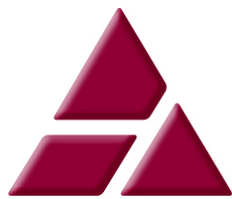




# Energy Wholesale Market Review

Week Ending 5<sup>th</sup> November 2021



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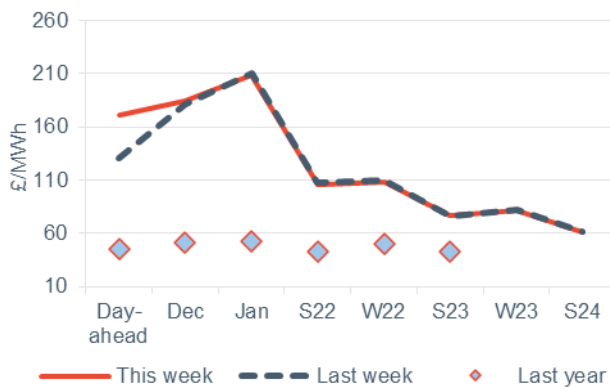
## Headlines 05/11/2021

It was a relatively mixed week again for gas and power pricing fundamentals this week, with the most pronounced upwards trends seen on near-term contracts, with seasonal contracts generally easing slightly. In support of this, day-ahead gas rose 9.1% to 180.00p/th, rebounding against losses observed from the week prior. Gas prices this week primarily benefitted from select periods of increased heating and gas-for-power demand. Day-ahead power rose 30.5% to £171.00/MWh, drawing on gains seen in near-term gas contracts, along with periods of lower wind outturn. December 21 gas was up 7.0% at 192.68p/th, and January 22 gas increased 5.2% to 195.31p/th. Most seasonal gas contracts declined last week, down by 4.4% on average, while both summer 22 and winter 22 gas dropped 1.5% and 1.7% respectively, subsiding to 105.95p/th and 108.69p/th. Most seasonal power contracts declined this week, down on average by 0.6%, as summer 22 power decreased 1.2% to £106.00/MWh, while winter 22 fell 1.6% to £108.25/MWh.

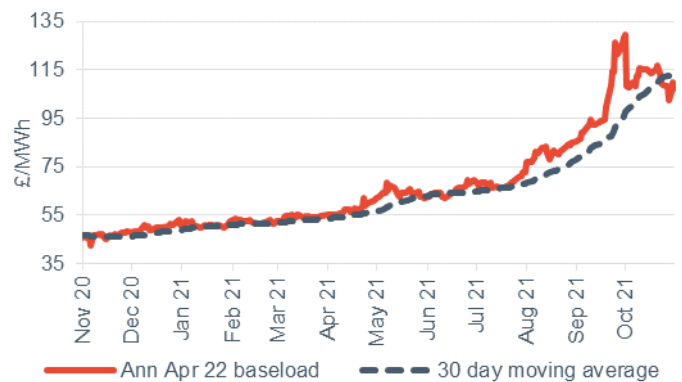
### Baseload electricity

- Day-ahead power rose 30.5% to £171/MWh, following notable gains made in short-term gas contracts and select periods of low wind outturn.
- December 21 power climbed 1.1% at £183.96/MWh and January 22 power decreased 0.5% to £208.85/MWh.
- Q122 power moved 1.4% higher to £182.5/MWh.
- The annual April 22 contract lost 1.4% to £107.13/MWh, 131.7% higher than the same time last year (£46.23/MWh).

