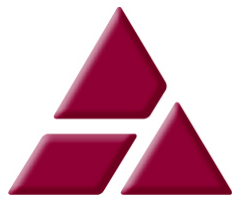




# Energy Wholesale Market Review

Week Ending 24<sup>th</sup> June 2022



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## Contents

<b>Baseload electricity.....</b>	<b>3</b>
<b>Peak electricity.....</b>	<b>3</b>
<b>Seasonal power prices.....</b>	<b>4</b>
<b>Commodity price movements .....</b>	<b>4</b>
<b>Supplier tariff movements .....</b>	<b>4</b>
<b>Wholesale price snapshot .....</b>	<b>5</b>
<b>About EDW Technology Limited .....</b>	<b>6</b>



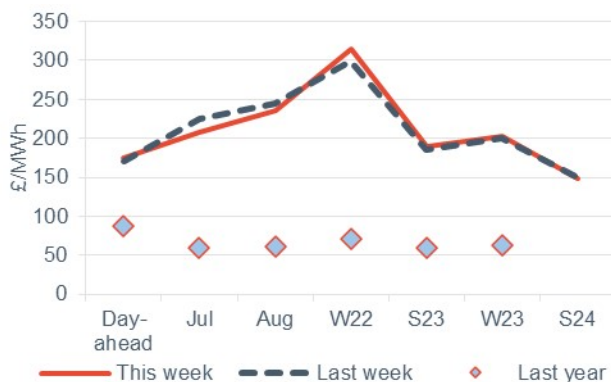
## Headlines 24/06/2022

This week has seen mixed movements across gas and power wholesale contracts, but with day-ahead markets enjoying price growth in the week on the back of some bullish market fundamentals at play. Subsequently, day-ahead gas rose 17.2% to 170.00p/th, helped by periods of increased gas-for-power demand at the week's start and maintenance works at select parts of the Norwegian Continental Shelf (NCS), lowering flows into GB. Similarly, day-ahead power rose 2.4% to £174.00/MWh, taking direction from upward movements of its equivalent gas contract, coupled with periods of low wind outturn at the front-end of this week. Conversely, July 22 gas was down 21.1% at 185.76p/th, and August 22 gas decreased 10.6% to 240.35p/th. Elsewhere, most seasonal gas contracts rose last week, up by 3.5% on average, with both winter 22 and summer 23 gas increasing 8.0% and 4.5% respectively, lifting to 338.05p/th and 213.55p/th. Seasonal power contracts saw similar movements, broadly following their gas counterparts, up on average by 2.0%, as winter 22 and summer 23 increased 5.2% and 2.7% respectively, rising to £315.00/MWh and £190.00/MWh. For international commodity markets, they equally did not hold a universal trend, with Brent crude prices falling 7.1% this week to average \$111.73/bl, while EU ETS prices climbed 0.4% to average €83.75/t. On the flip side, UK ETS prices fell marginally, down 0.8% to £80.98/t.

## Baseload electricity

- Day-ahead power rose 2.4% to £174.00/MWh, supported by higher gas prices and benefitting from periods of lower wind outturn at the front end of the week.
- July 22 power slipped 7.8% at £207.5/MWh and August 22 power decreased 3.3% to £236.00/MWh.
- Q322 power moved 3.6% lower to £242.5/MWh.
- The annual October 22 contract rose 4.2% to £252.5/MWh, 287.0% higher than the same time last year (£65.25/MWh).

