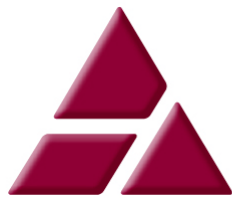




Energy Wholesale Market Review

Week Ending 27th May 2022



edw technology

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

Phone: +44 (0)8448 802 489
Email: info@edwtech.com
Website: edwtech.com



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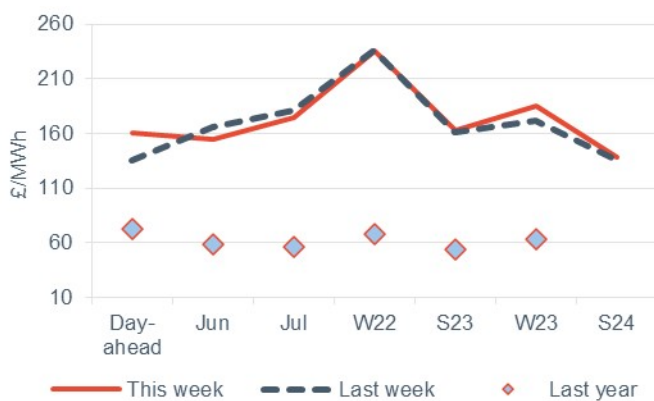
Headlines 27/05/2022

Wholesale gas and power prices were relatively mixed throughout the week, with gains across day-ahead markets and further out on the forward curve too. However, front month contracts across gas and power recorded losses, somewhat indicative of the on-going wholesale price volatility in recent weeks. Day-ahead gas rose 18.4% to 116.00p/th, buoyed by an undersupplied system as new outages at Langeled curtail Norwegian flows. Day-ahead power grew 18.5% to £160.00/MWh, mirroring trends set from its gas counterpart contract. Elsewhere, June 22 gas was down 12.0% at 139.56p/th, and July 22 gas decreased 8.5% to 161.45p/th. Most seasonal gas contracts increased this week though, up by 6.7% on average, with summer 23 gas rising 3.6% to 171.05p/th and winter 24 up 23.3% to average 138.15p/th. Like gas, the majority of seasonal power contracts saw gains, up on average by 2.6%, as winter with summer 23 lifted 0.9% to £163.00/MWh and winter 23 up 7.6% to average £185.00/MWh. In terms of international commodity markets, Brent crude prices lifted 2.8% to average \$115.02/bl, whereas carbon markets registered losses, UK ETS lost 3.1% to average £81.18/t, while the EU ETS dropped 5.8% to average €81.87/t over the week.

Baseload electricity

- Day-ahead power rose 18.5% to £160.00/MWh, following gains made from its gas counterpart contract.
- June 22 power slipped 7.2% at £154.25/MWh and July 22 power decreased 3.3% to £175/MWh.
- Q322 power moved 6.7% lower to £190.87/MWh.
- The annual October 22 contract rose 0.3% to £199.25/MWh, 226.1% higher than the same time last year (£61.1/MWh).

