Energy Wholesale Market Review

Week Ending 26th November 2021

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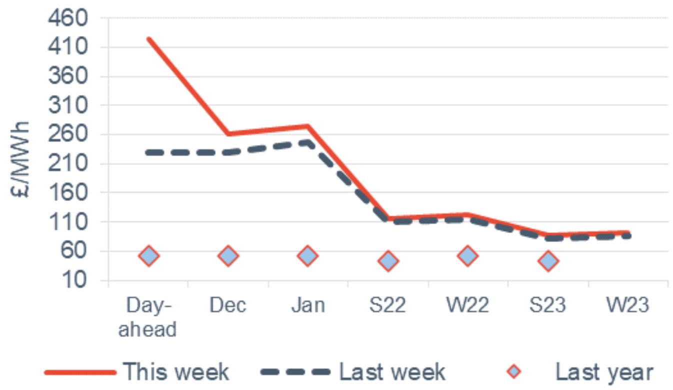
Headlines 26/11/2021

The volatility in near-term pricing across gas and power prices was evident this week, with significant gains made, particularly in baseload and peak power contracts. Day-ahead gas rose 1.4% to 225.00p/th, following periods of much colder weather making its way from the continent and across the UK. Day-ahead power jumped 84.8% to £425.00/MWh, with tight system margins expected on Monday amid notably low wind generation. December 21 gas slipped 0.2% to 224.62p/th, and January 22 gas decreased 0.5% to 230.37p/th. Most seasonal gas contracts increased this week, up by 2.9% on average, as summer 22 and winter 22 gas climbed 2.0% and 2.5% respectively, lifting to 110.90p/th and 114.10p/th. All seasonal power contracts rose this week, up on average by 5.3%. Summer 22 and winter 22 gained 3.2% and 7.5% to £114.85/MWh and £122.50/MWh, respectively.

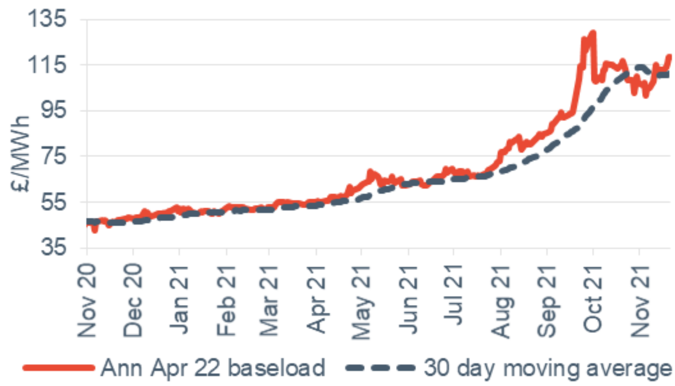
Baseload electricity

- Day-ahead power rose 84.8% to £425.00/MWh, with tight system margins forecast for Monday.
- December 21 power climbed 13.0% to £260.00/MWh and January 22 power increased 11.4% to £275.00/MWh.
- Q122 power moved 12.1% higher to £252.25/MWh.
- The annual April 22 contract rose 5.4% to £118.68/MWh, 153.0% higher than the same time last year (£46.91/MWh).