Forward curve comparison



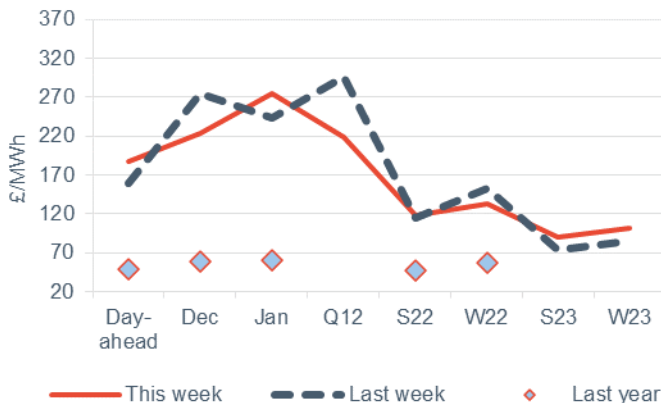
Annual April contract



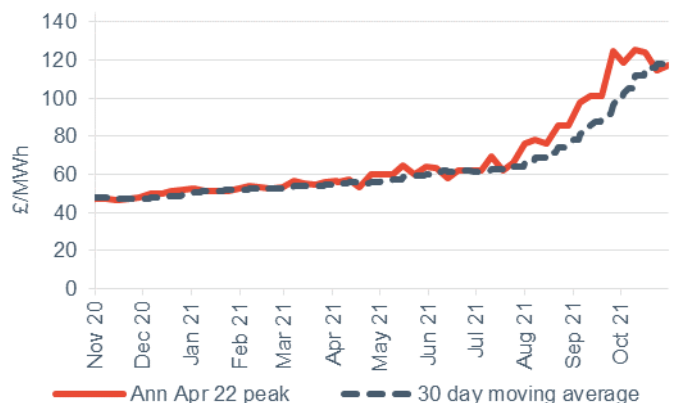
### Peak electricity

- Day-ahead peak power was up 18.2% to £188.00/MWh, following baseload power higher.
- December 21 peak power declined 18.9% at £223/MWh, and January 22 peak power increased 13.1% to £274.66/MWh.
- The annual April 22 peak power rose 6.6% to £125.2/MWh
- This is 139.3% higher than the same time last year (52.31/MWh).

Forward curve comparison



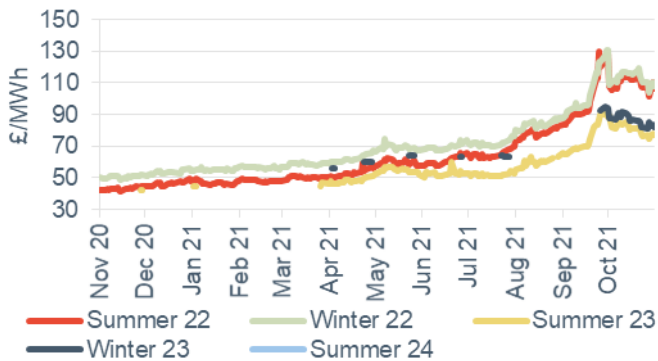
Annual April contract





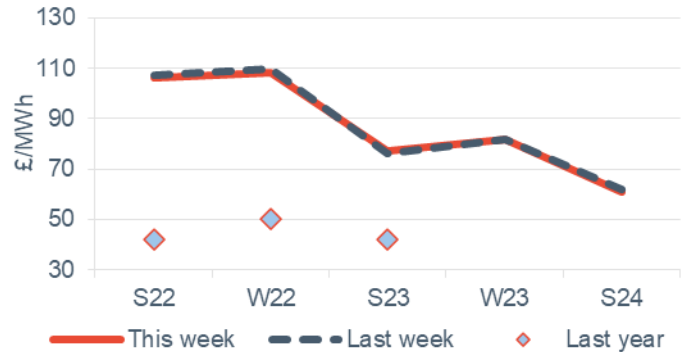
## Seasonal power prices

### Seasonal baseload power contracts



- Most seasonal power contracts declined this week, down on average by 0.6%.
- Summer 22 power decreased 1.2% to £106.00/MWh, while winter 22 fell 1.6% to £108.25/MWh.

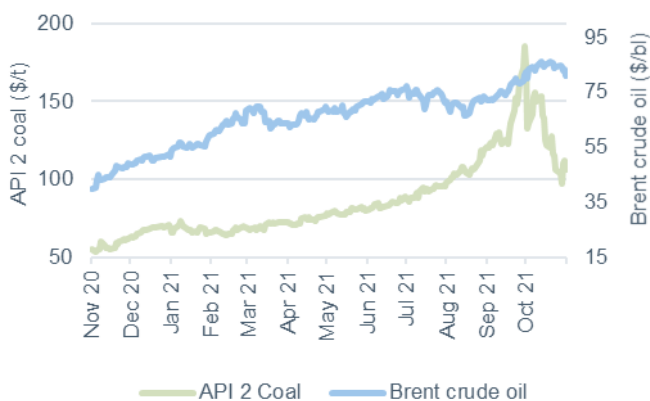
### Seasonal baseload power curve



- The majority of seasonal peak power contracts rose this week, up 7.3% on average.
- Summer 22 gas increased 2.2% to £117.50/MWh, while winter 22 peak power dropped 13.1% to £132.89/MWh.

