Energy Wholesale Market Review

Week Ending 30th July 2021

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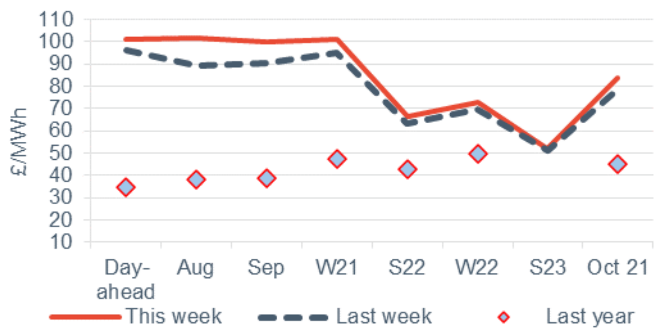
Headlines 30/07/2021

It was another mostly bullish week for gas and power contracts in GB this week, continuing trends observed across much of July. Day-ahead gas rose 13.3% to 102.00p/th, following periods of undersupply during the week and buoyed by prolonged maintenance works across the NCS reducing flows into GB from Norway. Day-ahead gas prices reached a three-year high on 29 July, at 103.75p/th. Day-ahead power lifted 5.2% to £101/MWh, taking direction from notable gains made in near-term gas markets and low wind output during the week. August 21 gas was up 14.9% at 102.20p/th, and September 21 gas increased 12.7% to 102.20p/th. Most seasonal gas contracts boosted this week, up by 5.0% on average, with winter 21 and summer 22 gas increasing 8.1% and 7.4%, to 101.20p/th and 60.15p/th respectively. All seasonal power contracts traded higher this week, up on average by 3.9%. Winter 21 and summer 22 power went up 6.3% and 5.1% respectively, rising to £100.95/MWh and £66.20/MWh. Brent crude oil rebounded this week, rising from losses seen in the week prior. Subsequently, prices were 4.8% higher at $74.93/bl. This week was the first time in almost a month where carbon prices rose; following three consecutive weeks of decline the EU ETS reversed this trend, up 2.7% to €53.38/t. The UK ETS shared this bullish sentiment, also up marginally to £43.40/t.

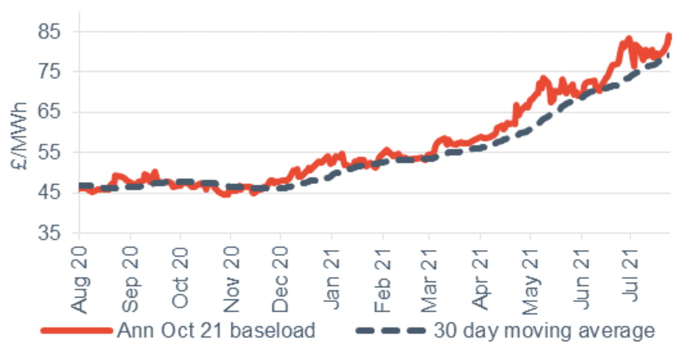
Baseload electricity

- Day-ahead power rose 5.2% to £101/MWh, following gas prices higher on the near-curve, with further support coming from periods of low wind output.
- August 21 power climbed 13.8% to £101.7/MWh and September 21 power increased 10.0% to £99.7/MWh.
- Q421 power moved 8.9% higher to £104.3/MWh.
- The annual October 21 contract rose 5.8% to £83.58/MWh, 85.3% higher than the same time last year (£45.1/MWh).

