



Energy Wholesale Market Review

Week Ending 14th October 2022



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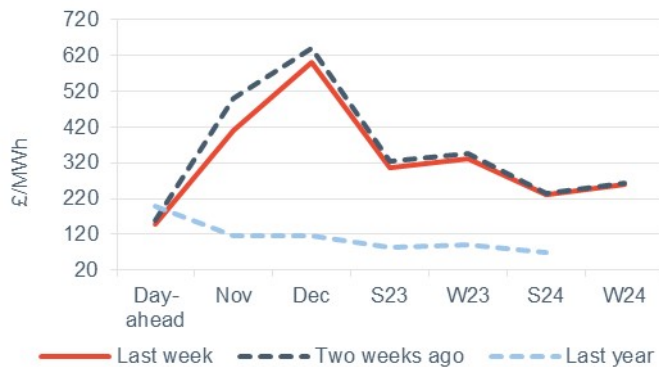


Headlines 14/10/2022

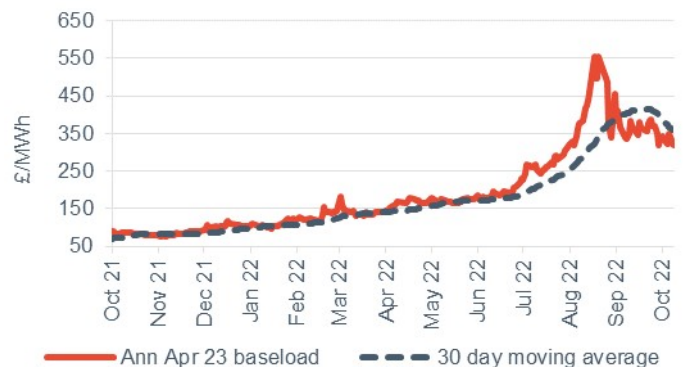
This week saw predominately bearish price movements for wholesale gas and power contracts in GB. We continue to observe volatility particularly in nearer-term contracts, but with the general pricing sentiment over recent weeks largely trending downwards. Day-ahead gas fell 25.1% to 125.00p/th, taking direction from lowering prices on the continent towards the end of the week as EU gas storage levels reach near 100% fullness. Day-ahead power fell 6.3% to £150.00/MWh, driven in part by bearish movements across near-term gas and carbon contracts. Similarly, November 22 gas was down 7.8% at 268.00p/th, and December 22 gas decreased 6.3% to 410.00p/th. All seasonal gas contracts declined last week, down by 3.2% on average, while both summer 23 and winter 23 gas dropped 2.3% and 5.3% respectively, subsiding to 368.00p/th and 377.00p/th. Like their equivalent gas contract, all seasonal power contracts declined this week, down on average by 3.6%, as summer 23 power decreased 6.2% to £305.00/MWh, while winter 23 fell 4.3% to £330.00/MWh.

- Baseload electricity Day-ahead power fell 6.3% to £150.00/MWh, following the strong bearish movements set from its equivalent gas contract, along with easing carbon prices
- November 22 power slipped 18.0% at £410.00/MWh and December 22 power decreased 6.3% to £600.00/MWh.
- Q123 power moved 11.2% higher to £745.00/MWh.
- The annual April 23 contract lost 5.2% to £317.5/MWh, 261.3% higher than the same time last year (£87.88/MWh).