### Forward curve comparison



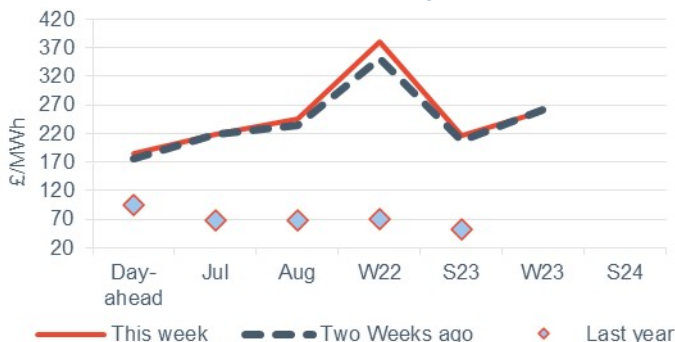
### Annual October contract



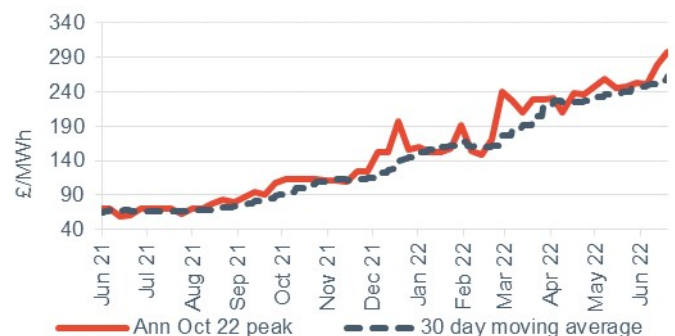
## Peak electricity

- Day-ahead peak power was up 5.7% to £185.00/MWh, following its baseload power contract higher.
- July 22 peak power upticked 0.1% at £219.32/MWh, and August 22 peak power increased 5.1% to £245.92/MWh.
- The annual October 22 peak power rose 6.7% to £298.25/MWh
- This is 387.3% higher than the same time last year (61.2/MWh).

### Forward curve comparison



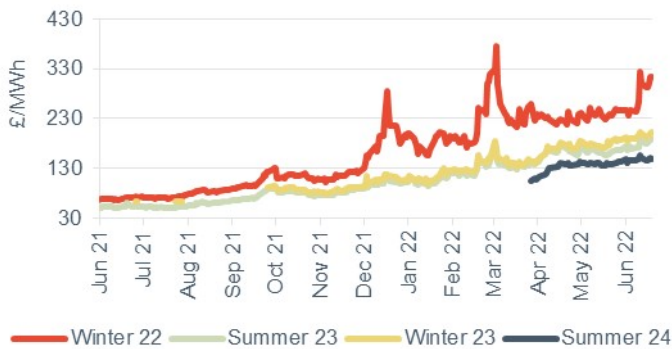
### Annual October contract





## Seasonal power prices

### Seasonal baseload power contracts



### Seasonal baseload power curve

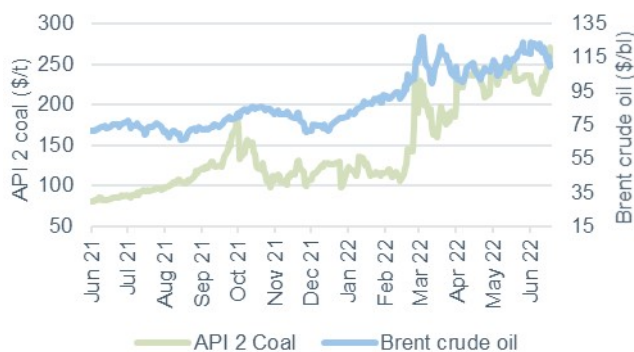


- The majority of seasonal power contracts boosted this week, up on average by 2.0%.
- Winter 22 and summer 23 expanded 5.2% and 2.7% respectively, rising to £315.00/MWh and £190.00/MWh

- Mirroring movements in baseload contracts, most seasonal peak power contracts also grew this week, up 3.7% on average.
- Winter 22 and summer 23 peak power increased 8.2% and 4.2% respectively, rising to £379.50/MWh and £217.00/MWh.

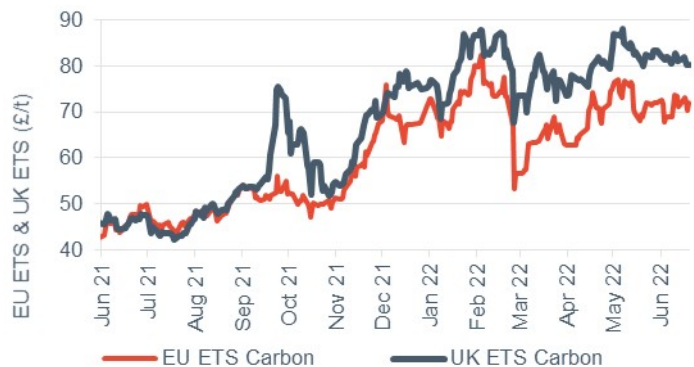
## Commodity price movements

### Oil and coal



- Brent crude prices fell 7.1% this week to average \$111.73/bl.
- Predominately, wider market concerns over sluggish global demand growth across oil markets weighed on prices throughout the week – with concerns demand for Brent crude is not improving at the rate expected.
- Elsewhere, reports that US president Joe Biden has called for fuel tax cuts to soften the costs consumers are paying at the pumps will weigh on prices in the near-term if this action is progressed.
- API 2 coal rose 15.5% to average \$258.60/t.

