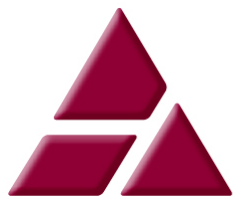




Energy Wholesale Market Review

Week Ending 10th December 2021



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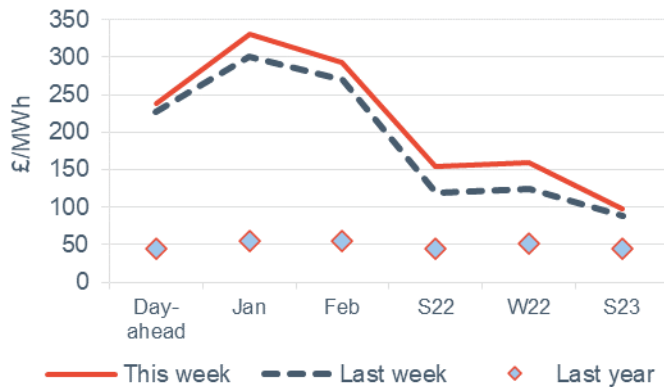
Headlines 10/12/2021

Generally, wholesale energy prices underwent another strong week of price growth, with gains across all contracts in gas and baseload power, the outlier being the summer 24 gas contract. Day-ahead gas rose 9.9% to 255.00p/th, following select periods of system undersupply and lower Norwegian imports, after an unplanned outage at Troll gas field. Similarly, day-ahead power rose 4.8% to £238.00/MWh, taking direction from strong gains seen across the board in near-term gas contracts. January 22 gas was up 11.1% at 259.50p/th, and February 22 gas increased 11.4% to 261.00p/th. The majority of seasonal gas contracts saw gains this week, rising by 17.2% on average, while both summer 22 and winter 22 gas increased 37.3% and 38.0% respectively, lifting to 162.25p/th and 166.00p/th. All seasonal power contracts grew this week, up on average by 17.1%, as summer 22 and winter 22 expanded 29.7% and 29.0% respectively, rising to £154.00/MWh and £160.00/MWh.

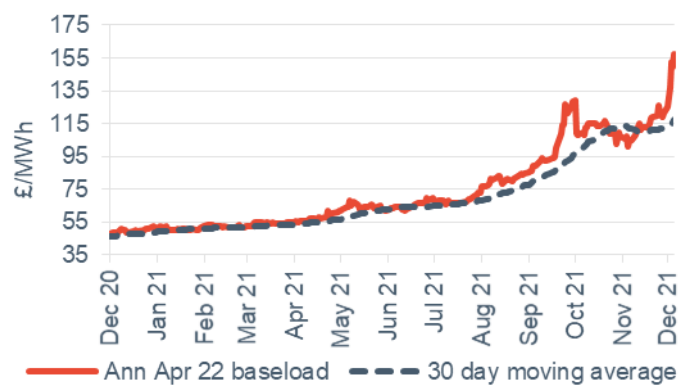
Baseload electricity

- Day-ahead power rose 4.8% to £238.00/MWh, following strong gains made in near-term gas contracts this week.
- January 22 power climbed 10.0% at £330.00/MWh and February 22 power increased 8.1% to £292.00/MWh.
- Q122 power moved 10.6% higher to £282.00/MWh.
- The annual April 22 contract rose 29.3% to £157/MWh, 224.0% higher than the same time last year (£48.45/MWh).

