



Energy Wholesale Market Review

Week Ending 8th August 2022



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Headlines 12/08/2022

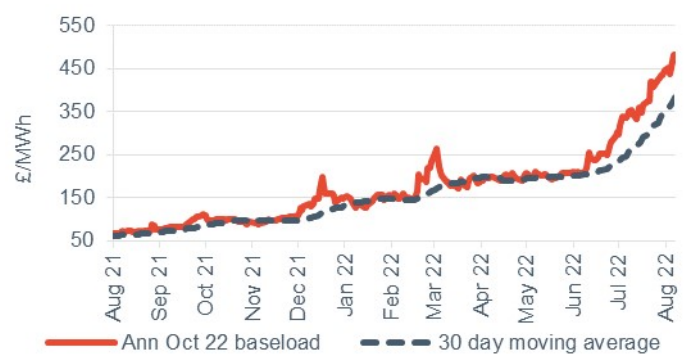
Bullish pricing sentiment for GB wholesale gas continued this week – with the most pronounced gains observed from winter 22 and beyond further into the forward curve, indicative of the level of risk being priced into future delivery with energy supply uncertainties remaining a prominent lever. Subsequently, day-ahead gas rose 19.3% to 340.00p/th, following increased gas-for-power demand for cooling during the second heatwave period this summer for GB, and expectations of upcoming Norwegian maintenance works which will reduce flows into GB. Against the largely bullish trends set elsewhere, near-term power contracts fell or remained broadly unchanged. As such, day-ahead power remained virtually unchanged at £325.00/MWh, despite price movements throughout the week. Higher price points remain, with elevated levels of demand during the heatwave. Elsewhere, September 22 gas was up 4.3% at 394.00p/th, and October 22 gas increased 3.6% to 440.00p/th. All seasonal gas contracts climbed this week, up by 22.5% on average, as winter 22 and summer 23 gas increased 7.9% and 25.4% respectively, lifting to 508.00p/th and 450.00p/th. Like gas, all seasonal power contracts rose this week, up on average by 15.3%. Winter 22 and summer 23 gained 2.4% and 17.8% to £591.00/MWh and £370.00/MWh, respectively.

- Baseload electricity Day-ahead power remained virtually unchanged at £325.00/MWh. Higher price points remain akin to higher levels of demand during the heatwave.
- September 22 power slipped 2.7% to £360.00/MWh and October 22 power decreased 2.3% to £425.00/MWh.
- Q422 power moved 0.7% higher to £601.00/MWh.
- The annual October 22 contract rose 7.9% to £480.5/MWh, 582.7% higher than the same time last year (£70.38/MWh).

Forward curve comparison



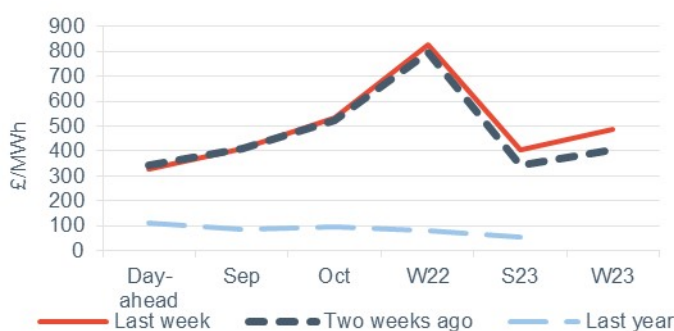
Annual October contract



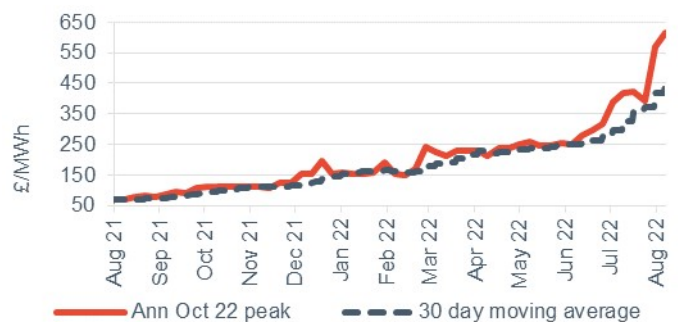
Peak electricity

- Day-ahead peak power was down 4.3% to £330.00/MWh, following the largely bearish movements of near-term baseload power contracts.
- September 22 peak power gained 0.4% to £411.25/MWh, and October 22 peak power increased 2.2% to £533.25/MWh.
- The annual October 22 peak power rose 8.5% to £616.25/MWh.
- This is 779.5% higher than the same time last year (£70.07/MWh).

