



# Energy Wholesale Market Review

Week Ending 13<sup>th</sup> May 2022



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## Headlines 13/05/2022

Wholesale gas and power prices continued on trend this week, with on-going volatility across both markets – with losses observed across most near-term contracts, with some gains observed further along the forward curve. Day-ahead gas fell 23.1% to 50.00p/th, following the continuation of much warmer weather across the UK, suppressing domestic heating demand, coupled with higher LNG send-out amid an influx of cargoes reaching UK terminals this week. Day-ahead power fell 5.3% to £90.00/MWh, mirroring bearish trends set from its gas counterpart. June 22 gas was up 5.0% at 155.00p/th, whereas July 22 gas decreased 1.4% to 182.00p/th. Most seasonal gas contracts declined last week too, down by 2.7% on average, with summer 23 gas dropping 2.1% to 183.00p/th. Most seasonal power contracts declined this week, down on average by 0.7%, as winter 22 power expanded 1.3% to £245.25/MWh, while summer 23 fell 2.9% to £170.00/MWh. Elsewhere, carbon markets saw mixed movements across both the EU and UK ETS markets. The UK ETS recorded price growth on the week prior, up 5.5% to average £87.54/t, with the EU ETS falling 0.5% to €88.19/t.

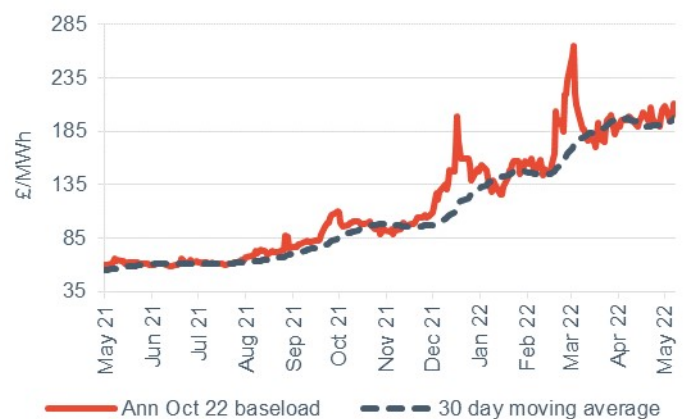
### Baseload electricity

- Day-ahead power fell 5.3% to £90.00/MWh, weighed on by gas prices and strong renewable output across the week.
- June 22 power climbed 2.4% at £171.00/MWh and July 22 power decreased 4.1% to £189.00/MWh.
- Q322 power moved 3.7% lower to £207.00/MWh.
- The annual October 22 contract lost 0.4% to £207.63/MWh, 222.4% higher than the same time last year (£64.41/MWh).

