# Energy Wholesale Market Review

## Week Ending 14th January 2022

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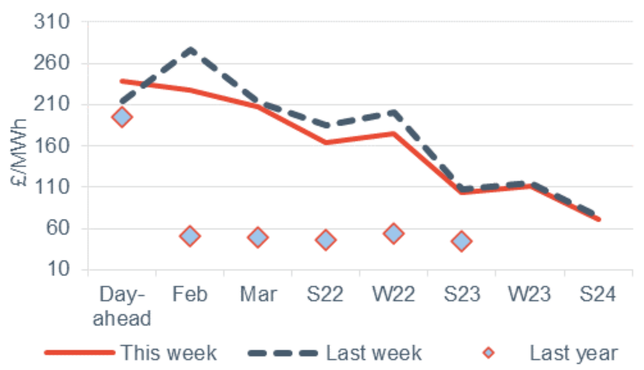
## Headlines 14/01/2022

Generally, this week represented a predominately bearish sentiment for gas and power prices, with some exceptions on day-ahead contracts. In keeping with the largely downward movement of prices, day-ahead gas fell 4.4% to 217.00p/th, following periods of warmer weather stifling heating demand, a trend expected to extend into next week too. Increased LNG deliveries into UK terminals also increased LNG send-out and eased the current tight gas supply picture slightly. Day-ahead power rose to the contrary, up 11.2% to £239.00/MWh, with much lower periods of wind generation observed, set to continue across much of next week. Font-month contracts saw pronounced losses, with February 22 gas down 8.4% at 216.39p/th, and March 22 gas lowering 8.0% to 213.93p/th. Most seasonal gas contracts declined this week, down by 7.9% on average, with both summer 22 and winter 22 gas dropping 15.0% and 14.2% respectively, subsiding to 174.66p/th and 182.61p/th. This bearish trend was shared with seasonal power contracts, down on average by 7.0%, as summer 22 power decreased 11.6% to £164.00/MWh, while winter 22 fell 13.0% to £174.00/MWh.

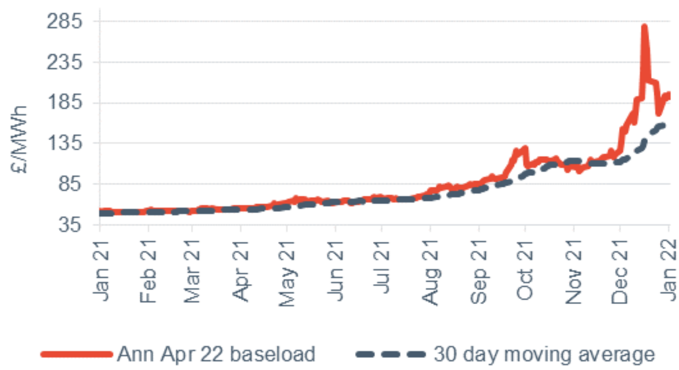
## Baseload electricity

- Day-ahead power rose 11.2% to £239.00/MWh, following periods of low wind outturn in the week.
- February 22 power slipped 17.5% at £228.05/MWh and March 22 power decreased 2.8% to £207/MWh.
- Q222 power moved 10.9% lower to £168.00/MWh.
- The annual April 22 contract lost 12.3% to £169.00/MWh, 236.3% higher than the same time last year (£50.26/MWh).

