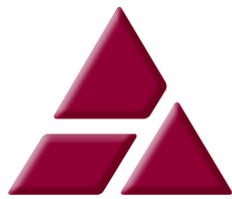




# Energy Wholesale Market Review

Week Ending 11<sup>th</sup> March 2022



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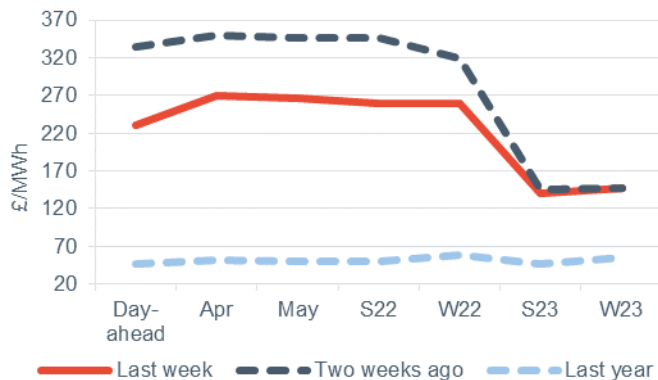
## Headlines 11/03/2022

This week represented a slightly more bearish outlook overall across most gas and power contracts, despite the more macro bullish fundamentals at play, a consequence of the ensuing conflict in Ukraine at present. Day-ahead gas fell 25.3% to 295.00p/th, primarily due to much milder weather across GB this week and periods of higher wind outturn. Day-ahead power followed its gas counterpart contract lower too, falling 31.3% to £230.00/MWh, with further downward pressure on prices driven through rising wind outturn as the week matured. April 22 gas was down 25.4% at 316.50p/th, and May 22 gas decreased 21.8% to 316.05p/th. Elsewhere, most seasonal gas contracts declined this week, down by 9.4% on average, while both summer 22 and winter 22 gas dropped 22.1% and 17.1% respectively, subsiding to 314.10p/th and 294.96p/th – with the bearish movements of near-term gas contracts filtering through. Similarly, most seasonal power contracts declined this week too, down on average by 7.2%, as summer 22 power decreased 24.9% to £260.00/MWh, while winter 22 fell 18.8% to £260.00/MWh.

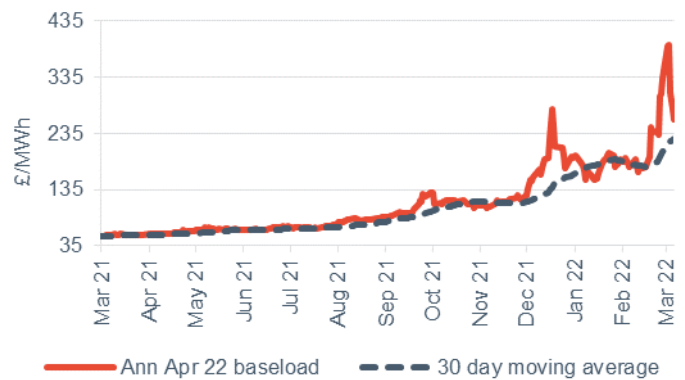
### Baseload electricity

- Day-ahead power fell 31.3% to £230.00/MWh, following bearish price movements in its gas counterpart contract and periods of higher wind output.
- April 22 power slipped 22.9% at £270.00/MWh and May 22 power decreased 23.1% to £267.00/MWh.
- Q222 power moved 24.7% lower to £262/MWh.
- The annual April 22 contract lost 21.9% to £260.00/MWh, 376.3% higher than the same time last year (£54.59/MWh).