Forward curve comparison



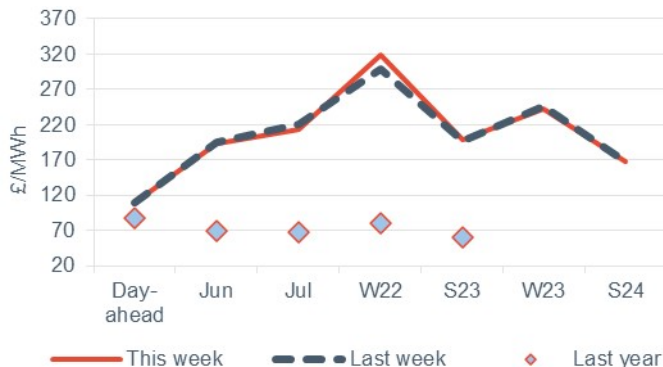
Annual October contract



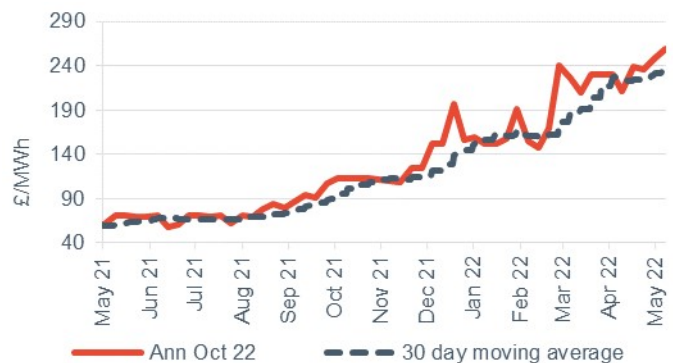
### Peak electricity

- Day-ahead peak power was down remained unchanged at £110.00/MWh.
- June 22 peak power declined 0.8% at £193.05/MWh, and July 22 peak power decreased 2.9% to £213.35/MWh.
- The annual October 22 peak power rose 4.4% to £259.4/MWh
- This is 266.5% higher than the same time last year (£70.78/MWh).

Forward curve comparison



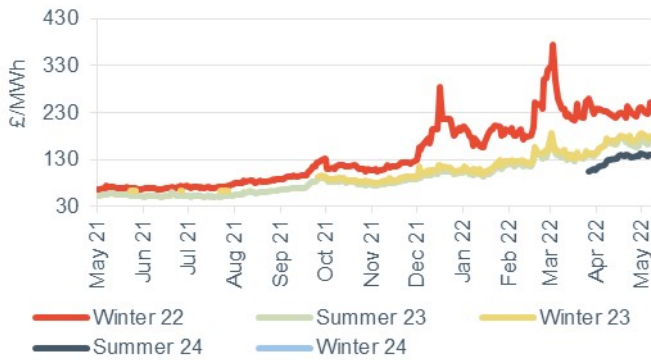
Annual October contract





## Seasonal power prices

### Seasonal baseload power contracts



- The majority of seasonal power contracts declined this week, down on average by 0.7%.
- Winter 22 power grew 1.3% to £245.25/MWh, while summer 23 fell 2.9% to £170.00/MWh.

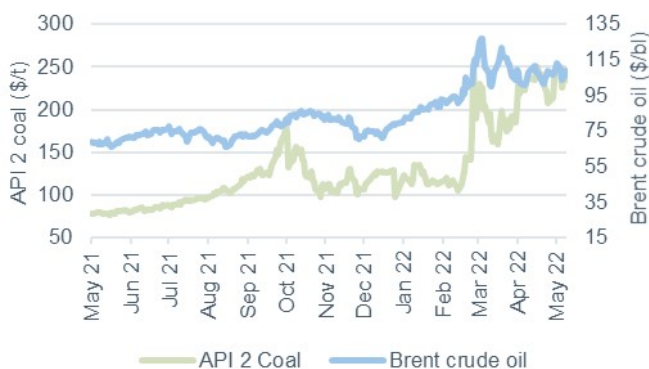
### Seasonal baseload power curve



- Most seasonal peak power contracts increased this week, up 1.5% on average.
- Winter 22 and summer 23 peak power went up 6.9% and 0.7% respectively, rising to £319.70/MWh and £199.10/MWh.

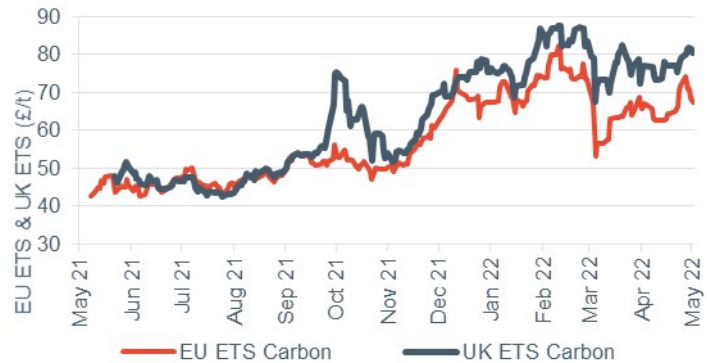
## Commodity price movements

### Oil and coal



- Brent crude prices fell 2.5% this week to average \$106.87/bl.
- Brent crude prices endured a relatively turbulent week of price movement, with conflicting market fundamentals altering the price direction.
- However, on-going market volatility and news China has continued with a large-scale lockdown policy across Beijing and Shanghai after climbing Covid-19 infection rates unsettled the market – with China being the world's largest oil import country.
- A stronger US dollar also weighed on prices, offsetting reports of a possible EU oil embargo on Russia.