Forward curve comparison



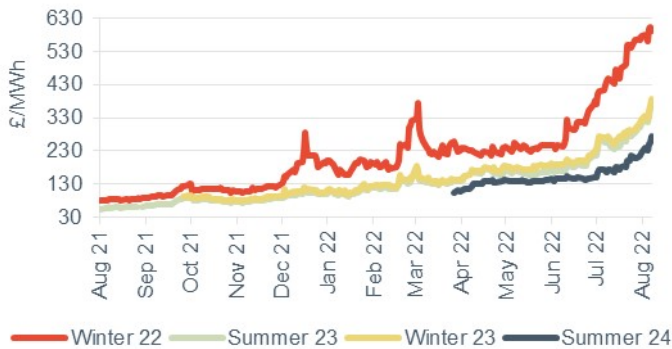
Annual October contract





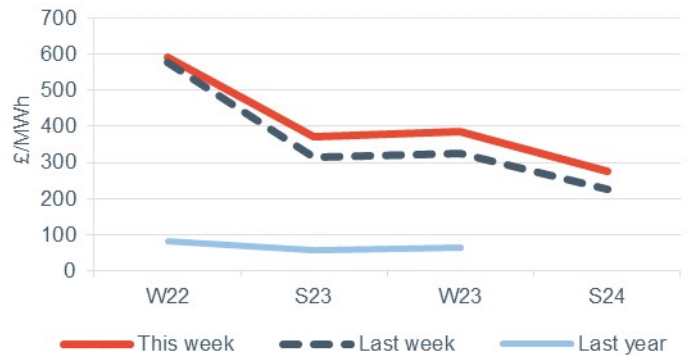
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts boosted this week, up on average by 15.3%.
- Winter 22 and summer 23 gained 2.4% and 17.8% to £591.00/MWh and £370.00/MWh, respectively.

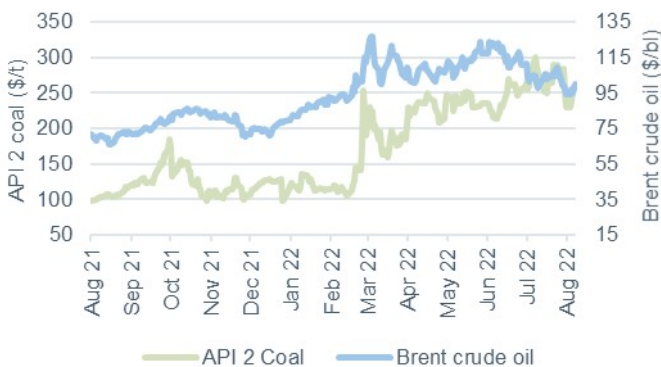
Seasonal baseload power curve



- All seasonal peak power contracts climbed this week, up 14.3% on average.
- Winter 22 and summer 23 peak power increased 4.1% and 18.8% respectively, rising to £827.25/MWh and £405.25/MWh.

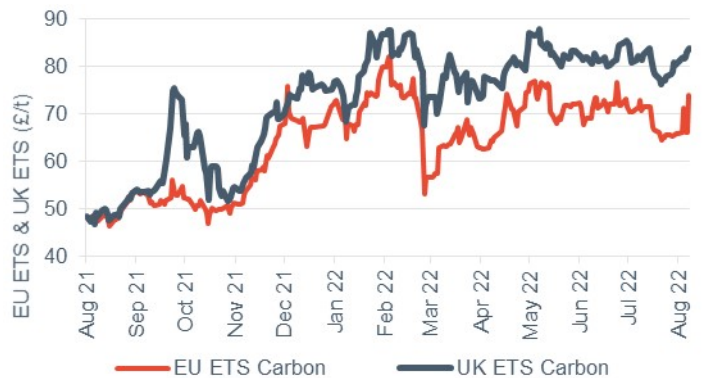
Commodity price movements

Oil and coal



- Brent crude prices lost 1.6% this week to average \$97.00/bl, a second consecutive week of average price decline.
- This week saw the continuation of a recession-driven demand downturn outweigh the tight global supply picture. Weak manufacturing output from China and Japan weighed on the already bearish outlook for global economic markets, dampening demand projections.
- Elsewhere, further bearishness was driven by reports that flows via the Druzhba pipeline flows are expected to resume.
- The Druzhba pipeline is the longest oil pipeline and equally one of the biggest oil pipeline networks in the world.