Forward curve comparison



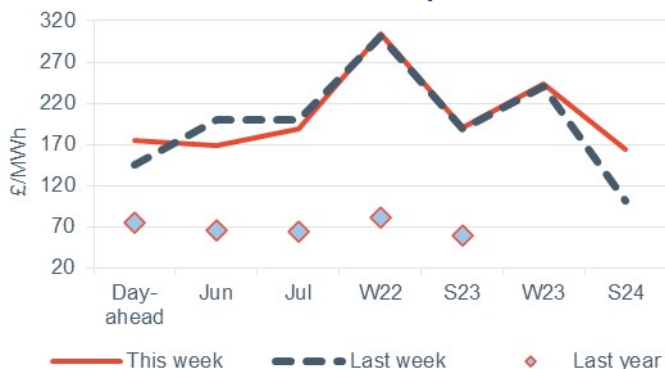
Annual October contract



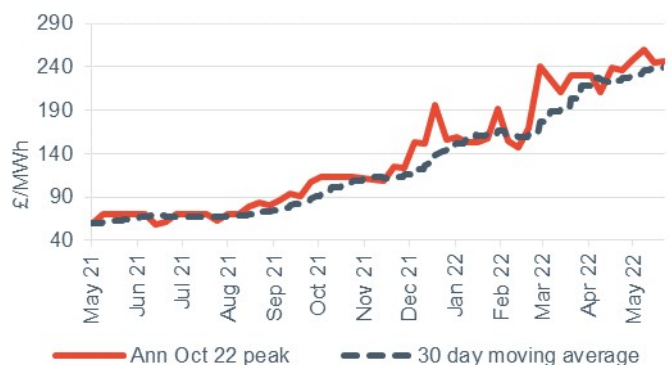
Peak electricity

- Day-ahead peak power was up 20.7% to £175.00/MWh, following baseload power higher.
- June 22 peak power declined 15.7% at £168.25/MWh, and July 22 peak power decreased 5.9% to £188.15/MWh.
- The annual October 22 peak power contract rose 0.8% to £247.08/MWh
- This is 251.6% higher than the same time last year (70.28/MWh).

Forward curve comparison



Annual October contract





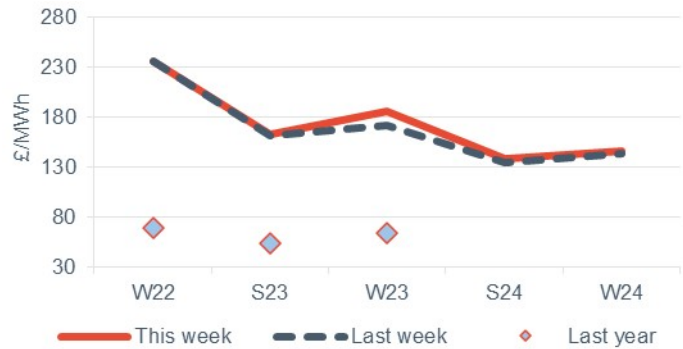
Seasonal power prices

Seasonal baseload power contracts



- Most seasonal power contracts boosted this week, up on average by 2.6%.
- Winter 22 power decreased 0.1% to £235.50/MWh, while summer 23 expanded 0.9% to £163.00/MWh.

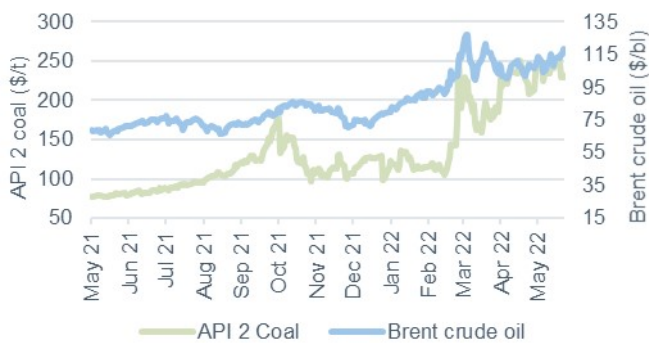
Seasonal baseload power curve



- Most seasonal peak power contracts boosted this week, up 16.2% on average.
- Winter 22 and summer 23 peak power increased 0.9% and 0.8% respectively, rising to £303.60/MWh and £190.55/MWh.

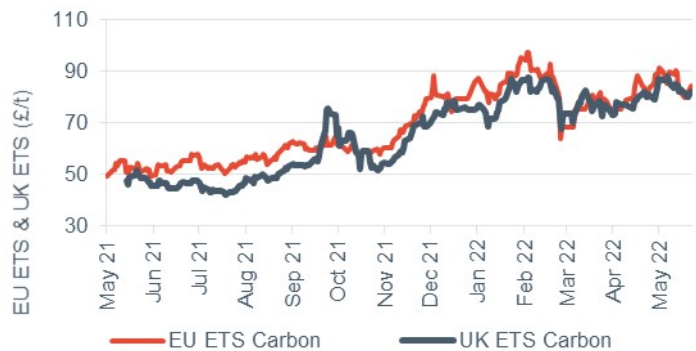
Commodity price movements

Oil and coal



- Brent crude oil prices lifted 2.8% this week to average \$115.02/bl.
- Mixed fundamentals continue to impact the oil market, with bullish price drivers more significant this week. Ongoing COVID-19 lockdowns in China continues to suppress Chinese economic output and weigh on the demand outlook, albeit some of the strictness measures are beginning to ease.
- However, the prospect of an EU-wide embargo on Russian oil outweighed demand concerns this week. The deal is thought to include carve-outs for member states most reliant on Russian oil, such as Hungary. Similarly, the back-drop of a globally tightened Brent crude market continues to provide a strong foundation of on-going price support.