### Carbon (UK and EU ETS)



- Carbon markets saw mixed movements across both the EU and UK ETS markets. UK ETS carbon lifted 5.5% to average £87.54/t, reaching a new all-time high of £89.70/t on Friday, buoyed by the potential for further EU sanctions on Russian energy imports.
- While, EU ETS fell 0.5% to €88.19/t.
- Carbon markets generally remain relatively volatile, given the wider uncertainty across much of the European wholesale landscape at present. Warmer weather as we approach the peak summer period naturally stifles gas demand and lowers EUA demand in turn.
- For the UK ETS more specifically, increased and relatively consistent levels of trading activity helped UK ETS prices climb slightly in the week.

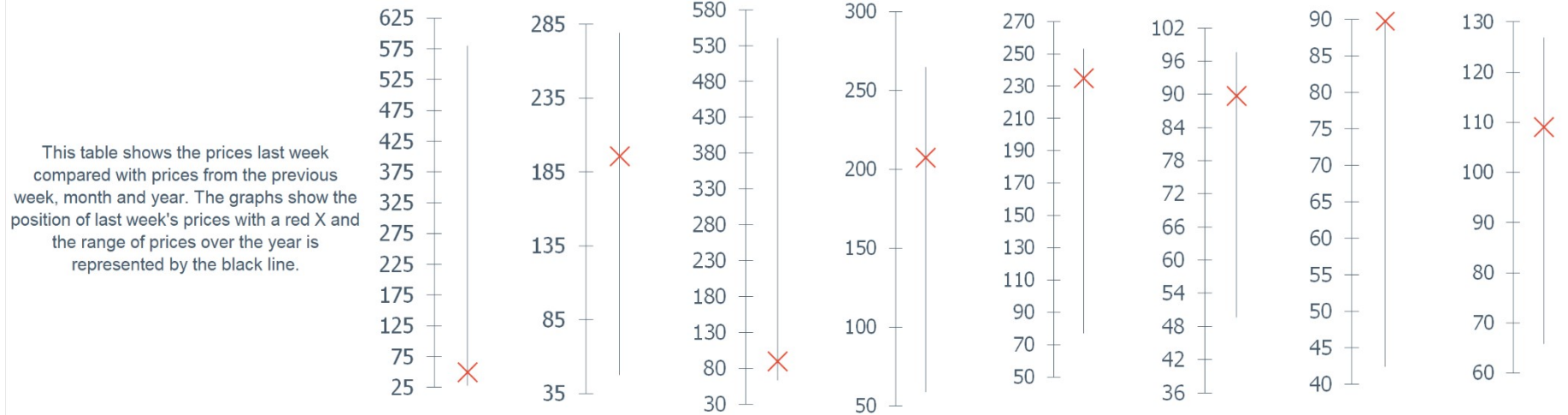
## Supplier tariff movements

Ovo Energy continued to offer the cheapest fixed tariff on the market with its Better Energy 28 April 2022 tariff, priced at £2,700/year on average at 7 May. No suppliers increased or decreased the price of their cheapest tariff between 30 April and 7 May.



## 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	13 May 22	50.00	196.00	90.00	207.63	235.00	89.70	89.70	109.00
Two weeks ago	6 May 22	65.00	195.78	95.00	208.50	243.00	91.20	87.00	113.29
Four weeks ago	14 Apr 22	178.00	219.05	170.00	197.50	237.00	78.72	77.25	108.36
Last year	14 May 21	66.25	52.31	82.00	64.41	78.50	55.69	47.80	67.71
Year-on-year % change		-24.5%	274.7%	9.8%	222.4%	199.4%	61.1%	87.7%	61.0%
12-month high		580.00	279.07	540.00	265.00	253.00	97.61	89.70	126.84
12-month low		28.00	47.76	63.00	59.00	77.10	49.68	42.40	65.86





## 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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