### Forward curve comparison



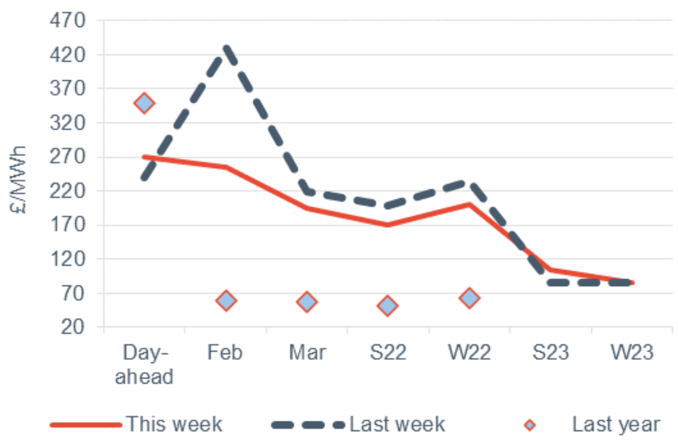

### Annual April contract



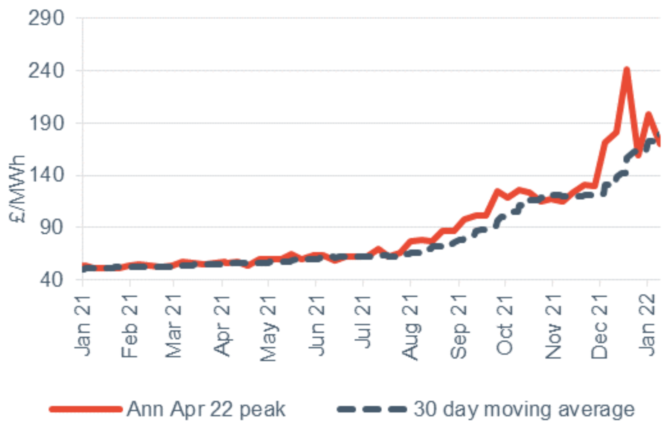

## Peak electricity

- Day-ahead peak power was up 12.5% to £270.00/MWh, following baseload power higher.
- February 22 peak power declined 40.7% at £255/MWh, and March 22 peak power decreased 11.4% to £195.00/MWh.
- The annual April 22 peak power rose 14.4% to £185.00/MWh
- This is 225.2% higher than the same time last year (56.88/MWh).

### Forward curve comparison

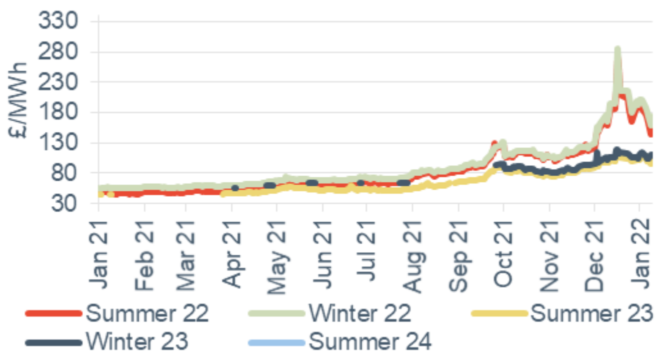



### Annual April contract

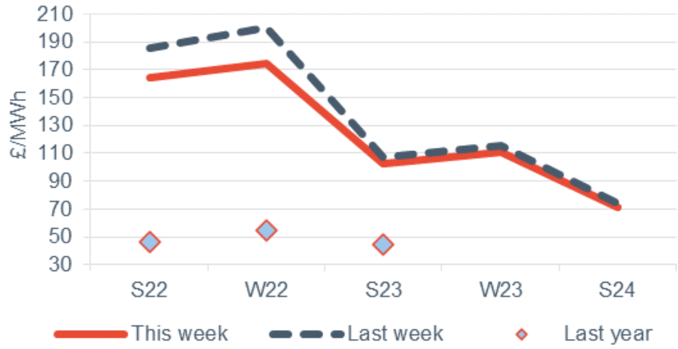


## Seasonal power prices

### Seasonal baseload power contracts



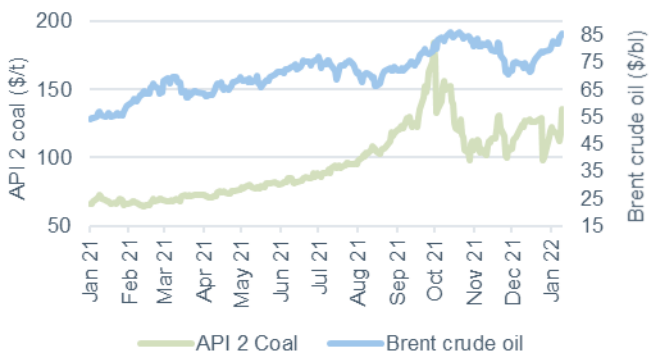

### Seasonal baseload power curve



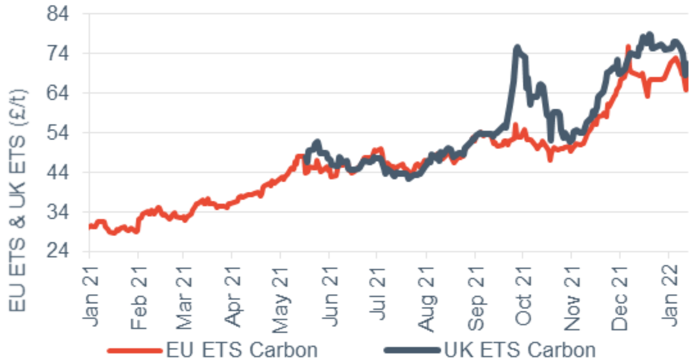

- Most seasonal power contracts declined this week, down on average by 7.0%.
- Summer 22 power decreased 11.6% to £164.00/MWh, while winter 22 fell 13.0% to £174.00/MWh.
- The majority of seasonal peak power contracts declined this week, down 1.4% on average.
- Summer 22 and winter 22 peak power dropped 14.1% and 14.6% respectively, falling to £170.00/MWh and £200.00/MWh.

