



Energy Wholesale Market Review

Week Ending 7th October 2022



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Headlines 07/10/2022

This week saw predominately bearish price movements for wholesale gas and power contracts in GB, but with some exceptions. We continue to observe volatility particularly in nearer-term contracts, but with some levels of volatility also feeding into longer dated contracts. In GB, a strong influx of LNG imports continues to soften the near-term supply/demand balance, with continued price reductions on the near-term throughout much of September into early

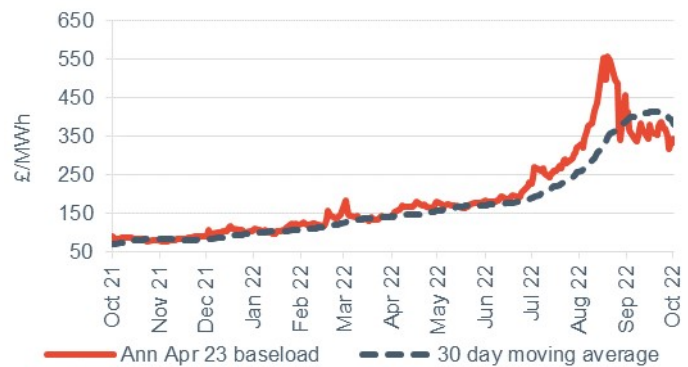
October. Day-ahead gas fell 3.2% to 167.00p/th this week, following consistent levels of UKCS domestic gas production in tandem with steady levels of flows received from Norway. Following gas, day-ahead baseload power saw losses week-on-week, down 28.9% to average £160.00/MWh, following an uptick in forecast wind output towards the week's end. The majority of seasonal gas contracts declined on average this week, falling 6.0% on average, with summer 23 gas slipping 13.4% to 376.50p/th and winter 23 declining 12.5% to 398.25p/th. Like gas, seasonal power contracts shared collectively downward price movements, a 7.8% reduction on average. Winter 23 saw the largest losses week-on-week, falling 11.5%.

- Baseload electricity Day-ahead power fell 28.9% to £160.00/MWh, amid forecasts of increased wind output into the weekend
- November 22 power slipped 16.7% to £500.00/MWh and December 22 power decreased 8.2% to £640.00/MWh.
- Q1 23 power moved 4.9% higher to £670.00/MWh.
- However, the annual April 23 contract lost 9.5% to £335.00/MWh, but remained 295.0% higher than the same time last year (£84.8/MWh).

Forward curve comparison



Annual October contract



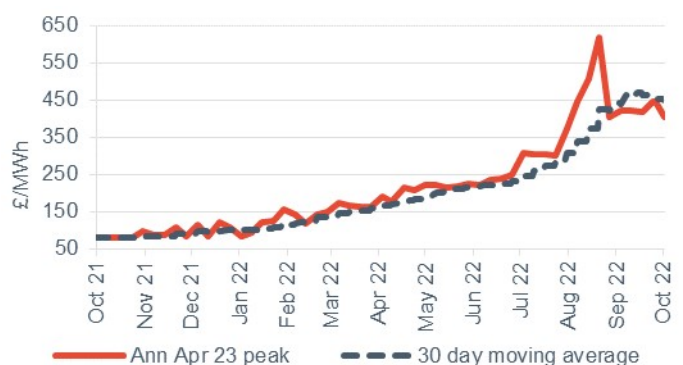
Peak electricity

- Day-ahead peak power was down 9.7% to £235.00/MWh, following baseload power lower.
- November 22 peak power declined 12.3% to £785.00/MWh, and December 22 peak power lost 4.6% to £900.00/MWh.
- The annual April 23 peak power contract fell 9.1% to £405.75/MWh
- This is a 3.7% reduction against the Annual April 23 contract the same time a month ago (£421.50/MWh)

Forward curve comparison



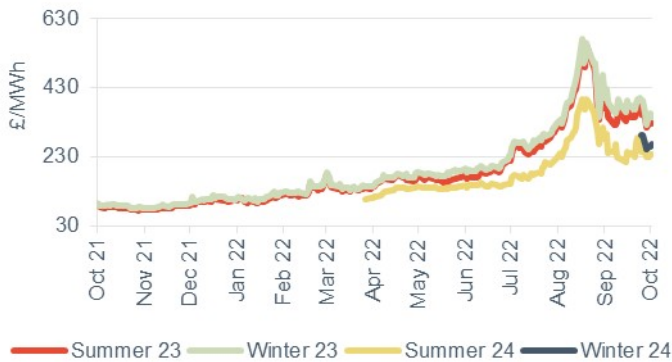
Annual October contract





Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve



- All tracked seasonal power contracts fell this week, down on average by 7.8%.
- Summer 23 and winter 23 reduced 7.1% and 11.5% respectively, declining to £325.00/MWh and £345.00/MWh.

- Like baseload, tracked seasonal peak power contracts slipped this week, down 8.8% on average.
- Summer 23 and winter 23 peak power decreased 6.6% and 11.0% respectively, declining to £366.50/MWh and £445.00/MWh.

