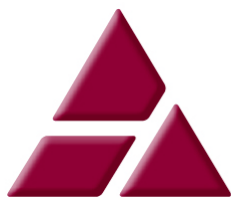




Energy Wholesale Market Review

Week Ending 17th December 2021



edw technology

EDW House, Radian Court, Knowlhill, Milton Keynes, MK5 8PJ.

Phone: +44 (0)8448 802 489
Email: info@edwtech.com
Website: edwtech.com



Contents

Baseload electricity.....	3
Peak electricity.....	3
Seasonal power prices.....	4
Commodity price movements.....	4
Supplier tariff movements.....	4
Wholesale price snapshot.....	5
About EDW Technology Limited.....	6



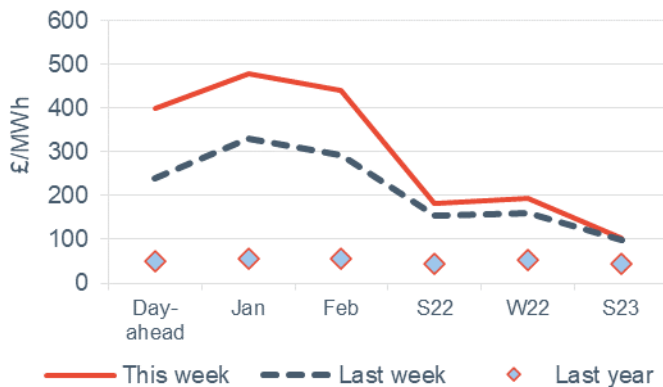
Headlines 17/12/2021

This week saw strong bullish price movements in both gas and baseload power contracts. Day-ahead gas rose 33.3% to 340.00p/th, following rising demand and renewed concerns surrounding Russian gas deliveries via the Nord Stream 2 pipeline. Day-ahead power jumped up 68.1% to £400.00/MWh, drawing on bullish momentum seen in near-term gas contracts and exacerbated by low wind output in the week, a trend set to continue into the coming week. Front month gas contracts experienced strong gains, with January 22 gas up 30.9% at 339.67p/th, and February 22 gas increased 29.9% to 338.97p/th. Most seasonal gas contracts boosted this week, up by 10.6% on average, with summer 22 and winter 22 gas increasing 22.1% and 21.3% respectively, lifting to 198.06p/th and 201.28p/th. All seasonal baseload power contracts reported gains this week, up on average by 11.0%, as summer 22 and winter 22 expanded 18.8% and 21.3% respectively, rising to £183.00/MWh and £194.00/MWh.

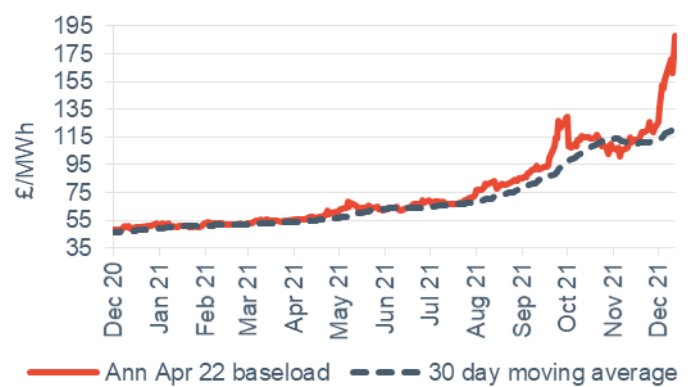
Baseload electricity

- Day-ahead power rose 68.1% to £400.00/MWh, following strong near-term gains in gas markets, exacerbated by low wind output during the week.
- January 22 power climbed 45.5% to £480.00/MWh and February 22 power rose 50.7% to £440/MWh.
- Q122 power moved 43.8% higher to £405.56/MWh.
- The annual April 22 contract increased 20.1% to £188.50/MWh, 286.0% higher than the same time last year (£48.83/MWh), and 67.4% higher than the same time last month (£112.62/MWh).