Forward curve comparison



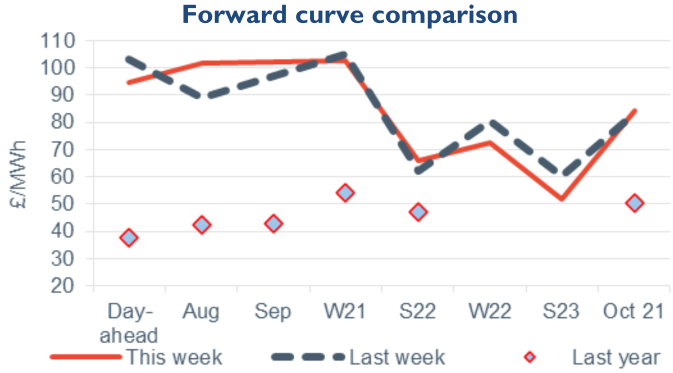
Annual October contract



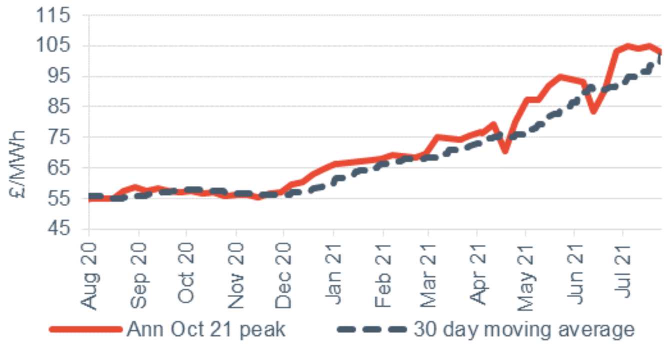
Peak electricity

- Day-ahead peak power was down 8.3% to £94.50/MWh, despite reported gains in its baseload counterpart.
- August 21 peak power gained 14.3% at £101.75/MWh, and September 21 peak power increased 4.9% to £102/MWh.
- The annual October 21 peak power lost 1.0% to £84.35/MWh
- This is 66.8% lower than the same time last year (50.57/MWh).

Forward curve comparison

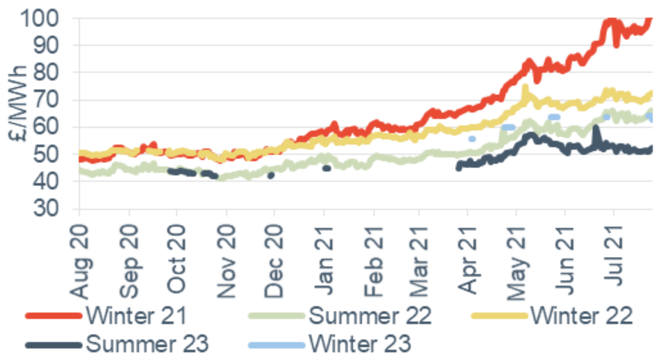


Annual October contract

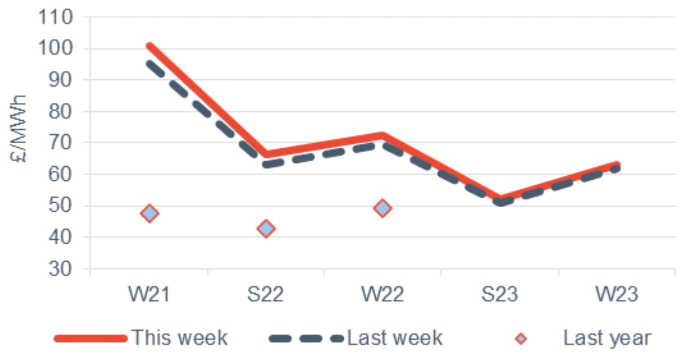


Seasonal power prices

Seasonal baseload power contracts



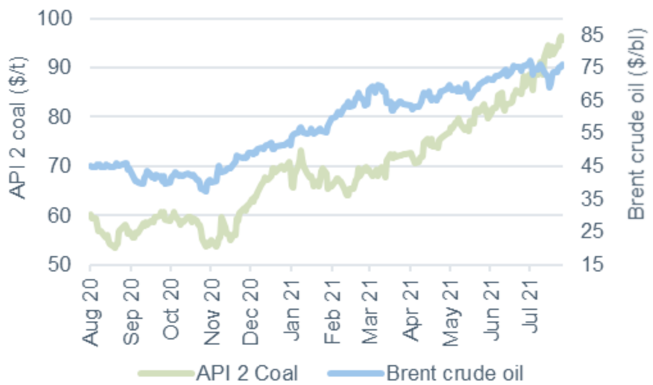
Seasonal baseload power curve



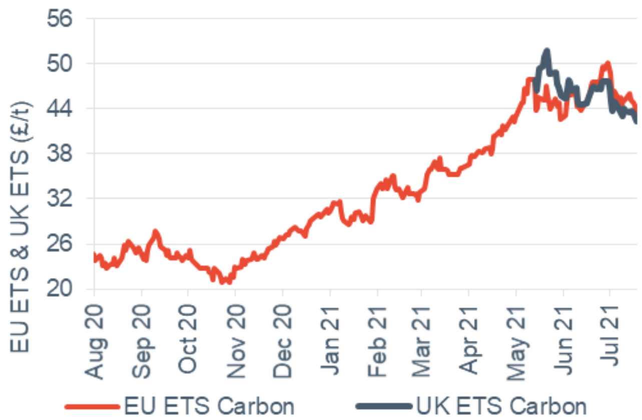
- All seasonal power contracts boosted this week, up on average by 3.9%.
- Winter 21 and summer 22 lifted 6.3% and 5.1% respectively, rising to £100.95/MWh and £66.20/MWh.
- Most seasonal peak power contracts declined this week, down 4.9% on average.
- Winter 21 gas dropped 2.2% to £102.70/MWh, while summer 22 peak power increased 6.5% to £66.00/MWh.

