Energy Wholesale Market Review

Week Ending 28th October 2022

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

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

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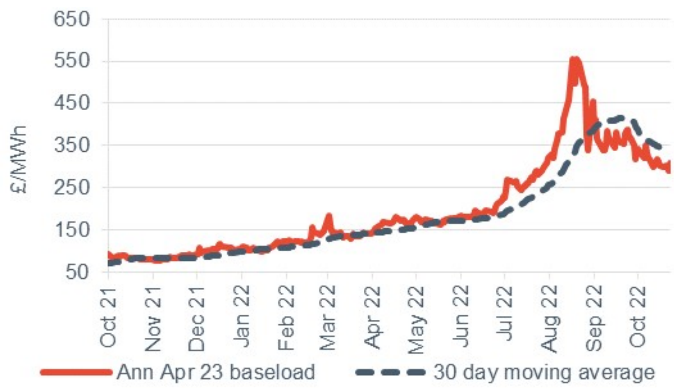
Headlines 28/10/2022

This week saw the continuation of lowering gas and power wholesale prices as an overarching trend, with some exceptions to this on specific contracts. The bearish sentiment surrounding wholesale prices more recently can be attributed to the steady influx of LNG reaching UK and European import terminals, coupled with well stocked European gas storage levels (close to 100% fullness) as well as one of the mildest October's on record, reducing demand. As a result, day-ahead gas fell 30.6% to 62.50p/th, amid the continuation of milder weather, suppressing demand, coupled with a steady stream of UKCS and Norwegian gas flows into GB. Like gas, day-ahead power fell 5.0% to £95.00/MWh, largely mirroring the losses seen in its equivalent gas contract. Elsewhere, November 22 gas was up 7.7% at 225.00p/th, whereas December 22 gas decreased 1.7% to 354.00p/th. All seasonal gas contracts declined this week, down by 3.2% on average, with summer 23 and winter 23 gas dropping 4.4% and 0.8% to 325.00p/th and 352.00p/th, respectively. Most seasonal power contracts declined this week, down on average by 0.2%, as summer 24 power reduced 4.3% to £220.00MWh while winter 23 remained unchanged at £315.00/MWh.

- Baseload electricity Day-ahead power fell 5.0% to £95.00/MWh, with losses on the day-ahead gas contract and higher wind generation seen throughout the week.
- November 22 power climbed 1.9% to £265.00/MWh and December 22 power decreased 18.0% to £377.00/MWh.
- Q123 power moved 9.7% lower to £578.00/MWh.
- The annual April 23 contract rose 1.7% to £307.50/MWh, 289.2% higher than the same time last year (£79.00/MWh).

Forward curve comparison

Annual October contract

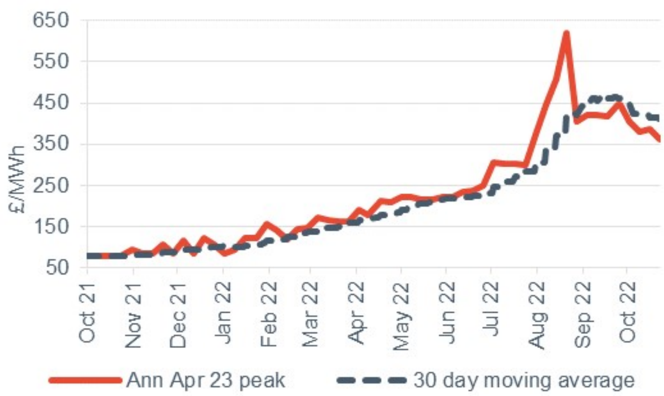


Peak electricity

- Day-ahead peak power was down 32.3% to £112.50/MWh, following baseload power lower.
- November 22 peak power declined 20.2% to £312.25/MWh, and December 22 peak power decreased 13.0% to £670.25/MWh.
- The annual April 23 peak power rose 6.5% to £361.75/MWh.
- This is 352.8% higher than the same time last year (£79.90/MWh).