Forward curve comparison



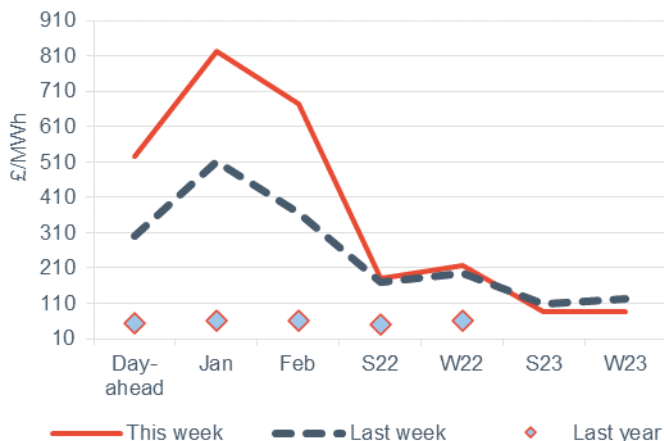
Annual April contract



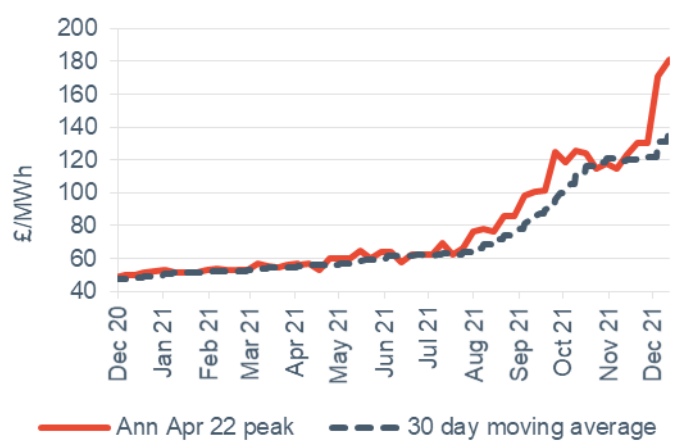
Peak electricity

- Day-ahead peak power was up 75.0% at £525.00/MWh, following its baseload counterpart higher.
- January 22 peak power gained 61.8% to £825.00/MWh, and February 22 peak power increased 84.9% to £675.00/MWh.
- This week, the annual April 22 peak power contract rose 8.8% to £200.25/MWh
- This is 264.0% higher than the same time last year (55.01/MWh), and 58.3% higher than the same time last month (£126.50/MWh).

Forward curve comparison



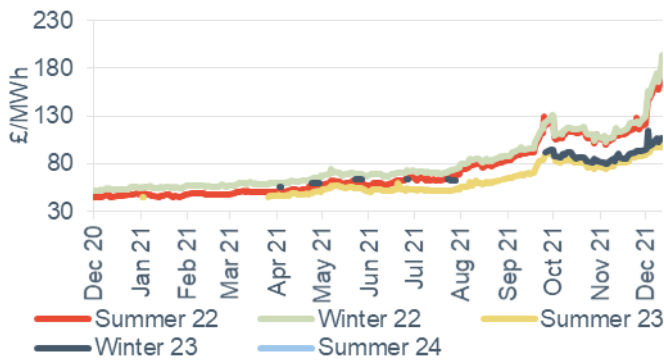
Annual April contract





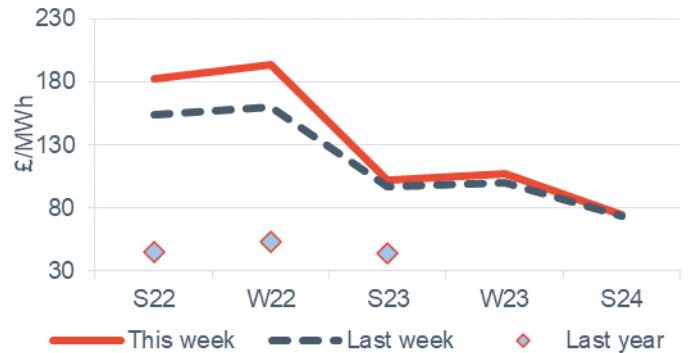
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts boosted this week, up on average by 11.0%.
- Summer 22 and winter 22 contracts went up 18.8% and 21.3% respectively, rising to £183.00/MWh and £194.00/MWh.