Carbon (UK and EU ETS)



- The EU and UK ETS shared price gains. EU ETS lifted 4.0% to average €81.47/t whilst UK ETS carbon gained 3.2% to average £82.57/t.
- Some support for EU ETS prices this week came from reports that EU member states are attempting to switch away from using gas to help reserves refill ahead of the upcoming winter period.
- As part of this, a higher reliance will be placed on coal fired generation, providing support to prices through the increase in EUA demand.
- UKA prices gained support from higher cooling demand amid the second summer heatwave.



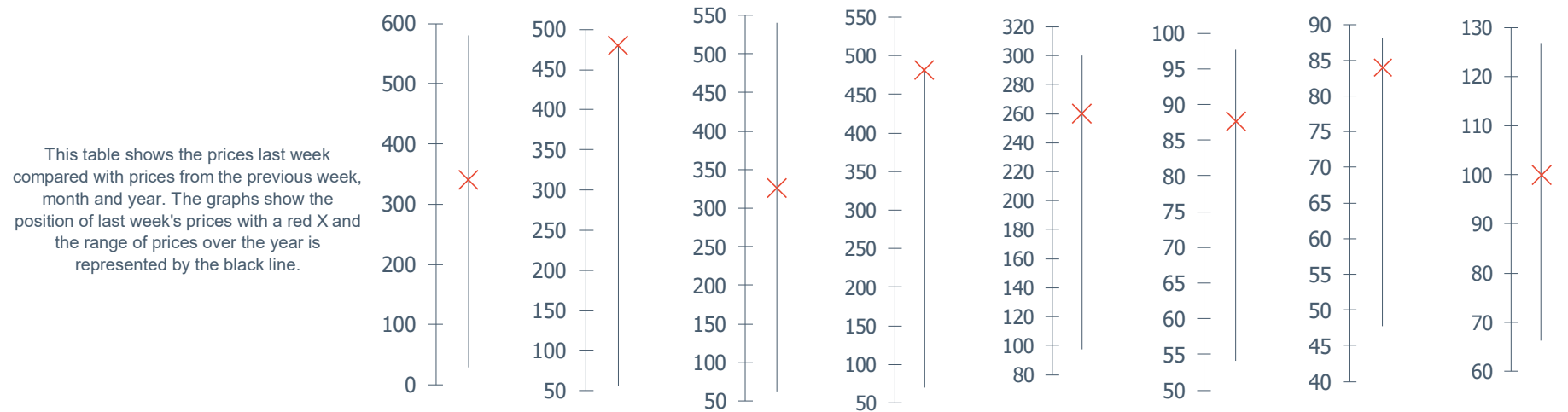
Supplier tariff movements

So Energy offered the cheapest medium fixed tariff on the market at 6 August with its So Iris Two Year – Green tariff, priced at £3,221/year on average. Utility Warehouse continued to offer the cheapest variable tariff on the market with its Value tariff, priced at £1,961/year on average at 6 August. British Gas increased the price of its Green Future tariff by £185/year between 30 July and 6 August. OVO Energy increased the cancellation fee on its 2 Year Fixed tariff by £60 to £120 between 30 July and 6 August.



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	12 Aug 22	340.00	479.00	325.00	480.50	260.00	87.70	84.00	100.00
Last week	5 Aug 22	285.00	414.74	325.00	445.50	230.00	78.35	81.00	94.50
Four weeks ago	15 Jul 22	203.50	354.00	335.00	344.00	272.00	84.46	82.50	99.81
Last year	13 Aug 21	110.00	63.53	105.00	70.38	103.00	55.89	48.50	71.22
Year-on-year % change		209.1%	654.0%	209.5%	582.8%	152.4%	56.9%	73.2%	40.4%
12-month high		580.00	479.00	540.00	481.00	300.00	97.61	88.00	126.84
12-month low		28.00	55.75	63.00	69.38	97.60	54.12	47.75	66.31





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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