Energy Wholesale Market Review

Week Ending 15th October 2021

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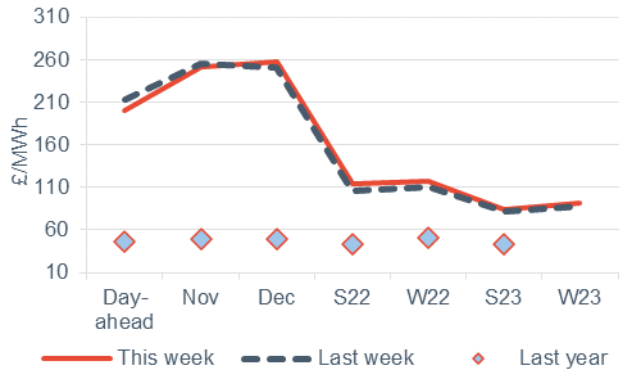
Headlines 15/10/2021

The higher wholesale price benchmarks set across the last month continued again this week, albeit showed signs of softening from the recent spell of strong day-on-day price volatility. Day-ahead gas slipped 1.7% to 226.00p/th, following a more comfortable supply picture through both higher domestic and Norwegian supply volumes. Day-ahead power fell 6.1% to £200.00/MWh, with stronger wind generation seen broadly throughout the week, combined with softening demand in parallel. November 21 gas was down 3.4% at 247.62p/th, and December 21 gas decreased 3.3% to 255.66p/th. Most seasonal gas contracts increased this week, up by 5.9% on average. Summer 22 and winter 22 gas gained 10.6% and 9.8% respectively, lifting to 109.85p/th and 112.85p/th. Most seasonal power contracts rose this week, up on average by 0.1%, as summer 22 and winter 22 climbed 8.1% and 6.4% to £114.04/MWh and £117.00/MWh, respectively.

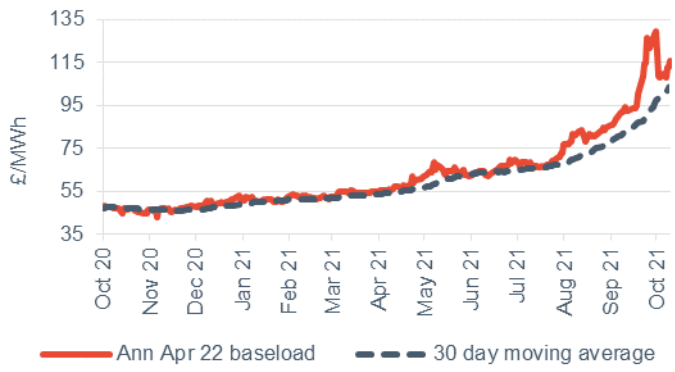
Baseload electricity

- Day-ahead power fell 6.1% to £200.00/MWh, following periods of lower demand and higher wind outturn.
- November 21 power slipped 1.6% to.00 £250.97/MWh and December 21 power increased 3.0% to £257.50/MWh.
- Q122 power moved 5.0% lower to £247.00/MWh.
- The annual April 22 contract rose 7.2% to £115.52/MWh, 146.2% higher than the same time last year (£46.93/MWh).