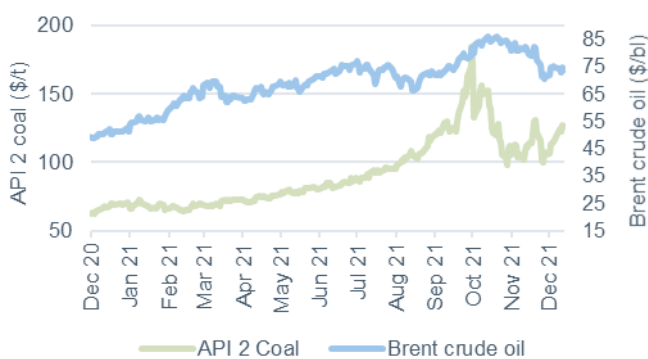
Seasonal baseload power curve



- Despite gains in nearer-term seasonal peak power contracts, seasonal peak power contracts were down 8.7% on average this week.
- Summer 22 and winter 22 peak power increased 6.0% and 11.2% respectively, rising to £181.50/MWh and £219.00/MWh.

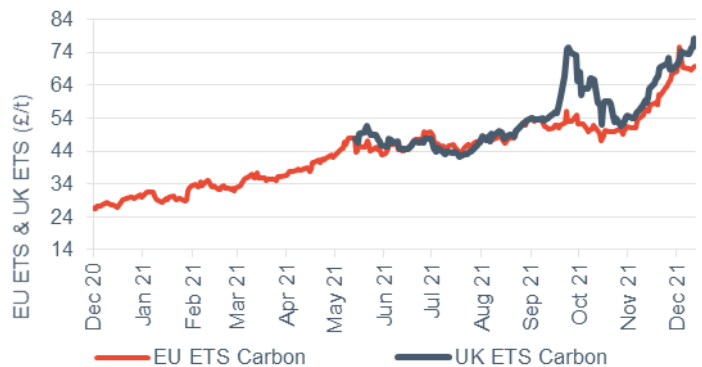
Commodity price movements

Oil and coal



- Brent crude prices fell marginally from the week prior to average \$74.19/bl.
- This week, prices continued to be weighed on by developments related to the Covid-19 Omicron variant, with more substantial lockdown measures emerging across much of Europe and further afield.
- It is feared that demand could suffer as a consequence of renewed lockdown measures, and this has ultimately weighed on prices in the week.
- There are also reports that supply could outstrip demand next year based on current trends.

Carbon (UK and EU ETS)



- Carbon prices saw mixed movements this week, with the UK ETS rising 4.0% to average £75.29/t, whereas the EU ETS fell, down 2.7% to average €80.68/t.
- For UK ETS prices, news from the UK ETS authority on 14 December that they would not be intervening with the scheme despite the December trigger price being met under the Cost Containment mechanism (CCM) allowed prices to climb further into the weeks end.
- EU ETS prices were dented by news a sell-off in EUA futures following Wednesday's option expiry.