### Carbon (UK and EU ETS)



- The EU and UK ETS experienced conflicting price movements last week. Subsequently, the EU ETS climbed 0.4% to average €83.75/t whereas the UK ETS fell marginally, down 0.8% to £80.98/t.
- As a piece of industry news, the European parliament committee as of 22 June agreed on new parliamentary reforms for the EU ETS carbon market – something they had failed to agree on earlier this month.
- These reforms form part of a legislative package presented by the Commission on July 14, 2021, to implement the climate transition, which should enable the EU-27 to reduce their CO<sub>2</sub> emissions by 55% by 2030 in compliance with the Paris climate agreement.
- As part of these proposals, the EU's executive European Commission has planned to remove a significant amount of surplus EUA's from the market.

## Supplier tariff movements

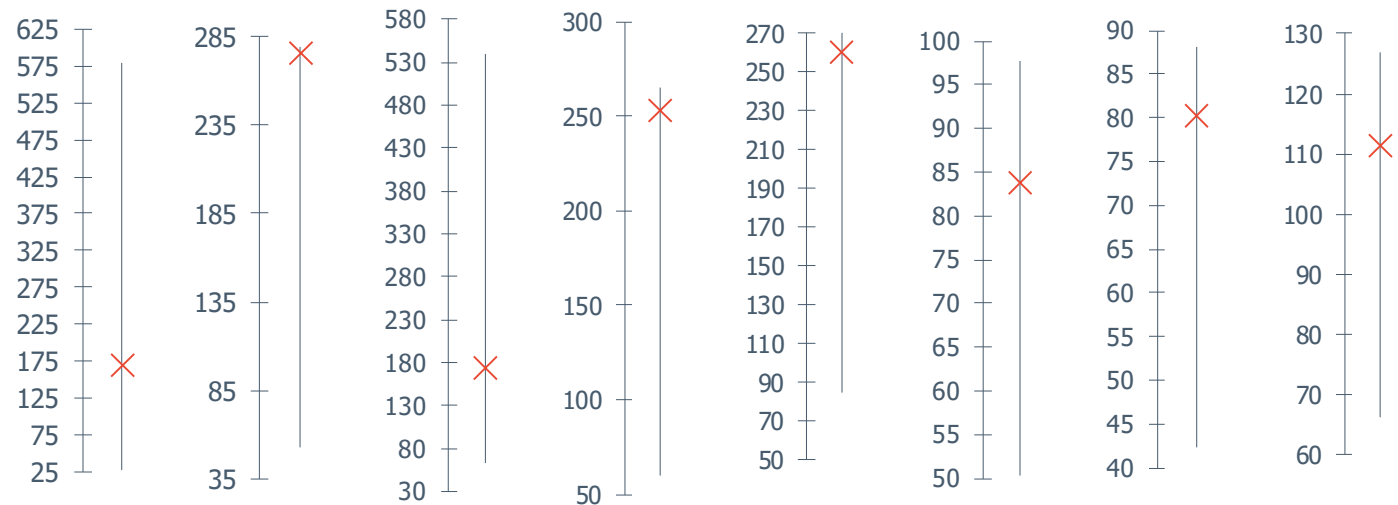
Ovo Energy continued to offer the cheapest fixed tariff on the market with its Better Smart tariff, priced at £2,732/year on average at 4 June. Utility Warehouse continued to offer the cheapest variable tariff on the market with its Value tariff, priced at £1,961/year on average at 4 June, £10/year below the default tariff cap. No suppliers increased or decreased the price of their cheapest tariff between 28 May and 4 June.



## 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	24 Jun 22	170.00	275.80	174.00	252.50	260.00	83.78	80.30	111.29
Last week	17 Jun 22	145.00	258.60	170.00	242.28	230.00	82.89	81.20	120.94
Four weeks ago	27 May 22	116.00	201.82	160.00	199.25	230.00	84.54	82.40	118.22
Last year	25 Jun 21	80.90	52.62	88.00	65.25	85.50	55.55	47.00	75.36
Year-on-year % change		110.1%	424.2%	97.7%	287.0%	204.1%	50.8%	70.9%	47.7%
12-month high		580.00	279.07	540.00	265.00	270.00	97.61	88.00	126.84
12-month low		28.00	52.55	63.00	60.25	84.60	50.23	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.

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