Forward curve comparison



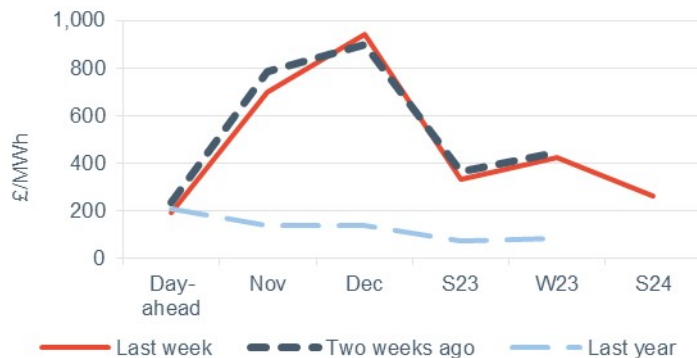
Annual October contract



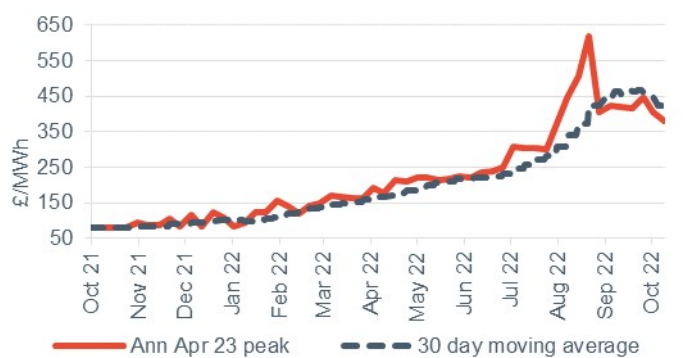
Peak electricity

- Day-ahead peak power was down 18.7% to £191.00/MWh, following baseload power lower.
- November 22 peak power declined 10.8% at £700/MWh, and December 22 peak power increased 4.4% to £940/MWh
- The annual April 23 peak power rose 6.5% to £379.5/MWh
- This is 375.0% higher than the same time last year (79.9/MWh).

Forward curve comparison



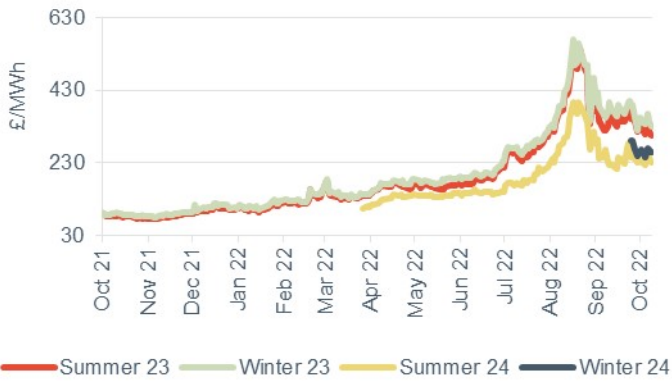
Annual October contract





Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve

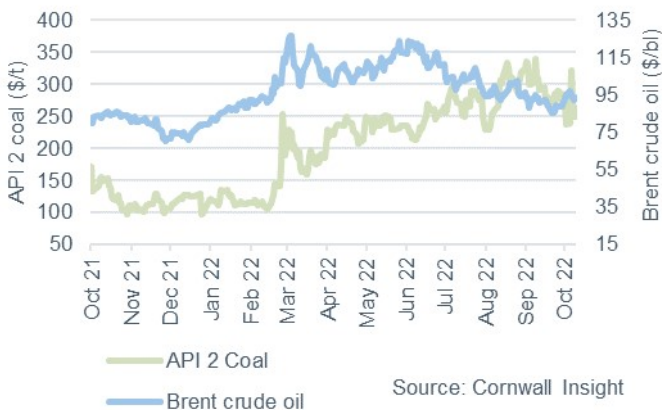


- All seasonal power contracts declined this week, down on average by 3.6%.
- Summer 23 power decreased 6.2% to £305.00/MWh, while winter 23 fell 4.3% to £330.00/MWh.

- Most seasonal peak power contracts declined this week, down 6.7% on average.
- Summer 23 and winter 23 peak power dropped 8.9% and 4.5% respectively, falling to £334.00/MWh and £425.00/MWh.

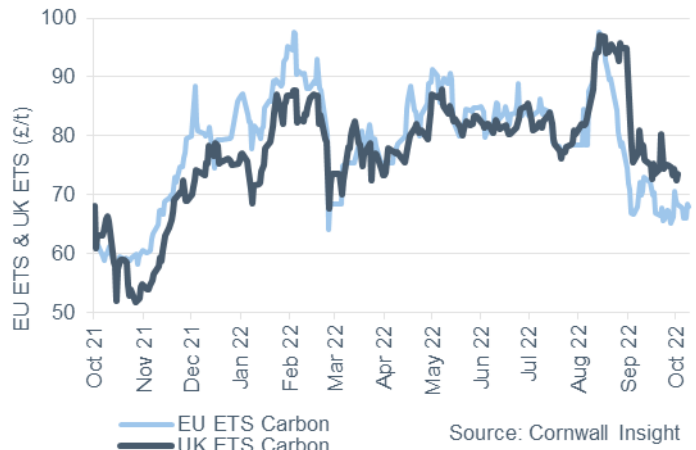
Commodity price movements

Oil and coal



- Brent crude prices rose 3.5% last week to average \$94.45/bl. Last week, Brent crude prices registered their second consecutive week of price rises on average, reversing what had previously represented a period of bearishness.
- Cuts to OPEC+ supply targets also continue to provide a foundation of price support, with production cuts of 2mn bpd set to come into effect from 1 November.
- Strikes at Total Energies French refinery and storage sites also provides some bullish price support, with subsequent concerns over supply disruption.