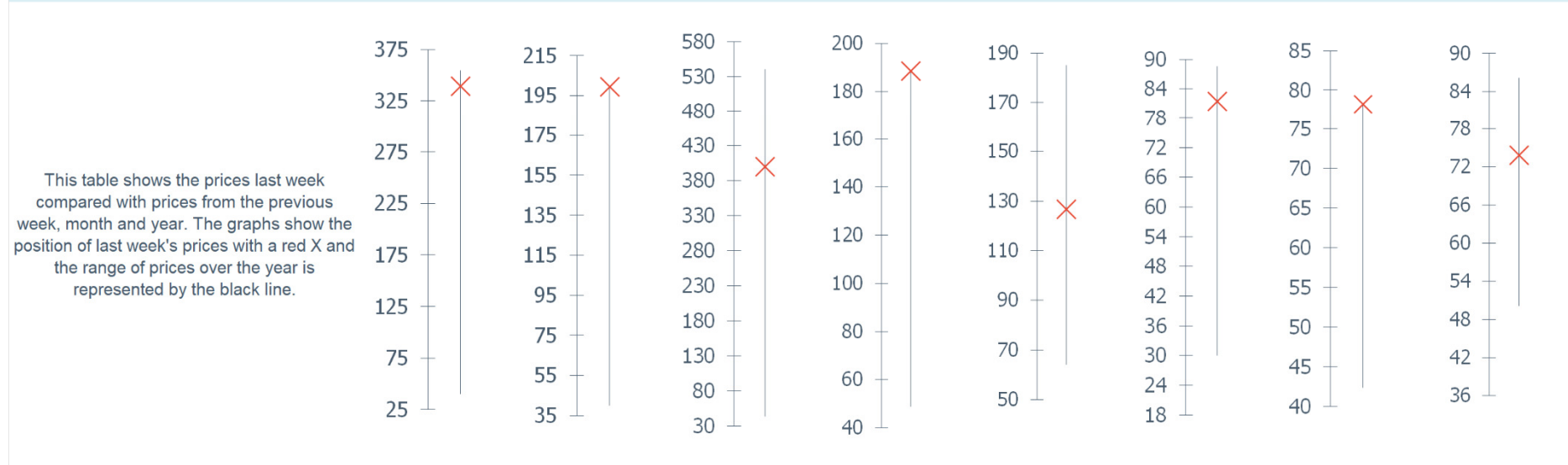
Supplier tariff movements

Sainsbury's Energy's cheapest available fixed tariff increased by £359/year to £2,209/year on average. This follows the discontinuation of its Sainsbury's Energy 2 Year Fix and Reward v24 tariff, priced at £1,850/year on average at 04 December, and the introduction of its Sainsbury's Energy 2 Year Fix and Reward v26 tariff. SSE offered the cheapest medium fix tariff with its new 2 Year Fix v14 tariff, priced at £1,800/year on average. Outfox the Market offered the cheapest short fix tariff with its Fix'd 12m Oct21 v1 tariff, priced at £2,239/year on average. This follows a £230/year increase to OVO Energy's Better Smart tariff, which was priced at £2,240/year at 11 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	17 Dec 21	340.00	199.67	400.00	188.50	126.70	81.45	78.25	73.82
Last week	10 Dec 21	255.00	164.13	238.00	157.00	117.00	80.90	74.00	74.70
Four weeks ago	19 Nov 21	222.00	110.06	230.00	112.62	114.50	68.80	63.00	79.71
Last year	18 Dec 20	42.50	40.19	49.90	48.83	67.25	30.81	N/A	51.45
Year-on-year % change		700.0%	396.9%	701.6%	286.1%	88.4%	164.4%	N/A	43.5%
12-month high		355.00	199.67	540.00	188.50	185.00	88.50	78.25	86.13
12-month low		40.25	40.19	43.40	48.83	64.00	30.00	42.40	50.17





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.

EDW Technology Limited

EDW House

Radian Court

Knowlhill

Milton Keynes

MK5 8PJ

UK

Tel: +44 (0) 8448 802 489

Fax: +44 (0) 8448 802 487

Website: www.edwtech.com

Copyright © 2021 EDW Technology Limited. All rights reserved.

No part of this publication may be reproduced, transmitted, transcribed, stored in a retrieval system, or translated into any language, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior written permission from EDW Technology Limited.

All copyright, confidential information, patents, design rights and all other intellectual property rights of whatsoever nature contained herein are and shall remain the sole and exclusive property of EDW Technology Limited. The information furnished herein is believed to be accurate and reliable. However, no responsibility is assumed by EDW Technology Limited for its use, or for any infringements of patents or other rights of third parties resulting from its use.