## Commodity price movements

### Oil and coal




### Carbon (UK and EU ETS)




- Brent crude prices climbed again this week, up 3.8% to average $83.59/bl.
- Prices still remain sensitive to any bearish sentiment in the market surrounding the Omicron coronavirus variant, with cases continuing to rise across many major economies, particularly in Europe.
- However, some upward pressure was placed on Brent crude prices this week which ultimately saw prices climb from the week prior.
- Tight market supply continues to provide a strong foundation of price support.
- Carbon prices saw bearish movements this week. The UK ETS which fell 5.0% to £72.15/t. The EU ETS market mirrored these trends, down 4.3% to €81.58/t.
- Milder weather in the UK has subdued gas fired generation significantly, with less demand for EUA's to cover increased emissions from thermal plant.
- Additionally, delays to EUA auctions ended this week, with the reintroduction of EUA's back into the market, increasing market supply.

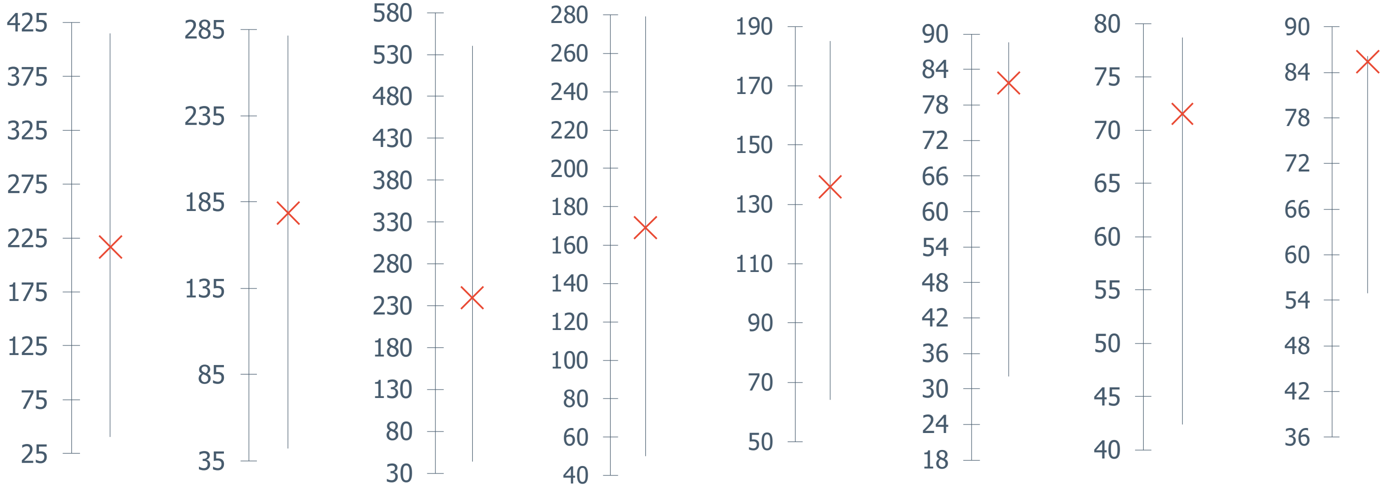
## Supplier tariff movements

One supplier decreased the price of their cheapest available tariff between 01 January and 08 January. Sainsbury's Energy decreased its cheapest available tariff by £7/year to £2,546/year on average. This decrease follows the discontinuation of its Sainsbury's Energy 2 Year Fix and Reward v27 fixed tariff, which priced at £2,553/year average at 01 January, and the introduction of its Sainsbury's Energy 2 Year Fix and Reward v29 fixed tariff, priced at £2,546/year at 08 January. Square1 Energy's Standard Variable Tariff was priced at £1,258/year on average at 08 January. Utility Warehouse's Double Gold tariff was priced at £1,213/year at 08 January.

# Wholesale price snapshot

| | | Gas (p/th) Day-ahead | Gas (p/th) Year-ahead | Electricity (£/MWh) Day-ahead | Electricity (£/MWh) Year-ahead | Coal ($/t) | EUA carbon (€/t) | UKA carbon (£/t) | Brent crude ($/bl) |
|---|---|---|---|---|---|---|---|---|---|
| This week | 14 Jan 22 | 217.00 | 178.64 | 239.00 | 169.00 | 136.00 | 81.68 | 71.50 | 85.42 |
| Last week | 7 Jan 22 | 227.00 | 209.19 | 215.00 | 192.75 | 120.00 | 87.20 | 77.00 | 82.85 |
| Four weeks ago | 17 Dec 21 | 340.00 | 199.67 | 400.00 | 188.50 | 126.70 | 81.45 | 78.25 | 73.82 |
| Last year | 14 Jan 21 | 64.50 | 41.89 | 195.00 | 50.26 | 71.35 | 33.02 | N/A | 56.00 |
| Year-on-year % change | | 236.4% | 326.4% | 22.6% | 236.3% | 90.6% | 147.4% | N/A | 52.5% |
| 12-month high | | 415.00 | 281.63 | 540.00 | 279.13 | 185.00 | 88.50 | 78.70 | 86.13 |
| 12-month low | | 40.25 | 41.89 | 43.40 | 49.93 | 64.00 | 32.09 | 42.40 | 54.91 |

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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