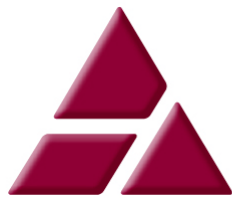




# Energy Wholesale Market Review

Week Ending 21<sup>st</sup> October 2022



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## Headlines 21/10/2022

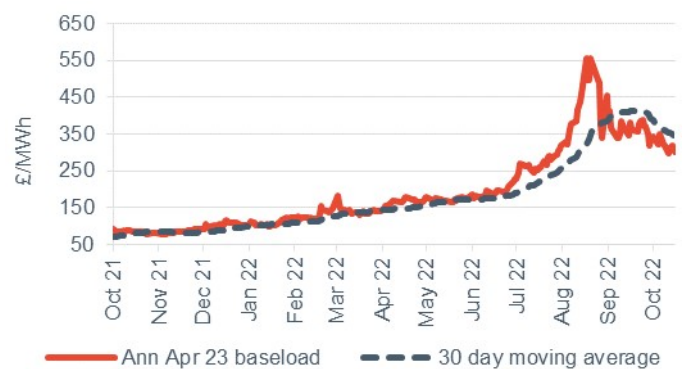
This week saw the continuation of lowering wholesale gas and power prices, a trend that has been consistent across much of October to date. A consistent level of LNG supply has helped bring down near-term gas prices, with the day-ahead contract falling to >16 month lows (40.00p/th, 18 October). Week-on-week, day-ahead gas fell 28.0% to 90.00p/th, following softened demand, amid milder temperatures, and increased levels of LNG imports into GB. Day-ahead power fell 33.3% to £100.00/MWh, mirroring the losses seen from its equivalent gas contract and driven lower by higher wind output seen during the week. November 22 gas was down 22.0% at 209.00p/th, and December 22 gas decreased 12.2% to 360.00p/th. Like near-term contracts, forward seasonal gas contracts declined this week too, down by 5.6% on average, with summer 23 gas and winter 23 gas dropping 7.6% and 5.8% respectively, subsiding to 340.00p/th and 355.00p/th. Elsewhere, most seasonal power contracts declined this week, down on average by 3.3%, as summer 23 power decreased 4.9% to £290.00/MWh, while winter 23 fell 4.5% to £315.00/MWh.

- Baseload electricity Day-ahead power fell 33.3% to £100.00/MWh, following the strong bearish movements of its equivalent gas contract and periods of higher wind output seen across the week.
- November 22 power slipped 36.6% to £260.00/MWh and December 22 power decreased 23.3% to £460.00/MWh.
- Q1 23 power moved 14.1% lower to £640.00/MWh.
- The annual April 23 contract lost 4.7% to £302.5/MWh, but remaining 260.6% higher than the same time last year (£83.88/MWh).

### Forward curve comparison



### Annual October contract



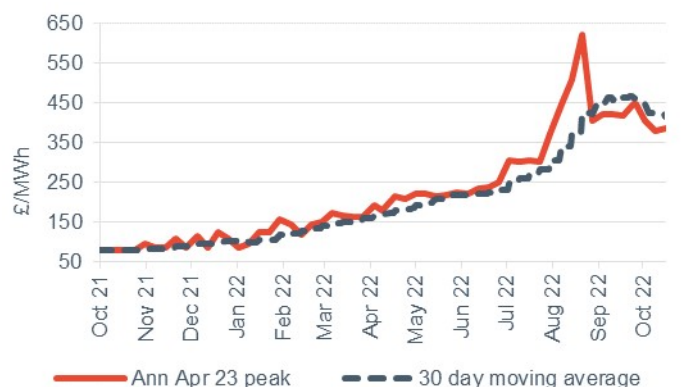
## Peak electricity

- Day-ahead peak power was down 13.0% to £166.25/MWh, following baseload power lower.
- November 22 peak power declined 44.1% at £391.25/MWh, and December 22 peak power decreased 18.1% to £770.25/MWh.
- The annual April 23 peak power rose 1.9% to £386.75/MWh
- This is 384.0% higher than the same time last year (£79.9/MWh).