Forward curve comparison



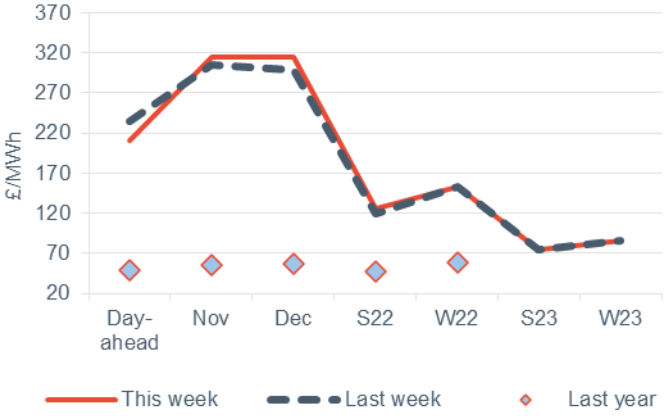
Annual April contract



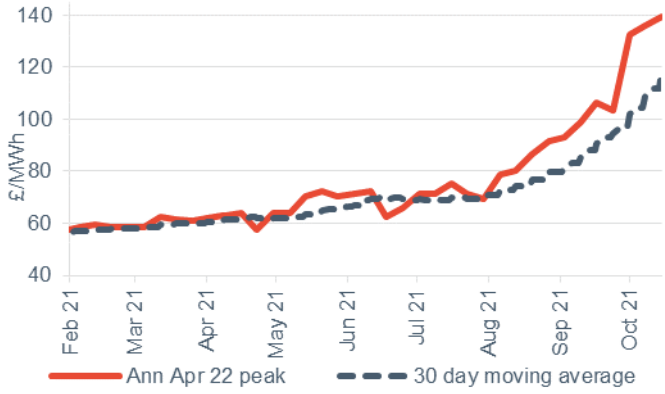
Peak electricity

- Day-ahead peak power was down 10.6% to £210.00/MWh, following its baseload counterpart lower.
- November 21 peak power gained 3.3% to £315.00/MWh, and December 21 peak power increased 5.0% to £314.00/MWh.
- The annual April 22 peak power rose 2.4% to £139.25/MWh
- This is 162.5% higher than the same time last year (£53.05/MWh).

Forward curve comparison

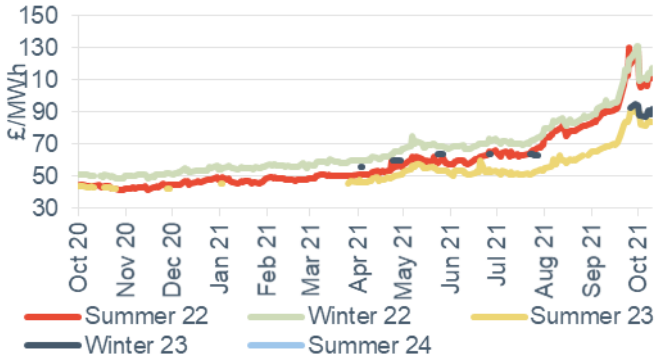


Annual April contract



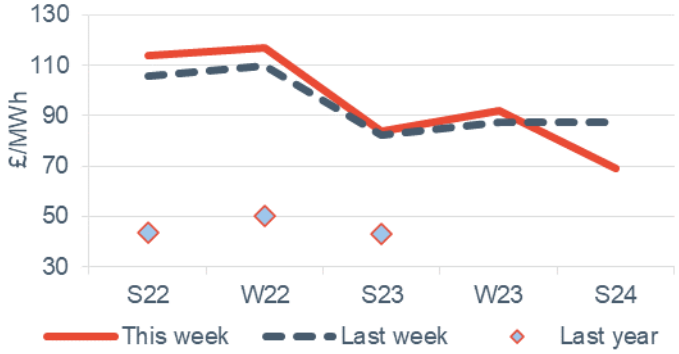
Seasonal power prices

Seasonal baseload power contracts



- Most seasonal power contracts lifted this week, up on average by 0.1%.
- Summer 22 and winter 22 rose 8.1% and 6.4% respectively, to £114.04/MWh and £117.00/MWh.

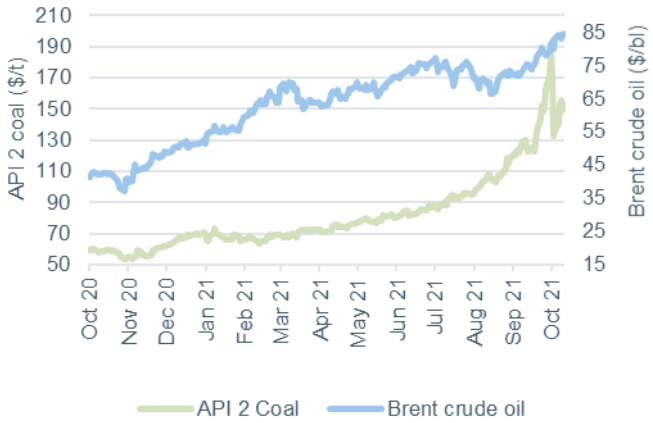
Seasonal baseload power curve



- Most seasonal peak power contracts increased this week, up 1.4% on average.
- Summer 22 peak power climbed 5.5% to £125.50/MWh, while winter 22 peak power remained at £153.00/MWh.