Forward curve comparison



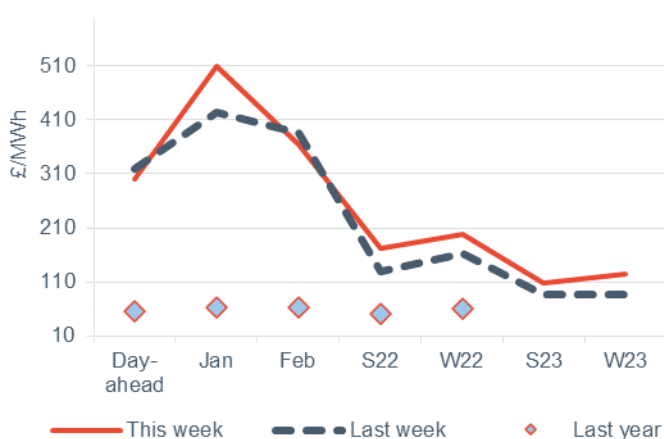
Annual April contract



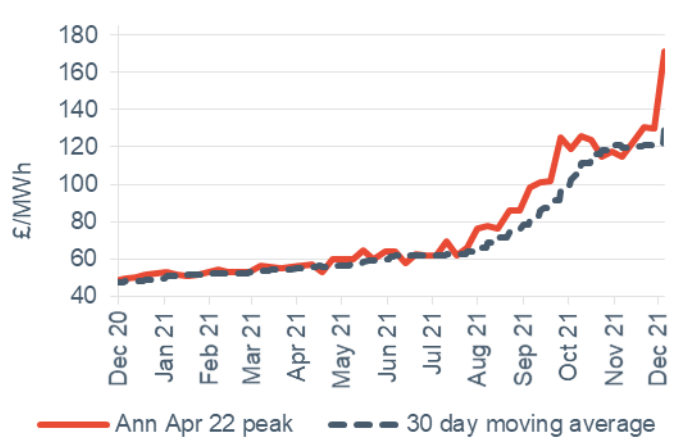
Peak electricity

- Day-ahead peak power was down 6.3% to £300.00/MWh, against trends set in baseload power.
- January 22 peak power gained 20.0% at £510/MWh, and February 22 peak power decreased 5.2% to £365.00/MWh.
- The annual April 22 peak power rose 25.8% to £184.13/MWh
- This is 236.6% higher than the same time last year (54.7/MWh).

Forward curve comparison



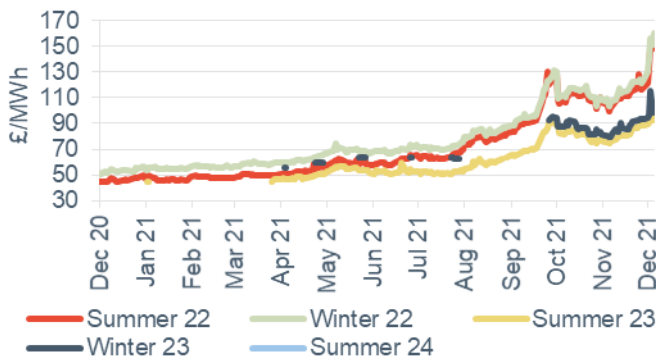
Annual April contract





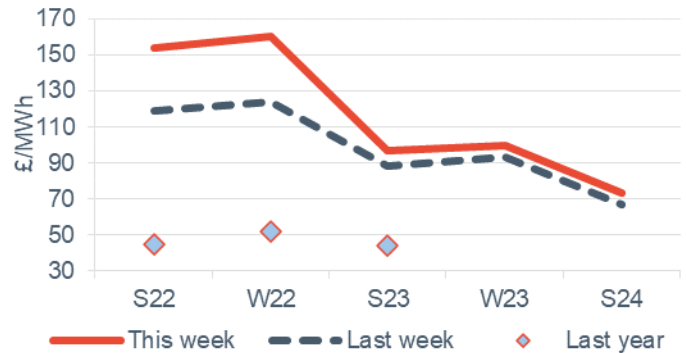
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts grew this week, up on average by 17.1%.
- Summer 22 and winter 22 expanded 29.7% and 29.0% respectively, rising to £154.00/MWh and £160.00/MWh.

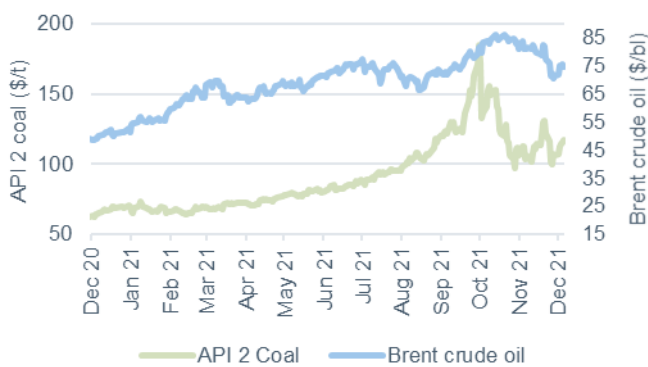
Seasonal baseload power curve



- All seasonal peak power contracts increased this week, rising 31.0% on average.
- Summer 22 and winter 22 peak power increased 31.7% and 21.0% respectively, rising to £171.25/MWh and £197.00/MWh.