Carbon (UK and EU ETS)



- Carbon markets saw bearish movements across both the EU and UK ETS markets. The UK ETS lost 3.1% to average £81.18/t, while the EU ETS dropped 5.8% to average €81.87/t over the week.
- Both the UK and EU ETS carbon markets remain sensitive to change, with shakers in the wider European energy landscape from Russian gas supply causing a ripple effect into carbon markets.
- In a latest example, the European Commission has proposed to sell allowances worth €20bn from the Market Stability Reserve with the aim to release resources to flexibly fund the path to end Europe's dependency on Russian gas.

Supplier tariff movements

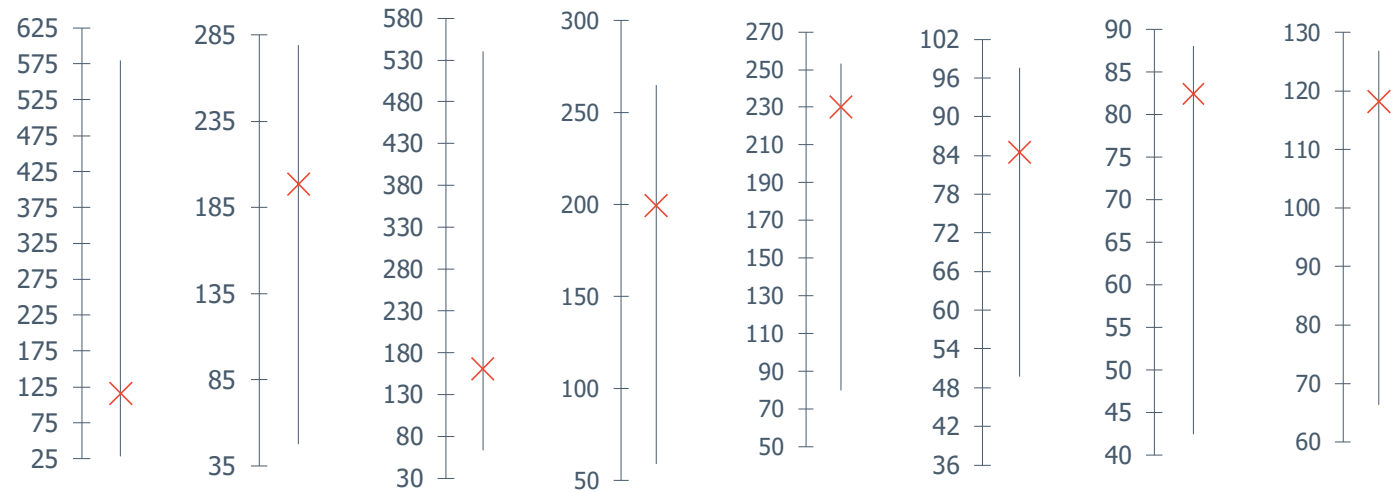
Ovo Energy continued to offer the cheapest fixed tariff on the market with its Better Energy 12 May 2022 tariff, priced at £2,750/year on average at 21 May. Utility Warehouse continued to offer the cheapest variable tariff on the market with its Value tariff, priced at £1,961/year on average at 21 May. No suppliers increased or decreased the price of their cheapest tariff between 14 May and 21 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)
This week	27 May 22	116.00	198.50	160.00	199.25	230.00	84.54	82.40	118.22
Last week	20 May 22	98.00	199.88	135.00	198.63	252.00	82.20	83.00	111.98
Four weeks ago	29 Apr 22	125.00	201.33	160.00	196.00	208.00	83.50	81.00	108.99
Last year	28 May 21	61.75	48.37	73.00	61.10	80.90	51.10	48.75	69.69
Year-on-year % change		87.9%	310.4%	119.2%	226.1%	184.3%	65.4%	69.0%	69.6%
12-month high		580.00	279.07	540.00	265.00	253.00	97.61	88.00	126.84
12-month low		28.00	47.76	63.00	59.00	79.80	49.68	42.40	66.31

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.

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

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