Forward curve comparison



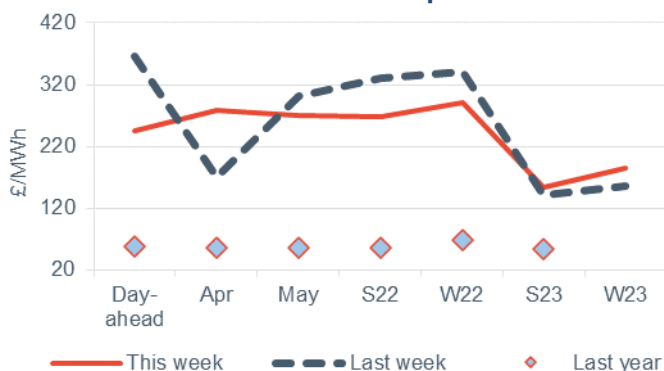
Annual April contract



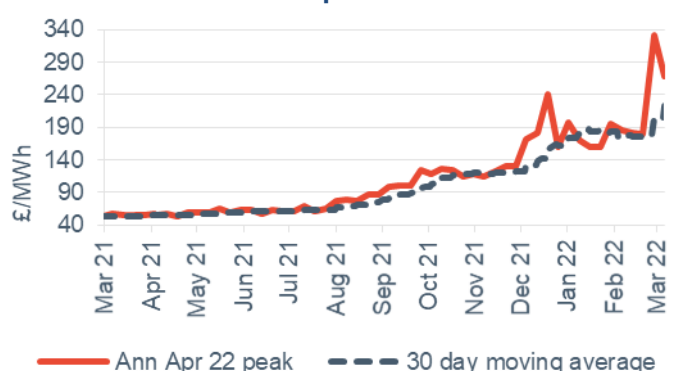
### Peak electricity

- Day-ahead peak power was down 32.9% to £245.00/MWh, following baseload power lower.
- April 22 peak power gained 63.5% at £277.90/MWh, and May 22 peak power decreased 10.5% to £270.30/MWh.
- The annual April 22 peak power rose 16.7% to £279.53/MWh
- This is 348.2% higher than the same time last year (62.37/MWh).

Forward curve comparison



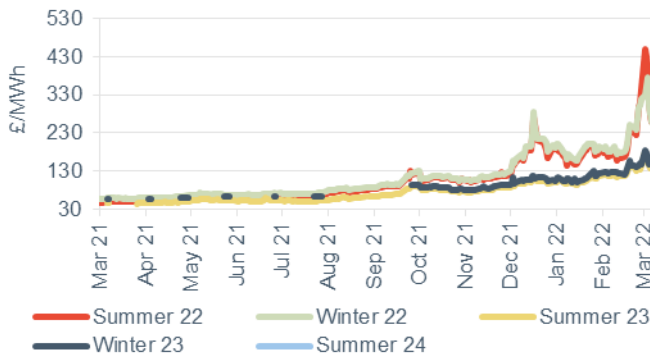
Annual April contract



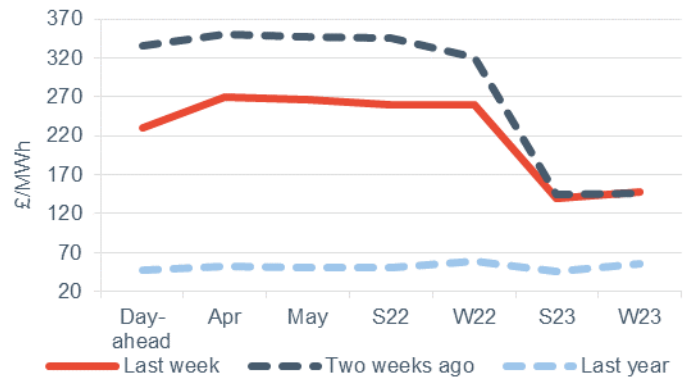


## Seasonal power prices

### Seasonal baseload power contracts



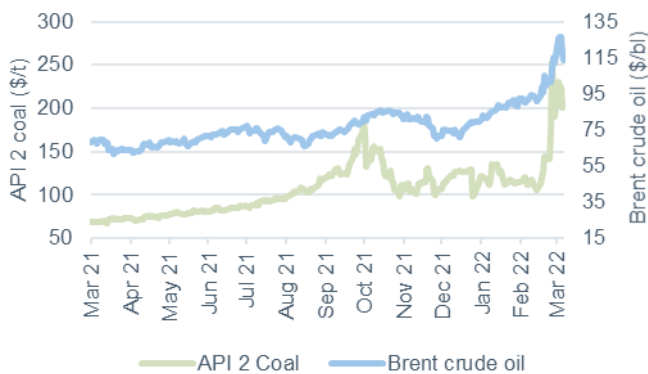
### Seasonal baseload power curve



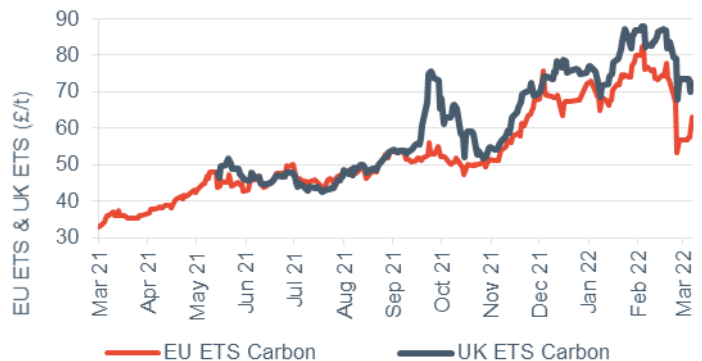
- The majority of seasonal power contracts declined this week, falling on average by 7.2%.
- Summer 22 power decreased 24.9% to £260.00/MWh, while winter 22 fell 18.8% to £260.00/MWh.
- Most seasonal peak power contracts saw losses, down 1.7% on average this week.
- Summer 22 and winter 22 peak power dropped 18.8% and 14.6% respectively, falling to £268.80/MWh and £290.25/MWh.