Commodity price movements

Oil and coal



Carbon (UK and EU ETS)



- Brent crude oil rebounded this week, rising from losses reported in the week prior. Subsequently, prices were 4.8% higher at $74.93/bl.
- Prices at the week's start were aided by expectations of a tighter supply output and rising vaccination rates helping to offset the impact of rising Covid-19 cases on future demand growth.
- Similarly, reports of lowering US crude inventories continued to support a more bullish picture for Brent crude prices this week, helping to ease supply concerns in the market.
- This week was the first time in almost a month where carbon prices rose; following three consecutive weeks of decline the EU ETS rebounded, up 2.7% to €53.38/t.
- The UK ETS shared this bullish sentiment, also up marginally to £43.40/t.
- Low auction supply volumes expected for August continued to bolster prices, with carbon prices also taking direction from price rises across the wider commodity markets.

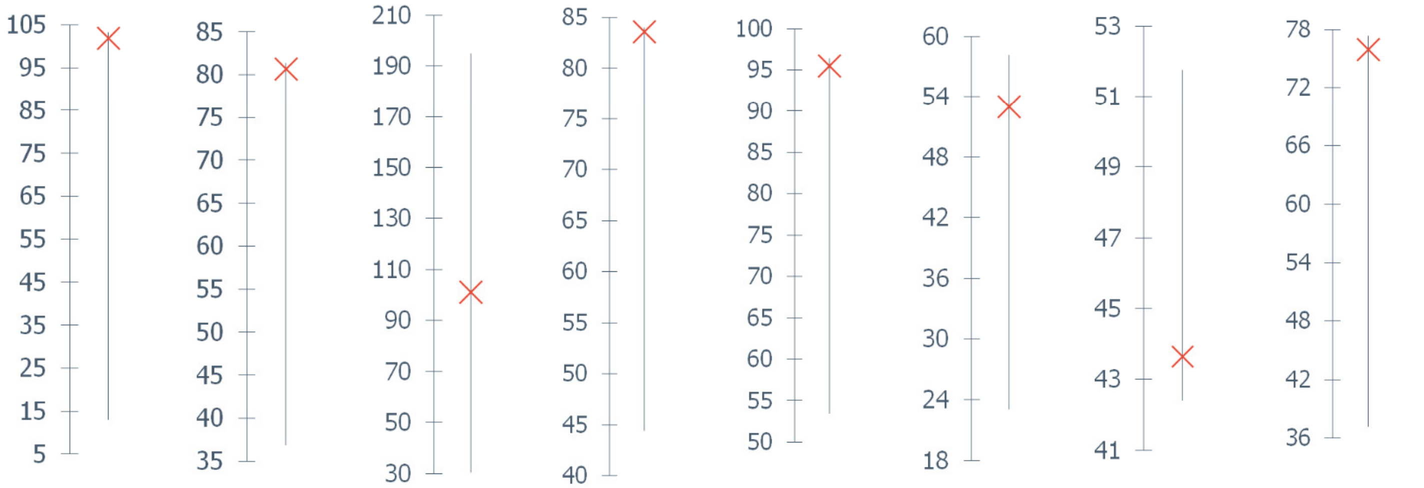
Supplier tariff movements

Two suppliers increased the price of their cheapest available tariff between 17 July and 24 July. Green. increased its cheapest available tariff by £45/year to £1,006 on average and fell from having the fourth cheapest tariff on the market to rank fifth. GOTO Energy rose its cheapest tariff by £24/year to £1,102/year on average and the supplier fell from having the 18th cheapest tariff on the market to the 32nd. Two suppliers reduced the price of their cheapest tariff between 17 July and 24 July. Shell Energy reduced its cheapest available tariff by the greatest amount with a decrease of £167/year to £1,192/year on average. Ovo Energy lowered its cheapest available tariff by £10/year to £1,127/year on average. Orbit Energy entered the top 20 cheapest tariffs with the 20th cheapest tariff on the market at 24 July, priced at £1,081/year on average.

Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal	EUA carbon	UKA carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	($/t)	(€/t)	(£/t)	($/bl)
This week	30 Jul 21	102.00	80.68	101.00	83.58	95.50	53.00	43.65	75.95
Last week	23 Jul 21	90.00	74.80	96.00	79.00	92.65	50.23	42.40	73.79
Four weeks ago	2 Jul 21	97.85	75.07	92.50	81.08	86.30	57.55	47.60	75.63
Last year	31 Jul 20	13.00	37.03	35.00	45.10	60.00	26.21	N/A	43.26
Year-on-year % change		684.6%	117.9%	188.6%	85.3%	59.2%	102.2%	N/A	75.6%
12-month high		103.25	81.38	195.00	84.00	96.40	58.16	51.75	77.32
12-month low		13.00	36.85	30.50	44.45	53.50	23.02	42.40	37.19

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 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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