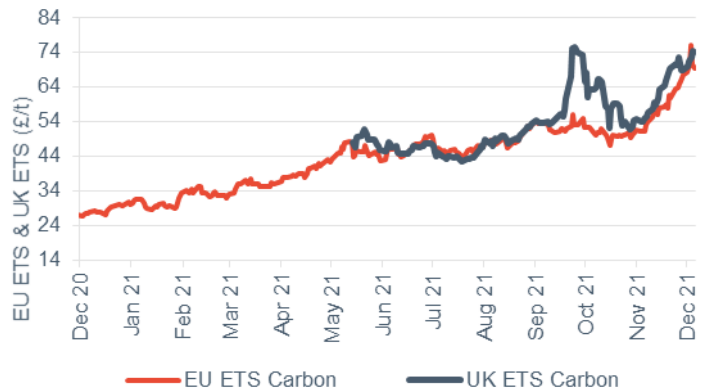
Commodity price movements

Oil and coal



- Brent crude prices rose 2.7% from the previous week to average \$74.31/bl. Prices still remain ~50% higher than the same time a year prior.
- Brent crude prices continue to remain particularly sensitive to developments with the COVID-19 Omicron variant. More specifically this week, initial reports that the new variant is not expected to significantly dampen global growth provided some support to the market.
- However, the threat of Omicron more generally remains prevalent. Changes in the outlook of associated impacts attributed to the variant can steer prices in either direction.

Carbon (UK and EU ETS)



- Carbon prices saw more gains again this week, with UK ETS prices up 3.1% to £72.38/t. The EU ETS mirrored these trends, up 8.5% to €82.93/t. The EU ETS also reached a record high of €88.50/t on 8 December.
- Monthly average UK ETS carbon prices in September, October and November 2021 were all above the December CCM trigger price of £52.88/t.
- This means that the scheme's CCM has been triggered for December 2021.
- The UK ETS authority are now expected to meet to discuss the level of intervention required if any
- A decision either way is expected on 16 December

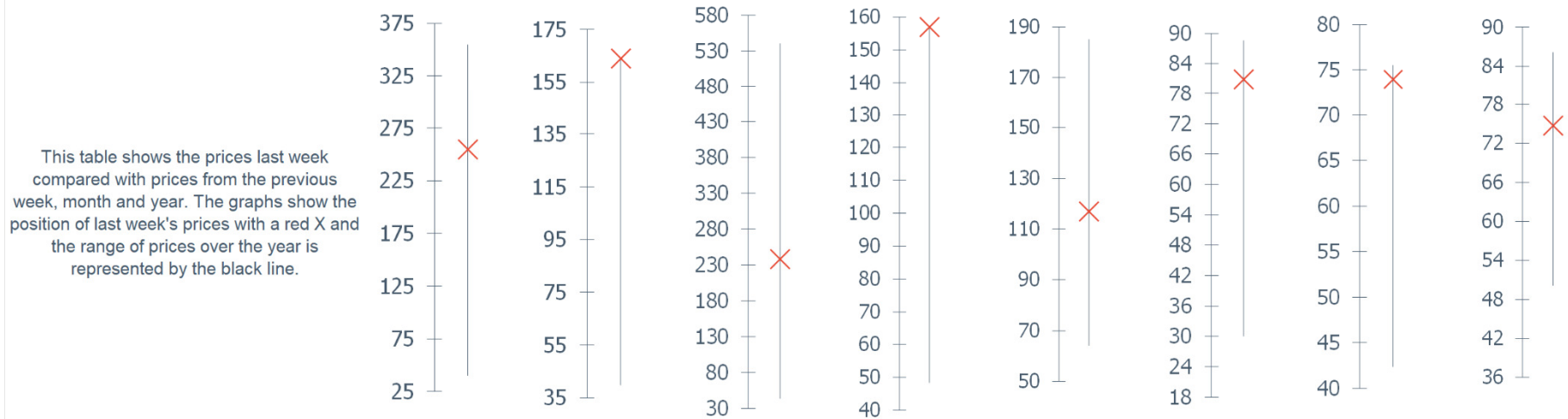
Supplier tariff movements

OVO Energy offered the cheapest short fix tariff with its Better Smart tariff, priced at £2,010/year on average (Figure 1). This follows the discontinuation of Scottish Power's Fixed Price February 2023 FMI tariff which was priced at £1,798/year on average at 27 November. Outfox the Market's cheapest available fixed tariff increased by £91/year to £2,239/year on average. For the fourth consecutive week, no long fix tariffs were offered between 27 November and 04 December.



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	10 Dec 21	255.00	164.13	238.00	157.00	117.00	80.90	74.00	74.70
Last week	3 Dec 21	232.00	119.23	227.00	121.38	106.00	79.45	68.90	71.50
Four weeks ago	12 Nov 21	177.00	103.24	250.00	105.25	105.00	63.49	56.50	81.68
Last year	11 Dec 20	42.55	39.85	45.15	48.45	64.75	30.41	N/A	50.15
Year-on-year % change		499.3%	311.9%	427.1%	224.0%	80.7%	166.0%	N/A	49.0%
12-month high		355.00	164.13	540.00	157.00	185.00	88.50	75.50	86.13
12-month low		40.25	39.85	43.40	48.45	64.00	30.00	42.40	50.15





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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