Forward curve comparison

Annual October contract



Seasonal power prices

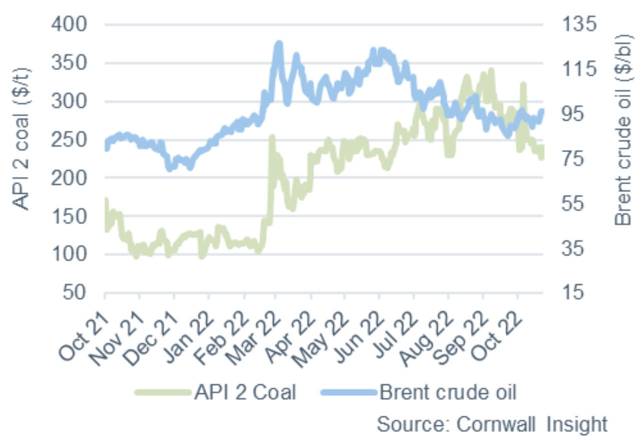
Seasonal baseload power contracts

Seasonal baseload power curve

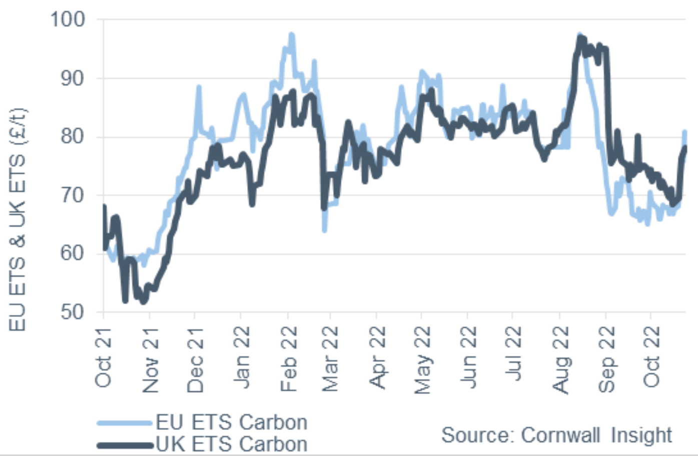
- Most seasonal power contracts declined this week, down on average by 0.2%.
- Summer 24 power reduced 4.3% to £220.00MWh whereas winter 23 remained unchanged at £315.00/MWh.
- Similar to baseload, seasonal peak power contracts declined this week, down 6.5% on average.
- Summer 23 and winter 23 peak power dropped 8.8% and 4.6% respectively, falling to £312.25/MWh and £411.25/MWh.

Commodity price movements

Oil and coal



Carbon (UK and EU ETS)



- Brent crude prices climbed 2.6% to average $94.13/bl, after registering losses two-weeks ago. The price movement of Brent crude continues to remain particularly volatile, with conflicting price drivers.
- The predominant lever of price rises for Brent crude remains centered around 2mn/bpd cuts from 1 November introduced by OPEC to combat the potential downturn in demand should a global financial recession emerge.
- EU and UK ETS prices saw collective bullish movements this week. EU ETS rose 11.2% to average €75.04/t, whilst UK ETS carbon increased 7.8% to £74.94/t.
- For the EU ETS, supportive price signals from upcoming weather forecasts have helped prices climb higher in the week. Particularly looking towards the mid-point of November, forecasts project lower wind averages coupled with colder weather against seasonal averages – supporting demand for gas and fossil fuel fired assets to help meet demand.

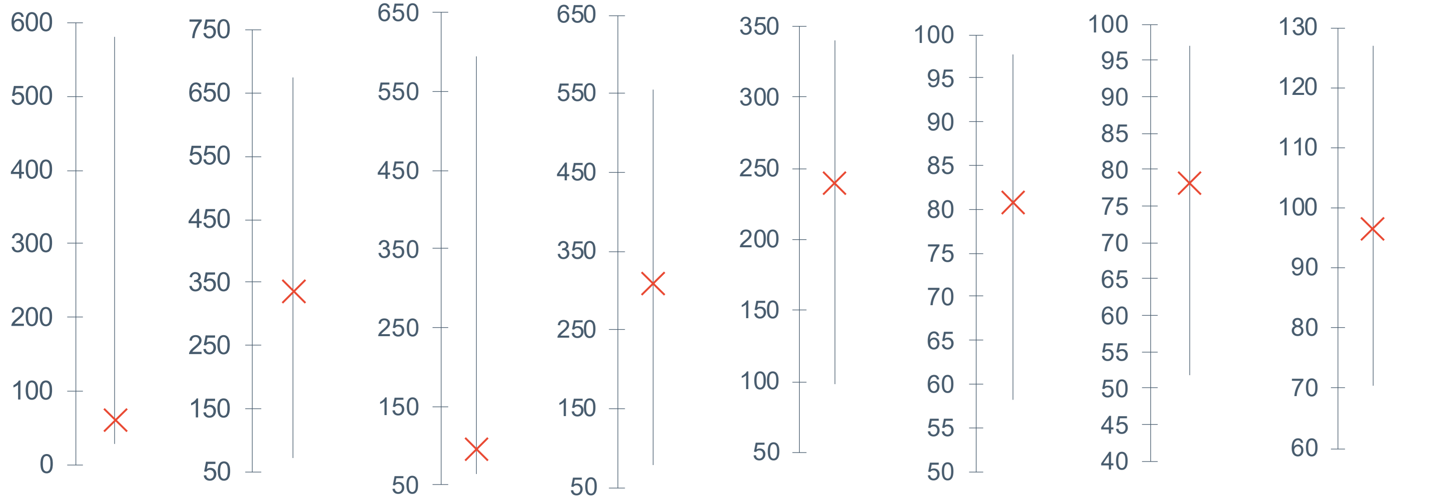
Supplier tariff movements

Between 15 and 22 October, Utility Warehouse updated the price of its standard variable Value tariff to £2,487/year on average, £13 below the EPG level. The tariff is the cheapest variable tariff on the market at 22 October, replacing So Energy's standard variable tariff priced at £2,498/year on average. Shell Energy continued to offer the cheapest medium fixed (18-35 months) tariff on the market with its EPG Energy July 2024 tariff, priced at £2,580/year on average at 22 October.

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	28 Oct 22	62.50	338.50	95.00	307.50	240.00	80.80	78.15	96.40
Last week	21 Oct 22	90.00	347.50	100.00	302.50	235.00	67.80	68.70	92.32
Four weeks ago	30 Sep 22	172.50	445.00	225.00	370.00	290.00	67.32	75.00	89.23
Last year	29 Oct 21	165.00	74.48	131.00	79.00	106.00	59.22	53.90	84.39
Year-on-year % change		-62.1%	354.5%	-27.5%	289.2%	126.4%	36.4%	45.0%	14.2%
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.

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