



# Energy Wholesale Market Review

Week Ending 18<sup>th</sup> February 2022



**edw** technology

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

**Phone:** +44 (0)8448 802 489  
**Email:** [info@edwtech.com](mailto:info@edwtech.com)  
**Website:** [edwtech.com](http://edwtech.com)



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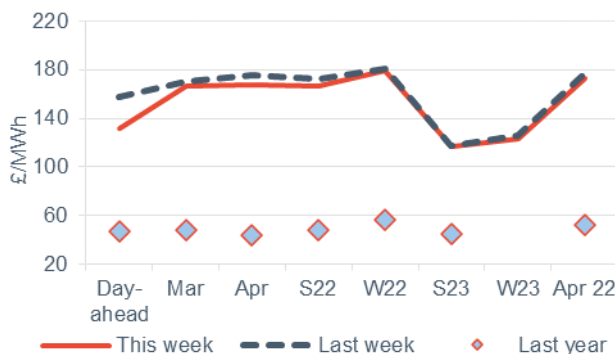
## Headlines 18/02/2022

This week has seen the introduction of more bearish movements across most gas and power contracts, with more pronounced losses seen in near-term contracts while smaller losses were observed further along the forward curves. Day-ahead gas fell 4.1% to 170.00p/th, following periods of stronger Norwegian imports into GB, softening the general trend of tight gas supply margins this winter. Further pressure came from news that Russian-Ukrainian tensions eased slightly, reducing future gas supply concerns. Day-ahead power followed lower, dropping 16.2% to £132.0MWh, exacerbated by strong wind output as storms Dudley and Eunice swept across much of the UK. Furthermore, March 22 gas was down 4.8% at 171.84p/th, and April 22 gas decreased 4.2% to 172.31p/th. Most seasonal gas contracts declined this week too, down by 0.9% on average, with both summer 22 and winter 22 gas dropping 3.8% and 3.5% respectively, to 172.57p/th and 181.41p/th. Seasonal power contracts also declined this week, following their seasonal gas counterparts down. Seasonal power contracts fell on average by 2.1%, with summer 22 power lowering 3.4% to £166.20/MWh.

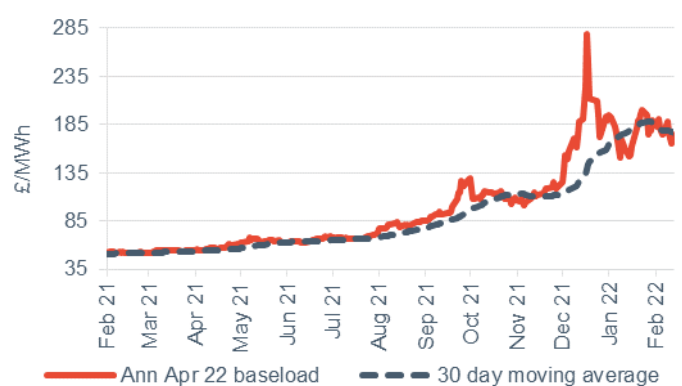
### Baseload electricity

- Day-ahead power fell 16.2% to £132.0/MWh, following strong wind output during the week, aided by storms Dudley and Eunice making landfall across the UK.
- March 22 power slipped 1.8% to £167.0/MWh and April 22 power decreased 4.3% to £167.5/MWh.
- Q222 power moved 2.6% lower to £168.0/MWh.
- The annual April 22 contract lost 2.2% to £172.6/MWh, 231.9% higher than the same time last year (£52.0/MWh).