### Forward curve comparison



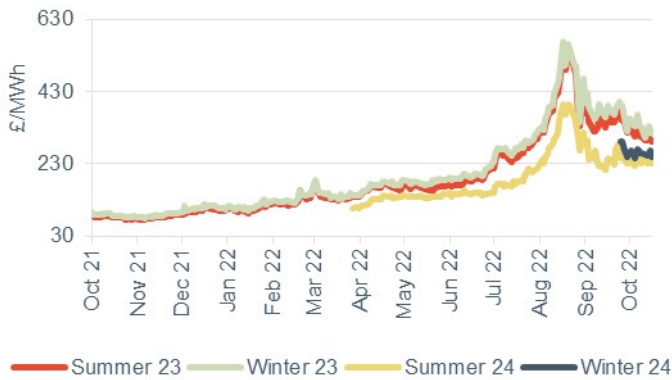
### Annual October contract



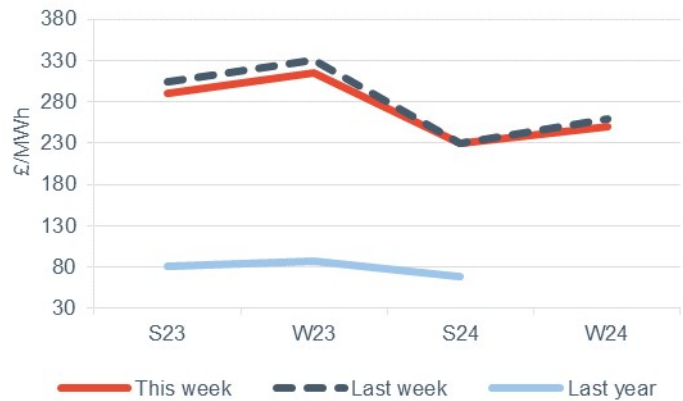


## Seasonal power prices

### Seasonal baseload power contracts



### Seasonal baseload power curve

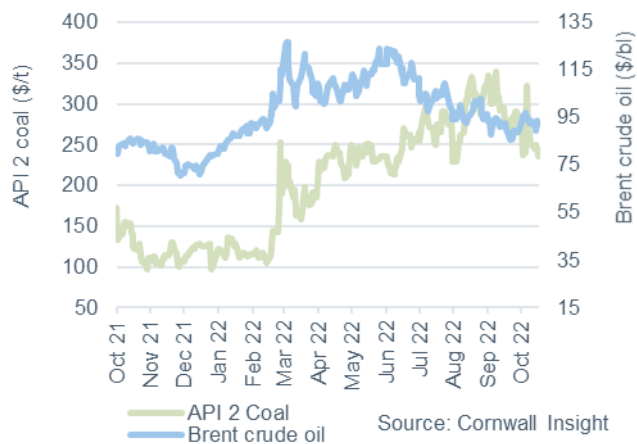


- Most seasonal power contracts declined this week, down on average by 3.3%.
- Summer 23 power decreased 4.9% to £290.00/MWh, while winter 23 fell 4.5% to £315.00/MWh.

- Unlike baseload, seasonal peak power contracts boosted this week, up 2.0% on average.
- Summer 23 and winter 23 peak power increased 2.5% and 1.5% respectively, rising to £342.25/MWh and £431.25/MWh.

## Commodity price movements

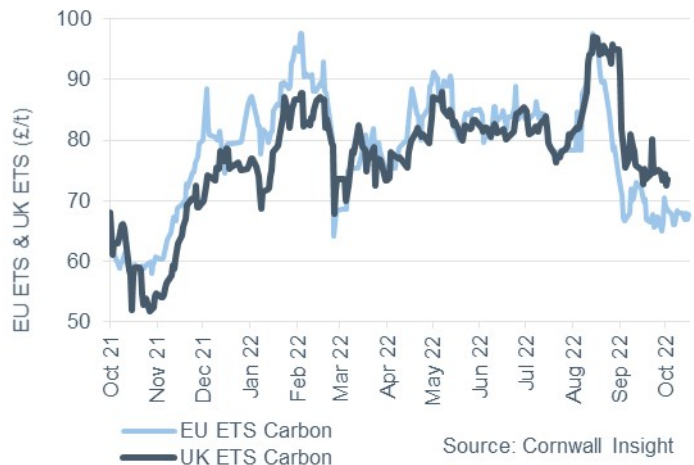
### Oil and coal



Source: Cornwall Insight

- Brent crude prices slipped 2.9% to average \$91.70/bl. This week, Brent crude prices reversed two consecutive weeks of average price rises, despite US crude stocks decreasing, reflecting ongoing volatility in commodity markets, with inflation and recession fears weighing on prices
- On Thursday 20 October, most strikes at TotalEnergies French refinery and storage sites were ended, with only two of the five previously affected sites still experiencing strike action from its workforce

