



Energy Wholesale Market Review

Week Ending 8th April 2022



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Headlines 08/04/2022

The majority of gas and power contracts retreated week-on-week, with the predominant bearish movements seen across near-term contracts, but with gains seen further out on the forward curve – a potential consequence of risk premiums being baked into longer-dated contracts as global wholesale energy supply disruption concerns continue in the wake of the war in Ukraine. Furthermore, day-ahead gas fell 19.8% to 239.00p/th, indicative of the on-going volatility across the wholesale gas landscape, with specific bearish drivers this week including periods of system oversupply. Day-ahead power declined 18.4% to £200.00/MWh, mirroring bearish trends set from its gas counterpart contract. These bearish fundamentals filtered into front-month contracts too, with May 22 gas down 18.8% at 242.11p/th, and June 22 gas decreased 16.9% to 250.80p/th. However, most seasonal gas contracts boosted this week, up by 31.5% on average, while winter 22 gas dropped 14.4% to 254.65p/th, while summer 23 gas increased 79.5% to 268.10p/th. In a similar vein, seasonal power contracts saw gains this week, up on average by 7.5%, as winter 22 power decreased 8.5% to £238.00/MWh, while summer 23 expanded 8.9% to £152.50/MWh.

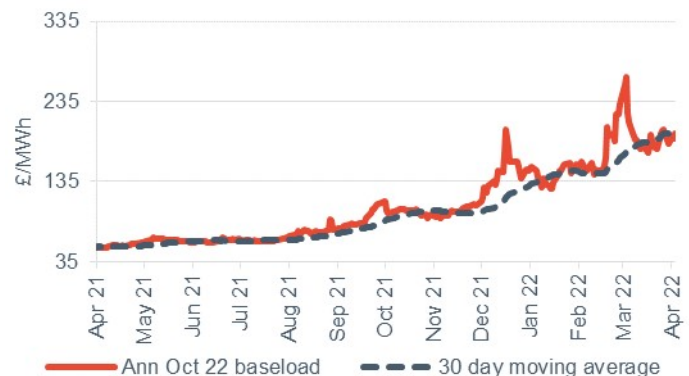
Baseload electricity

- Day-ahead power fell 18.4% to £200.00/MWh, following losses observed in near-term gas contracts and periods of higher wind outturn in the week.
- May 22 power slipped 14.5% at £213.00/MWh and June 22 power decreased 12.3% to £222.00/MWh.
- Q3-22 power moved 8.5% lower to £238.00/MWh.
- The annual October 22 contract lost 2.4% to £195.25/MWh, 267.5% higher than the same time last year (£53.13/MWh).

Forward curve comparison



Annual October contract



Peak electricity

- Day-ahead peak power was down 15.7% to £215.00/MWh, following baseload power lower.
- May 22 peak power declined 16.0% at £222.50/MWh, and June 22 peak power decreased 13.9% to £230.80/MWh.
- The annual October 22 peak power rose 2.3% to £224.35/MWh
- This is 270.3% higher than the same time last year (60.58/MWh).

Forward curve comparison



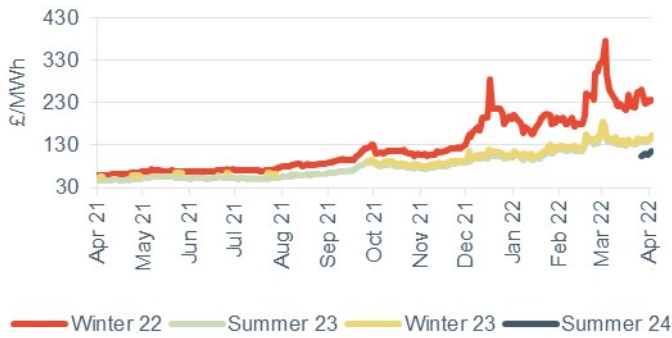
Annual October contract





Seasonal power prices

Seasonal baseload power contracts



- The majority of seasonal power contracts boosted this week, up on average by 7.5%.
- Summer 23 expanded 8.9% to £152.50/MWh and winter 23 rose 7.0% to 153.00p/th.

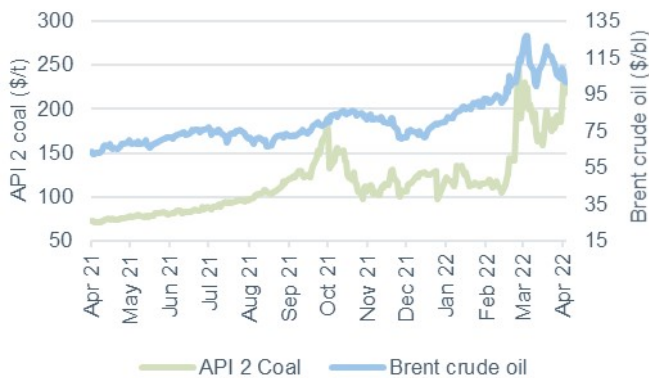
Seasonal baseload power curve



- Most seasonal peak power contracts boosted this week, up 12.7% on average.
- Summer 23 peak power increased 19.2% to £169.30/MWh whilst the winter 23 contract lifted 11.9% to 166.71p/th.