Forward curve comparison



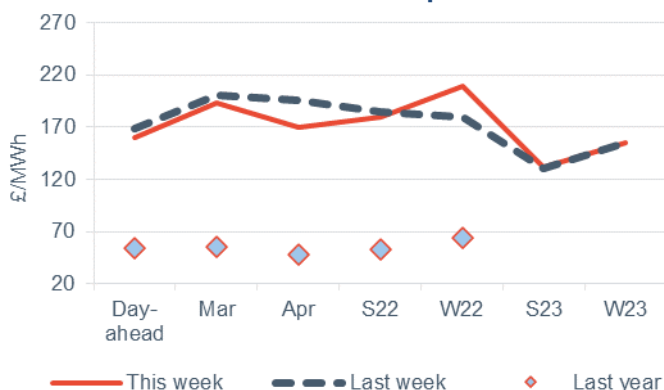
Annual April contract



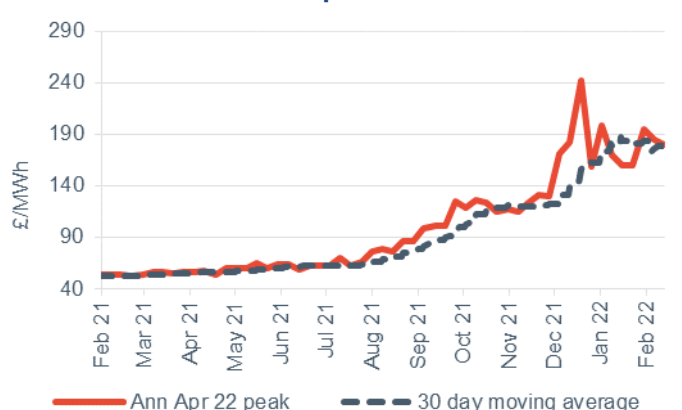
### Peak electricity

- Day-ahead peak power was down 4.8% to £160.00/MWh, following baseload power lower.
- March 22 peak power declined 3.3% at £193.5/MWh, and April 22 peak power decreased 12.8% to £170/MWh.
- The annual April 22 peak power contract rose 7.1% to £194.63/MWh.
- This is 232.6% higher than the same time last year (£58.51/MWh).

Forward curve comparison



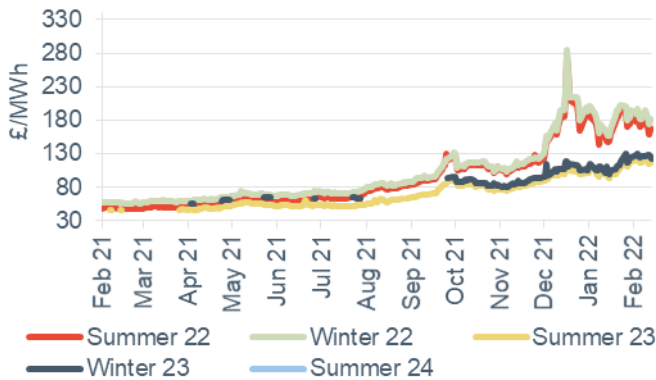
Annual April contract



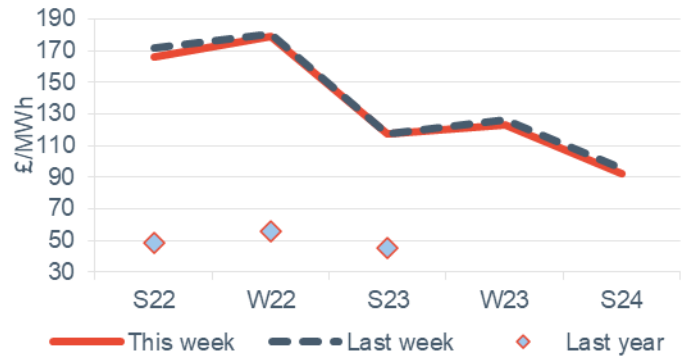


## Seasonal power prices

### Seasonal baseload power contracts



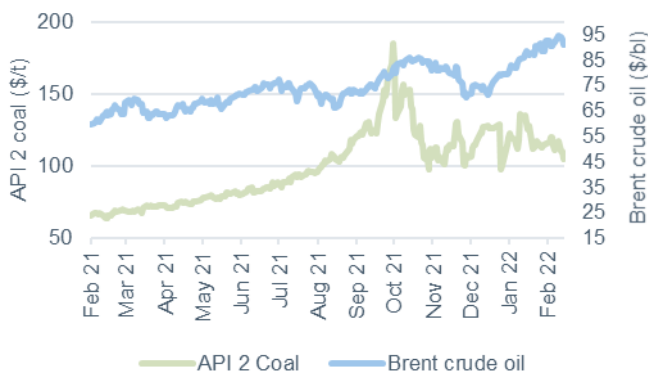
### Seasonal baseload power curve



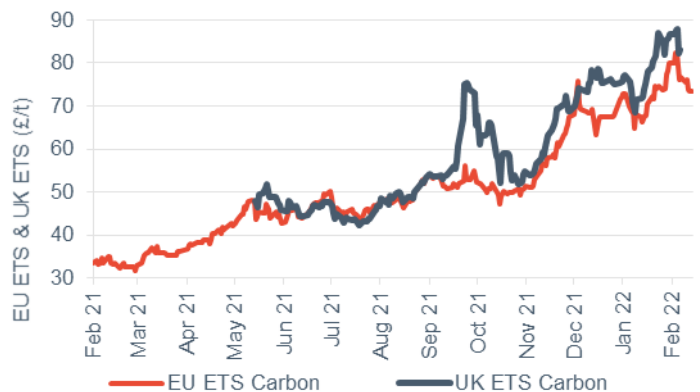
- All seasonal power contracts declined this week, down on average by 2.1%.
- Summer 22 power decreased 3.4% to £166.20/MWh, while winter 22 fell 1.1% to £179.00/MWh.
- Seasonal peak power contracts were up 4.0% on average this week.
- Summer 22 peak power dropped 2.4% to £180.00/MWh, while winter 22 peak power increased 16.9% to £209.25/MWh.

