27.11	N/A	42.65
Year-on-year % change		586.7%	95.2%	255.8%	73.3%	49.4%	112.3%	N/A	77.3%
12-month high		97.85	76.17	195.00	82.10	88.40	58.01	51.75	75.63
12-month low		12.40	36.85	26.00	44.45	53.50	23.02	44.50	37.19





## 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 20 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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