Carbon (UK and EU ETS)



- EU and UK ETS prices saw downward movements this week. EU ETS fell 0.8% to average €67.24/t, whilst UK ETS carbon retracted 2.2% to £72.16/t.
- Some bearishness for European and UK carbon prices can be attributed to forecasts of 'above average' seasonal temperatures expected across next week.
- Prices for carbon remain volatile at a time where the uncertainty surrounding fossil fuel supply into Europe and the UK is a prominent lever for price movement

Supplier tariff movements

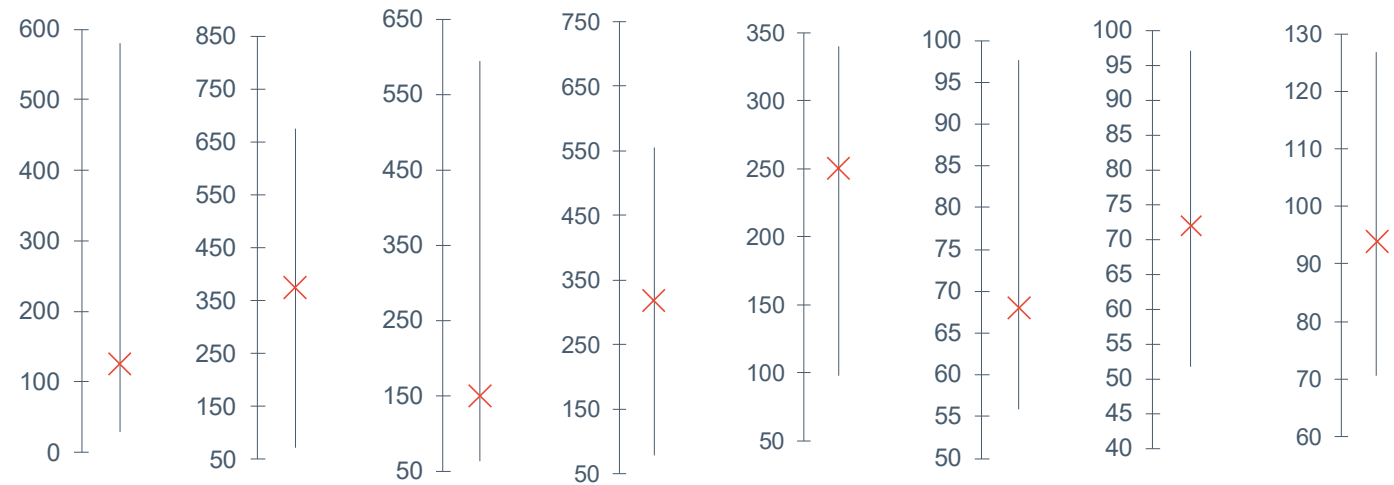
Shell Energy offered the cheapest short fixed (<18 months) tariff on the market with its new EPG Cap Tracker March 2023 v4 tariff, priced at £2,481/year on average at 8 October. Several variable tariffs saw their price increase between 1 October and 8 October. British Gas, Shell Energy, and Outfox the Market 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)
Last week	14 Oct 22	125.00	372.50	150.00	317.50	250.00	68.04	71.90	93.86
Two weeks ago	7 Oct 22	167.00	387.38	160.00	335.00	237.00	68.35	73.50	95.38
Four weeks ago	16 Sep 22	260.00	464.35	295.00	368.50	292.00	73.01	75.95	91.08
Last year	15 Oct 21	226.00	76.95	200.00	87.88	152.00	61.29	65.50	84.74
Year-on-year % change		-44.7%	384.1%	-25.0%	261.3%	64.5%	11.0%	9.8%	10.8%
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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