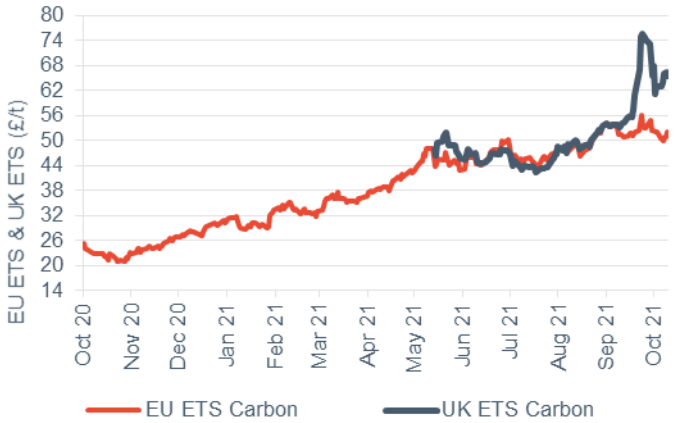
Commodity price movements

Oil and coal



- Brent crude prices rose again this week, up 3.4% to $83.95/bl. Prices also reached a fresh three-year high on 15 October, at $84.74/bl.
- The global picture of Brent crude remains tight. Higher demand profiles across many global markets with less supply has provided a strong undercurrent of support to price over the best part of a month.
- The underlying tight supply outlook has still not persuaded OPEC+ to increase supply to satisfy heightened demand in the market, continuing to support higher prices.

Carbon (UK and EU ETS)



- The strong bullish sentiment for carbon markets subsided again this week, albeit both the UK and EU ETS remain at heightened price points by comparison to earlier this year.
- Subsequently, the UK ETS fell 1.8% to £64.90/t with the EU ETS dropping 3.4% to €59.90/t.
- Wider bullishness from Brent crude markets did lend some support to carbon markets in part, but was offset by what continues to be a particularly volatile period for wholesale markets.

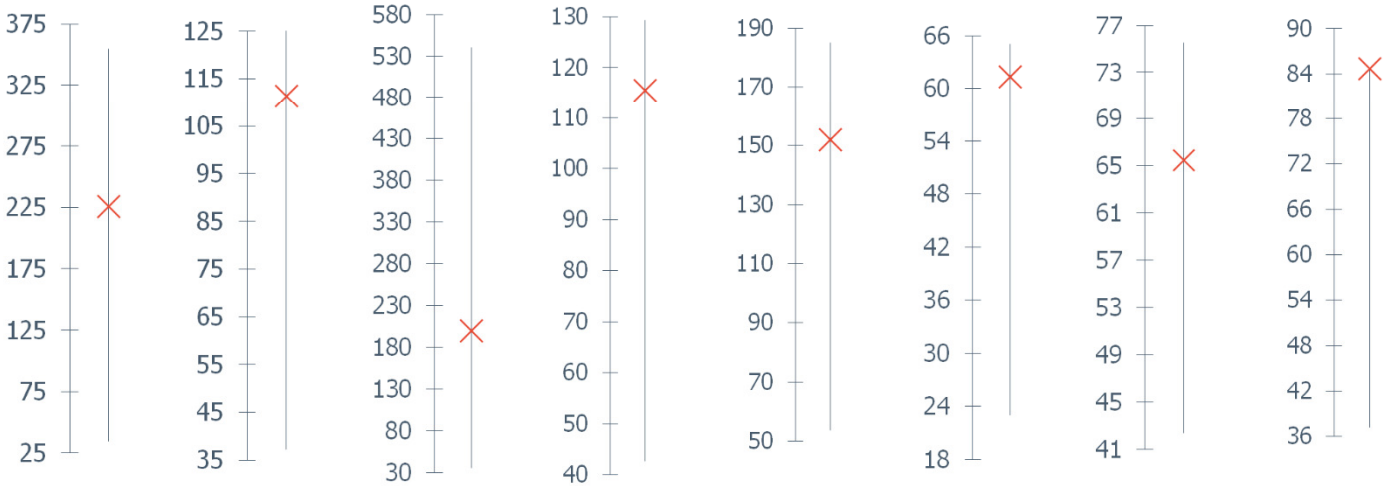
Supplier tariff movements

Five suppliers increased the price of their cheapest available tariff between 2 October and 9 October. Sainsbury's Energy increased its cheapest available tariff by £687/year to £2,287 year on average, representing the greatest increase in that period. No suppliers have decreased the price of their cheapest available tariff since 16 August.

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)
Last week	15 Oct 21	226.00	111.35	200.00	115.52	152.00	61.29	65.50	84.74
Two weeks ago	8 Oct 21	230.00	101.07	213.00	107.75	136.15	61.45	63.00	83.19
Four weeks ago	17 Sep 21	160.50	84.62	330.00	92.13	123.00	59.45	54.20	75.17
Last year	16 Oct 20	40.50	40.03	45.80	46.93	59.00	25.20	N/A	42.50
Year-on-year % change		458.0%	178.2%	336.7%	146.2%	157.6%	143.2%	N/A	99.4%
12-month high		355.00	129.39	540.00	129.29	185.00	65.00	75.50	84.74
12-month low		34.60	37.23	35.75	42.65	53.60	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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