## Commodity price movements

### Oil and coal



### Carbon (UK and EU ETS)



- Brent crude oil prices recorded further gains this week, a consistent trend with much of the start of 2022. Prices averaged \$93.20/b this week, 2.1% higher than the previous week. This also included a fresh seven-year high on Monday 14 Feb at \$94.48/b.
- The sensitive political landscape, at the week's start more specifically, drove prices higher with news possible Russian crude oil sanctions could be imposed should tensions with the Ukraine and other EU member states escalate. As the week progressed, the severity of this situation subsided slightly, and prices generally curtailed for the remainder of the week as a result.
- Carbon prices saw a collective decline from the week prior. The UK ETS dropped 1.6% to average £84.12/t, while the EU ETS fell further still, down 5.5% to average €89.05/t.
- Both the UK and Continental Europe have been sharing similar weather trends, namely milder weather and strong winds with a large weather front bringing stormy conditions from the west.
- Consequently, these stronger wind output levels and higher temperatures have placed less pressure on gas fired generation to meet demand, softening carbon prices on average in the week as a result.

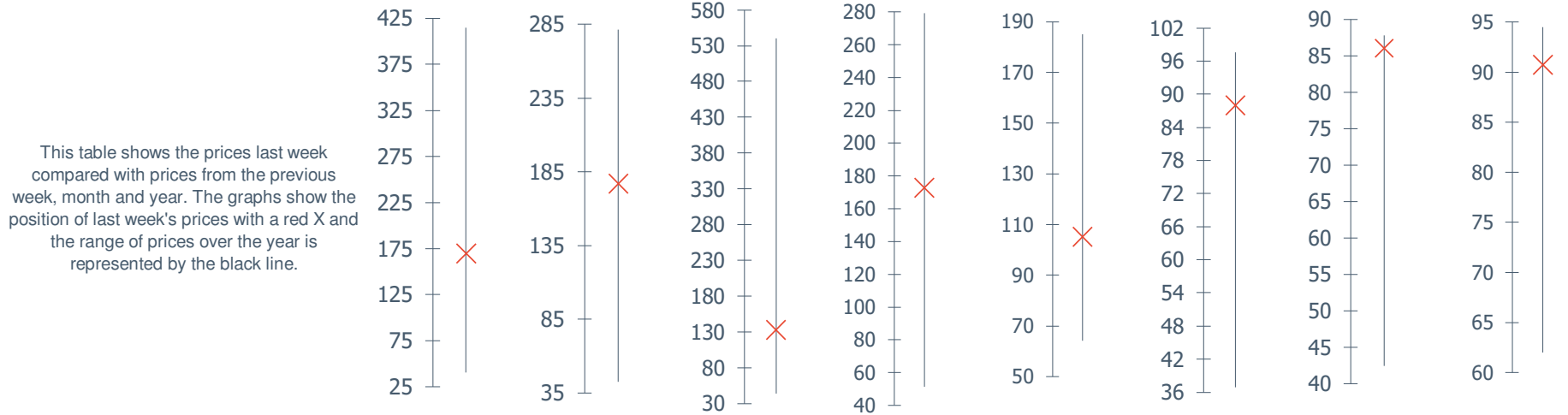
## Supplier tariff movements

Ovo Energy continued to offer the cheapest fixed tariff on the market at 12 February with its short fix Better Smart tariff priced at £2,290/year on average. The tariff increased in price by £140/year on average between 5 February and 12 February. E.ON UK offered the cheapest medium fix tariff (18-35 months) at 12 February with its Next 2 Year v17 tariff priced at £2,300/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)
Last week	18 Feb 22	170.00	176.99	132.00	172.60	105.00	88.00	86.00	90.72
Two weeks ago	11 Feb 22	177.20	183.62	157.50	176.50	111.00	90.98	83.00	91.84
Four weeks ago	21 Jan 22	187.00	167.16	272.50	162.75	128.00	84.84	78.00	87.15
Last year	18 Feb 21	43.00	43.58	47.20	52.00	64.15	38.14	N/A	64.47
Year-on-year % change		295.3%	306.2%	179.7%	231.9%	63.7%	130.7%	N/A	40.7%
12-month high		415.00	281.63	540.00	279.13	185.00	97.61	87.75	94.48
12-month low		40.25	42.33	43.40	51.41	64.15	36.86	42.40	62.00





## 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](http://www.edwtech.com)

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