Forward curve comparison



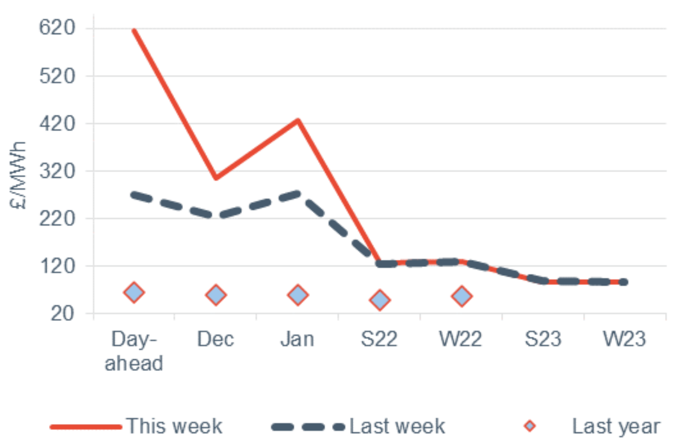
Annual April contract



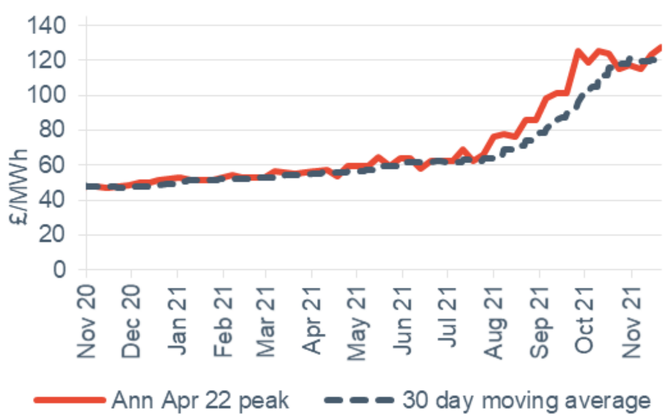
Peak electricity

- Day-ahead peak power was up 127.8% to £615.00/MWh, following baseload power higher
- December 21 peak power gained 35.6% to £305.00/MWh, and January 22 peak power increased 55.7% to £425.00/MWh.
- The annual April 22 peak power rose 1.8% to £128.75/MWh.
- This is 145.1% higher than the same time last year (£52.53/MWh).

Forward curve comparison

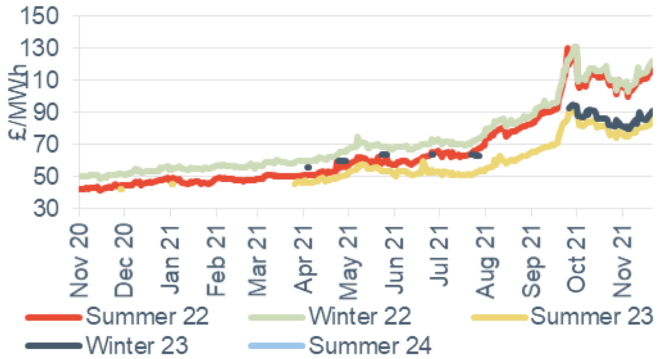


Annual April contract

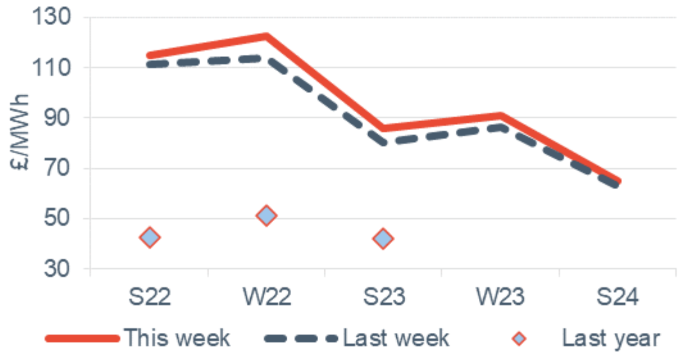


Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve

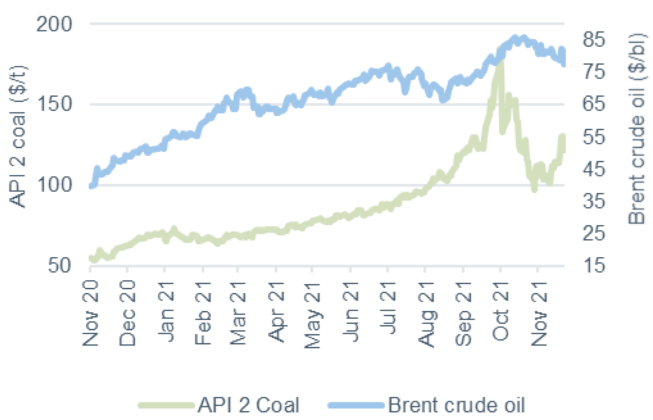


- All seasonal power contracts increased this week, up on average by 5.3%.
- Summer 22 and winter 22 climbed 3.2% and 7.5% respectively, rising to £114.85/MWh and £122.50/MWh.

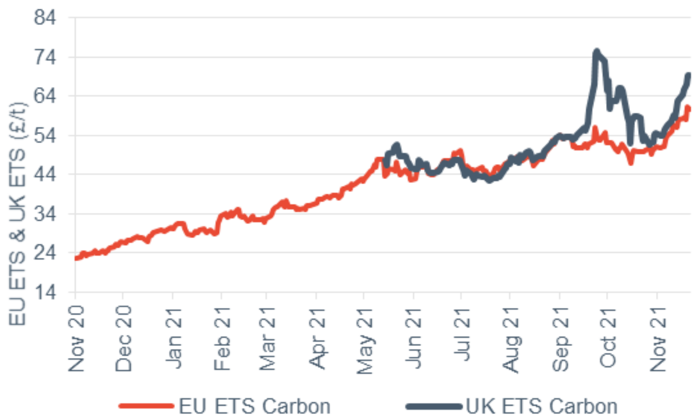
- Most seasonal peak power contracts rose this week, up 0.2% on average.
- Summer 22 peak power increased 3.7% to £127.49/MWh, while winter 22 peak power remained unchanged at £130.00/MWh.