### Carbon (UK and EU ETS)



Source: Cornwall Insight

- EU and UK ETS prices saw mixed movements this week. EU ETS rose 0.4% to average €67.49/t, whilst UK ETS carbon retracted 3.6% to £69.54/t.
- UK ETS prices were weighed on by current milder weather in the UK against seasonal normal averages, reducing the demand for gas and fossil fuel fired assets to meet demand needs
- EU ETS carbon markets saw limited trading activity in the week

## Supplier tariff movements

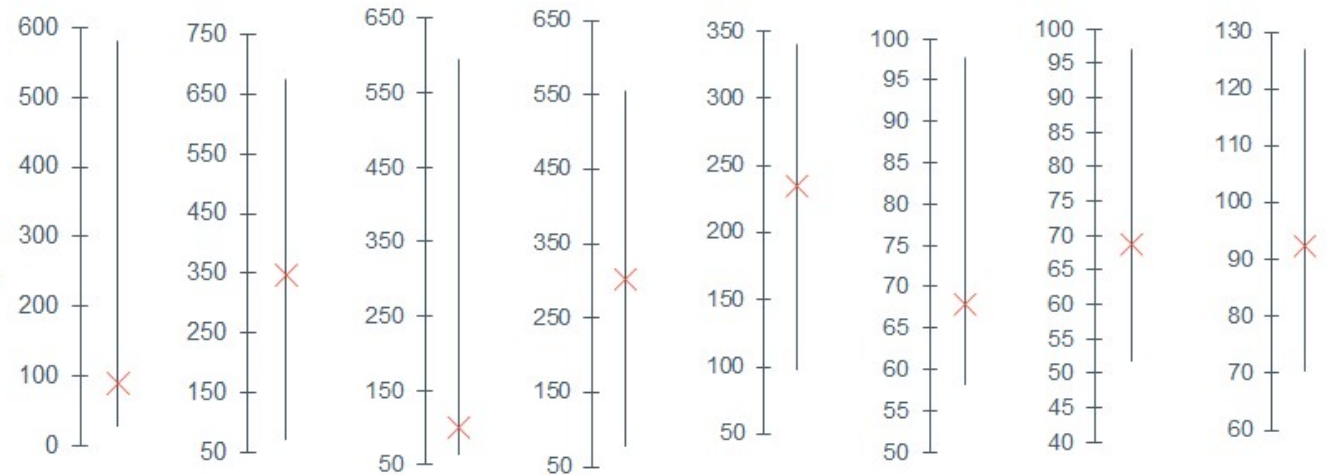
Shell Energy continued to offer the cheapest short fixed (<18 months) tariff on the market with its EPG Cap Tracker March 2023 v4 tariff, priced at £2,481/year on average at 15 October. Between 8 October and 15 October, So Energy increased the price of its standard variable tariff to £2,498/year on average, £2 below the EPG level. The tariff is the cheapest variable tariff on the market at 15 October, replacing OVO Energy and SSE's Simpler Energy, and Standard tariffs, both priced at £2,499/year on average.



## 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	21 Oct 22	90.00	347.50	100.00	302.50	235.00	67.80	68.70	92.32
Last week	14 Oct 22	125.00	372.50	150.00	317.50	250.00	68.04	71.90	93.86
Four weeks ago	23 Sep 22	230.00	437.78	192.00	361.50	280.00	66.95	73.53	88.69
Last year	22 Oct 21	205.00	80.88	181.00	83.88	122.00	59.45	59.00	85.05
Year-on-year % change		-56.1%	329.7%	-44.8%	260.7%	92.6%	14.0%	16.4%	8.5%
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	58.10	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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