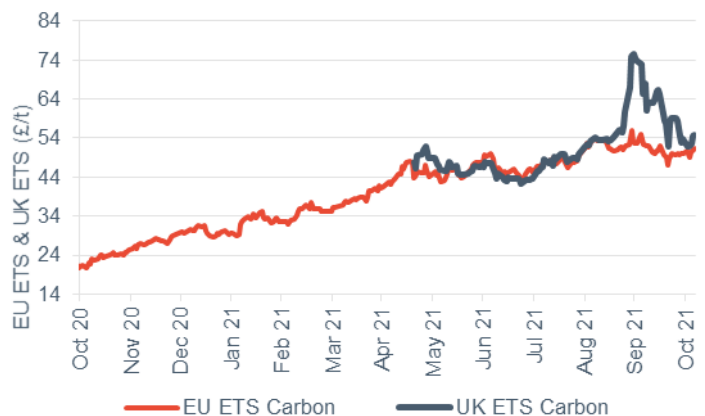
## Commodity price movements

### Oil and coal



- Brent crude prices averaged \$83.20/bl last week, down 2.1% on the previous week's average of \$84.99/bl.
- Primarily, the outlook for Brent crude prices remains consistent with recent trends, buoyed by the continuation of tighter market fundamentals.
- Prices continue to gain support from OPEC+ recent decision to hold firm on output levels for the remainder of 2021, despite wider market pressures to increase supply to ease the tight market conditions.
- Last week however, surplus crude volumes in the US sent bearish signals to the market.

### Carbon (UK and EU ETS)



- EU ETS prices saw gains last week, up 0.9% to average €59.61/t, while UK ETS prices dropped 4.8% to average £53.07/t.
- UK ETS carbon prices remain volatile at the moment, with the relative immaturity of the market, seeing significant swings in price over the last fortnight.
- Recovering wind and renewable generation of late has seen lowering demand for fossil fuel generation to meet higher demand levels, weighing on prices as a result.

## Supplier tariff movements

13 of the 20 cheapest tariffs on the market are priced at the level of Ofgem's default tariff cap (£1,277/year on average), with six tariffs priced up to £11 below the default tariff cap level. Five suppliers relaunched their



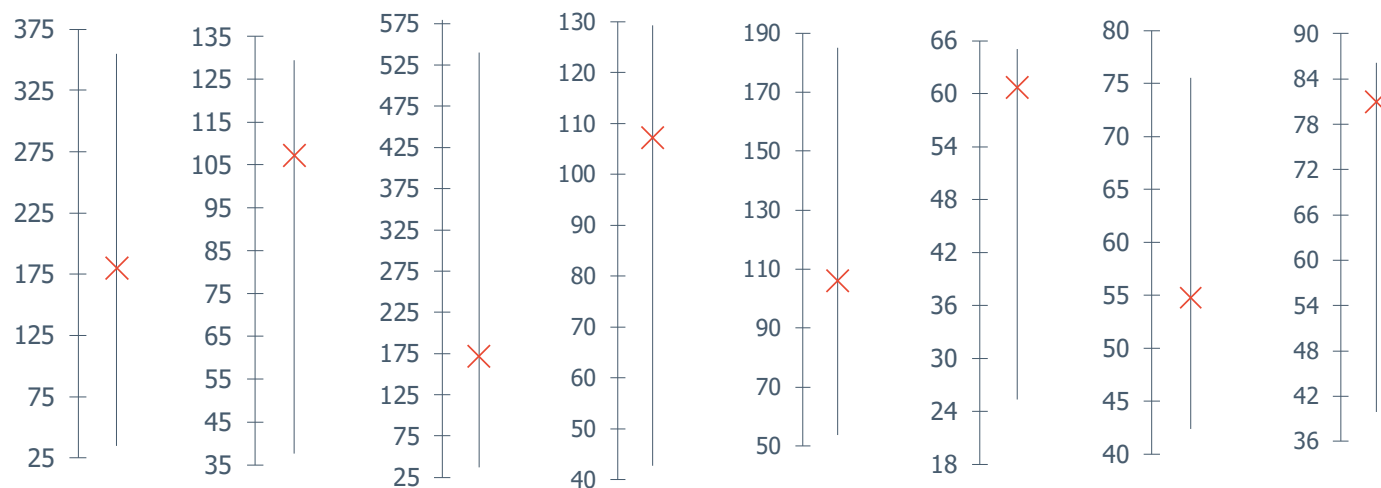
standard variable tariffs between 23 October and 30 October. Four were priced at the level of Ofgem's default tariff cap (£1,277/year on average), with Octopus Energy's Flexible Octopus October 2021 v2 tariff priced at £1,266/year on average. Wholesale gas and electricity costs decreased by £40/year between 25 October and 01 November, based on our measure for dual fuel tariffs.



## 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	5 Nov 21	180.00	107.32	171.00	107.13	106.00	60.66	54.75	81.02
Last week	29 Oct 21	165.00	109.08	131.00	108.63	106.00	59.22	53.90	84.39
Four weeks ago	8 Oct 21	230.00	101.07	213.00	107.75	136.15	61.45	63.00	83.19
Last year	6 Nov 20	37.45	38.38	44.70	46.23	55.05	25.31	N/A	39.93
Year-on-year % change		380.6%	179.7%	282.6%	131.7%	92.6%	139.7%	N/A	102.9%
12-month high		355.00	129.39	540.00	129.29	185.00	65.00	75.50	86.13
12-month low		34.60	37.65	37.00	42.65	53.75	25.31	42.40	39.93

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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