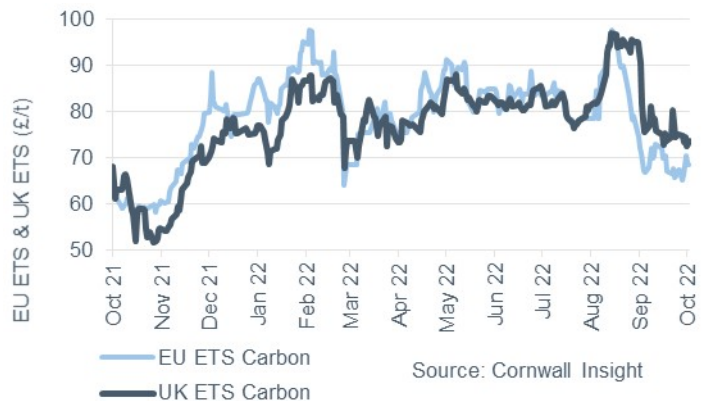
Commodity price movements

Oil and coal



- Brent crude prices rose 4.5% this week to average \$91.30/bbl.
- Prices for much of the week gained support from uncertainty around the outcome of OPEC+ discussions on output cuts, proposed as a mechanism to offset a potential demand growth decline
- Later in the week, OPEC+ confirmed production cuts of 2mn bpd, the largest production cut since the start of the Coronavirus pandemic, and prices found support from Goldman Sachs raising its oil price forecast for this year and 2023 in response

Carbon (UK and EU ETS)



- EU and UK ETS prices saw mixed movements this week. EU ETS lifted 1.8% to average €67.77/t, whilst UK ETS carbon retracted 2.5% to £73.88/t.
- EUAs saw price rises this week following strong auctions, reaching above €70/t for the first time in over a week.

Supplier tariff movements

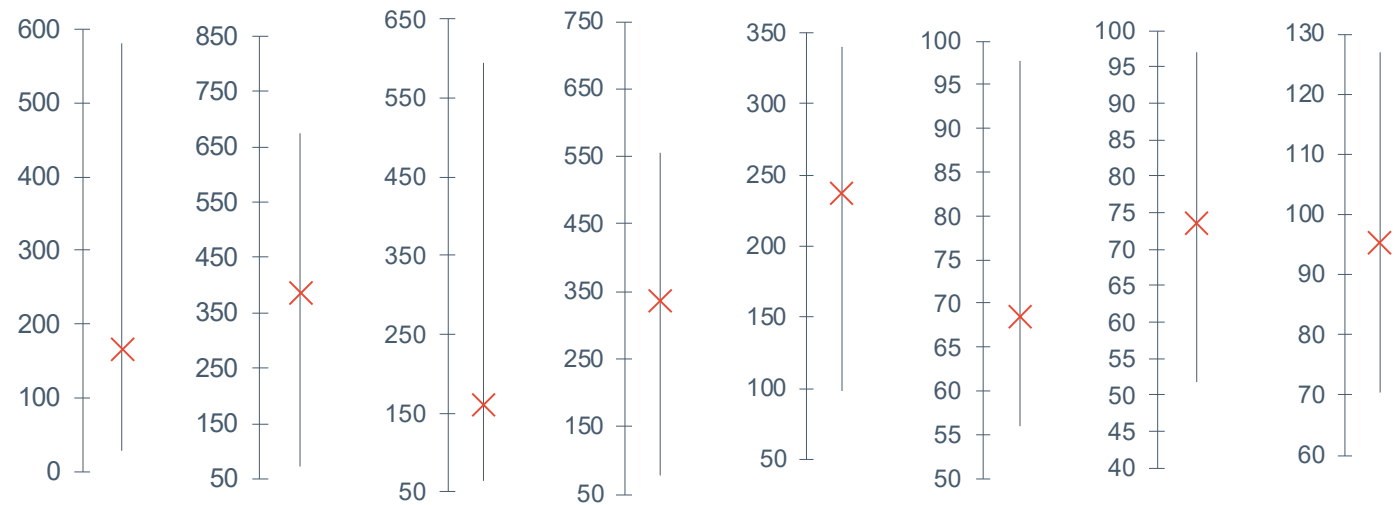
Octopus Energy and its white label brand Co-operative Energy continued to offer the cheapest short fixed tariffs on the market with their Loyal Octopus 12M Fixed August 2022 v1 and Co-op Loyal 12M Fixed August 2022 v1 tariffs, both priced at £4,500/year on average at 1 October. OVO Energy, along with white label brand SSE, increased the price of its standard variable tariff to £2,499/year on average, £1/year below the EPG. EDF Energy, Bulb, and Scottish Power all increased the price of their standard variable tariffs to £2,500/year on average, in line with the EPG.



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	7 Oct 22	167.00	387.38	160.00	335.00	237.00	68.35	73.50	95.38
Last week	30 Sep 22	172.50	445.00	225.00	370.00	290.00	67.32	75.00	89.23
Four weeks ago	9 Sep 22	345.00	466.00	330.00	360.00	300.00	66.75	75.50	91.00
Last year	8 Oct 21	230.00	73.62	213.00	84.80	136.15	61.45	63.00	83.19
Year-on-year % change		-27.4%	426.2%	-24.9%	295.0%	74.1%	11.2%	16.7%	14.7%
12-month high		580.00	674.50	595.00	555.00	340.00	97.61	97.00	126.84
12-month low		28.00	72.01	63.00	77.50	97.60	55.85	51.75	70.50

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 21 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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