## Commodity price movements

### Oil and coal



### Carbon (UK and EU ETS)



- Brent crude prices recorded further gains this week. Subsequently, Brent crude prices averaged \$121.92/bl this week, 12.6% higher than the previous week. This also included a fresh eight-year high on Wednesday 9 March at \$126.80/bl.
- The on-going conflict between Russia and Ukraine has prompted a bullish response for Brent crude prices, primarily with the continuation of fresh sanctions imposed on Russia, with the US banning Russian oil imports this week and the UK imposing other financial sanctions. Elsewhere, large oil majors have announced their disinvestment from operations either in Russia or with Russian businesses.
- Carbon markets saw a second consecutive week of decline from the week previous, with the UK ETS down 2.3% to £72.60/t with the EU ETS down 3.7% to €69.80/t.
- The volatility in wholesale energy prices has continued to unsettle the carbon market. Primarily, bearishness in the previous seven days has come from the continued volatile trading sessions, with financial markets in particular being swayed by the news surrounding the conflict between Ukraine and Russia. Milder weather has also suppressed EUA demand, with less emphasis placed on gas-fired plant to meet demand.

## Supplier tariff movements

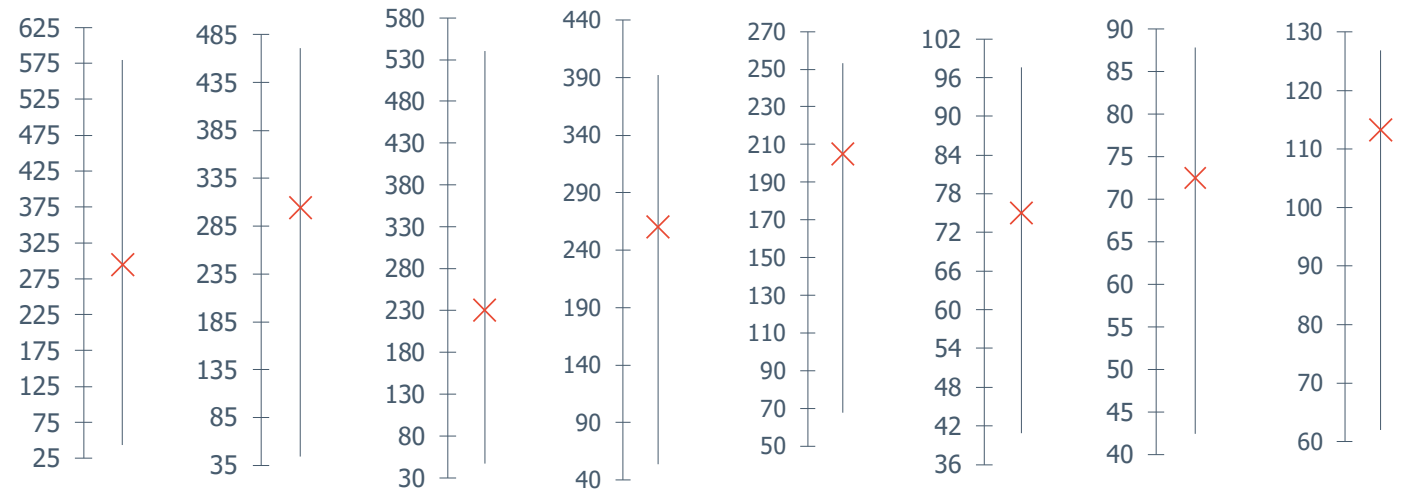
Ovo Energy offered the cheapest fixed tariff on the market with its 2 Year Fix tariff, priced at £2,290/year on average at 5 March. E.ON UK offered the cheapest short fix tariff (<18 months) with its Next 1 Year v6 tariff, priced at £3,158/year on average. Some suppliers are beginning to pass through price rises on their SVTs for customers signing up from 1 April. British Gas, EDF Energy, Ovo Energy, SSE and Scottish Power all increased their SVT prices by £693/year, in line with the new default tariff cap (£1,971/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             | 11 Mar 22 | 295.00     | 304.53     | 230.00              | 260.00     | 205.00 | 75.00      | 72.50      | 113.32      |
| Last week             | 4 Mar 22  | 395.00     | 379.65     | 335.00              | 333.00     | 190.00 | 68.36      | 73.50      | 112.55      |
| Four weeks ago        | 11 Feb 22 | 177.20     | 183.62     | 157.50              | 176.50     | 111.00 | 90.98      | 83.00      | 91.84       |
| Last year             | 11 Mar 21 | 46.00      | 44.99      | 47.00               | 54.59      | 69.25  | 41.98      | N/A        | 68.67       |
| Year-on-year % change |           | 541.3%     | 577.0%     | 389.4%              | 376.3%     | 196.0% | 78.7%      | N/A        | 65.0%       |
| 12-month high         |           | 580.00     | 470.47     | 540.00              | 392.50     | 253.00 | 97.61      | 87.75      | 126.84      |
| 12-month low          |           | 43.20      | 44.32      | 47.00               | 53.95      | 67.82  | 40.85      | 42.40      | 62.00       |

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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