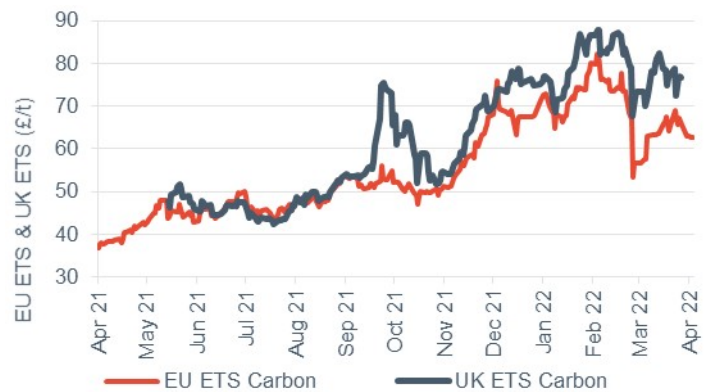
Commodity price movements

Oil and coal



- Brent crude prices fell week-on-week, a second consecutive week of decline, subsequently falling 5.6% to average \$104.82/bbl.
- There were numerous fundamentals influencing the trajectory of Brent crude prices this week, but with the most prevalent drivers having a suppressive impact on prices overall.
- The US and other IEA member nations orchestrated the release of strategic crude reserves to help soften some of the on-going market tightness, easing supply fear sentiment – expected to equate to approximately 120mn barrels over the next six months.

Carbon (UK and EU ETS)



- Carbon markets experienced collective decline from the previous week. The UK ETS fell 2.3% to average £74.56/t, with the EU ETS sharing a similar week-on-week decline, down 4.9% to average £75.35/t.
- For the UK ETS more specifically, higher wind outturn and cooler weather across the last seven days prompted higher demand via gas-fired assets, increasing the demand for EUA's in turn. Similarly, the continuation of elevated gas prices, has increased the levels of gas-to-coal switching, bumping up demand for EUA's too.

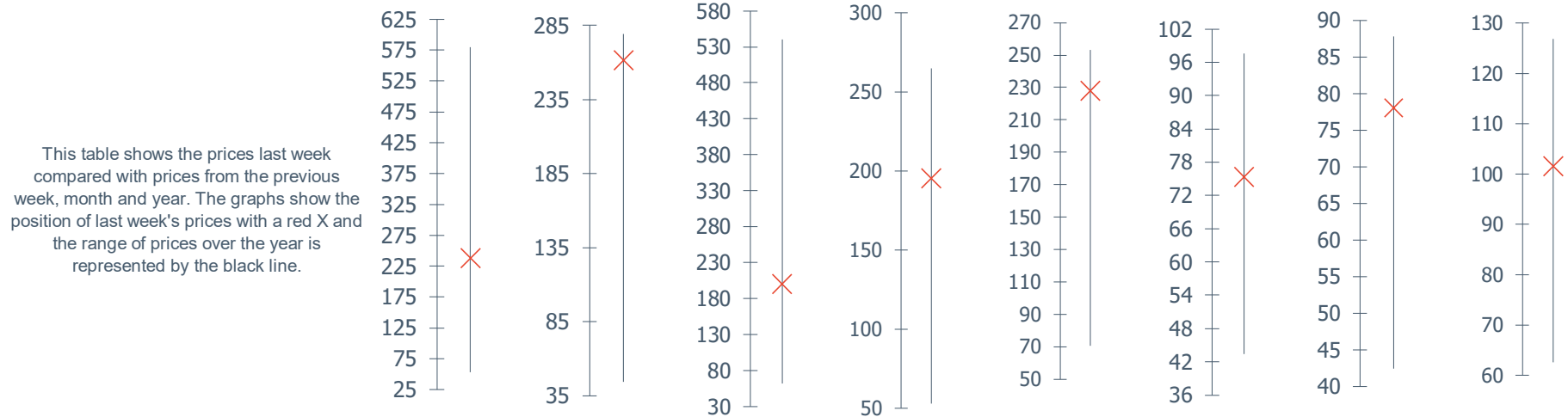
Supplier tariff movements

Ovo Energy continued to offer the cheapest fixed tariff on the market with its 2 Year Fixed tariff, priced at £2,290/year on average at 2 April. No suppliers changed the price of their cheapest available tariff between 26 March and 2 April. No suppliers changed the price of their cheapest available tariff between 26 March and 2 April.



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	8 Apr 22	239.00	261.38	200.00	195.25	228.00	75.35	78.00	101.57
Last week	1 Apr 22	298.00	223.45	245.00	200.00	192.00	78.30	76.75	105.53
Four weeks ago	11 Mar 22	295.00	228.53	230.00	200.00	205.00	75.00	72.50	111.20
Last year	8 Apr 21	53.00	44.70	64.30	53.13	71.40	43.77	N/A	62.56
Year-on-year % change		350.9%	484.7%	211.0%	267.5%	219.3%	72.1%	N/A	62.4%
12-month high		580.00	279.07	540.00	265.00	253.00	97.61	87.75	126.84
12-month low		52.80	44.43	62.00	53.08	70.65	43.36	42.40	62.56





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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