Commodity price movements

Oil and coal



Carbon (UK and EU ETS)



- Brent crude prices fell 1.4% from the previous week to average $79.97/bl. Prices still remain ~70% higher than the same time a year prior.
- There was a generally bearish sentiment felt across Brent crude markets this week. The Covid-19 crisis in continental Europe has intensified, with rising infections rates and threats of the Delta variant. This has forced some countries into lockdown, fuelling concerns over a down-turn in demand.
- With tight market fundamentals, major economies in Japan, USA and China are looking to release strategic oil reserves, also weighing prices down.

- Carbon prices saw strong gains last week, with UK ETS prices up 11.3% to average £66.58/t. The EU ETS mirrored these trends, up 5.6% to average €70.69/t. The EU ETS reached a record high of €72.92/t on Thursday 25 November.
- A cold weather front making its way across much of North-West Europe and the UK supported carbon prices, particularly as the week matured, with increased EUA demand required to cover gas-fired power generation. Lower periods of wind and renewable output supported carbon prices also, particularly evident at the week's start.

Supplier tariff movements

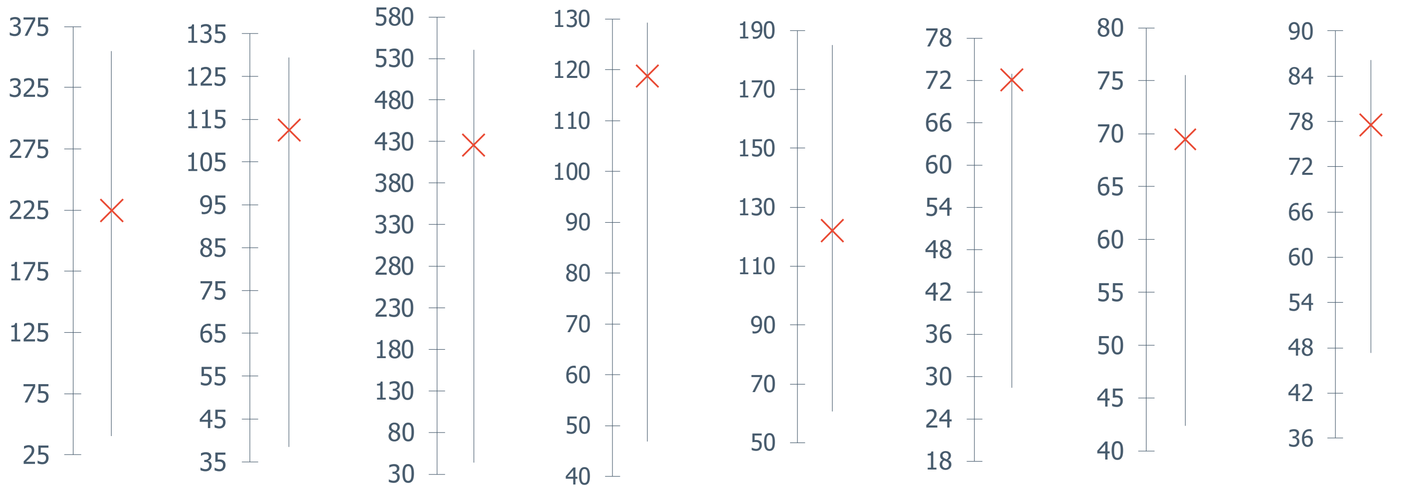
Outfox the Market's cheapest available fixed tariff increased by £78/year to £1,923/year on average. This follows the discontinuation of its Fix'd X 21 26.0 tariff, priced at £1,844/year on average. Utility Warehouse's Double

Gold tariff was priced at £1,213/year at 20 November, and requires customers to sign up to broadband, mobile, and landline services. No supplier decreased the price of their cheapest available tariff between 13 November and 20 November.

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	26 Nov 21	225.00	112.50	425.00	118.68	122.00	72.09	69.45	77.57
Last week	19 Nov 21	222.00	110.06	230.00	112.62	114.50	68.80	63.00	79.71
Four weeks ago	29 Oct 21	165.00	109.08	131.00	108.63	106.00	59.22	53.90	84.39
Last year	27 Nov 20	41.40	38.41	51.10	46.91	60.55	28.39	N/A	47.96
Year-on-year % change		443.5%	192.9%	731.7%	153.0%	101.5%	153.9%	N/A	61.7%
12-month high		355.00	129.39	540.00	129.29	185.00	72.92	75.50	86.13
12-month low		40.25	38.41	43.40	46.91	60.55	28.39	42.40	47.32

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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