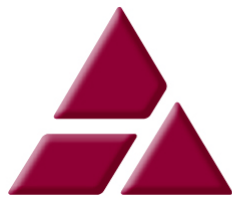




# Energy Wholesale Market Review

Week Ending 2<sup>nd</sup> September 2022



**edw** technology

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

**Phone:** +44 (0)8448 802 489  
**Email:** [info@edwtech.com](mailto:info@edwtech.com)  
**Website:** [edwtech.com](http://edwtech.com)



## Contents

<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 02/09/2022

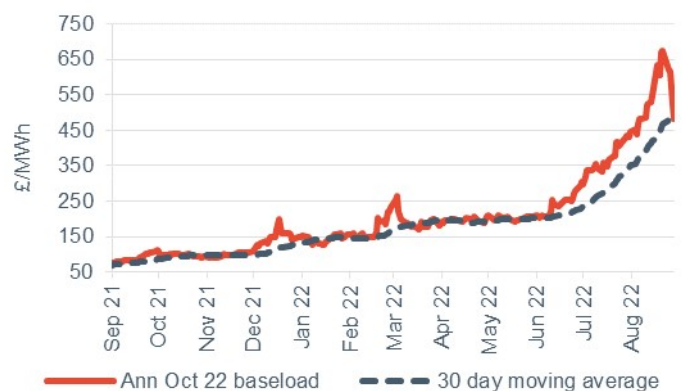
This week, we observed price decline across all tracked GB gas and power wholesale contracts, in what continues to be a volatile period of time for wholesale energy both in GB as well as continental Europe, with conflicting geopolitical price levers in the form of changes to Russian gas supplies, combined with the global economy being on the cusp of a recession. Day-ahead gas fell 45.0% to 300.00p/th, following the continuation of higher temperatures in the week and a steady influx of LNG, softening near-term supply/demand dynamics. Similarly, day-ahead power fell 37.0% to £315.00/MWh, linked to the strong downward movements of the equivalent gas contract and select periods of higher wind outturn seen in the week. Subsequently, October 22 gas was down 36.8% at 405.90p/th, and November 22 gas decreased 36.7% to 498.64p/th. Similar to near-term contracts, all seasonal gas contracts declined last week, down by 32.7% on average, while both winter 22 and summer 23 gas dropped 22.7% and 37.3% respectively, subsiding to 592.45p/th and 428.10p/th. Seasonal power contracts declined this week, down on average by 32.1%, as winter 22 power decreased 21.3% to £630.00/MWh, while summer 23 fell 38.5% to £335.00/MWh.

- Baseload electricity Day-ahead power fell 37.0% to £315.00/MWh, following following strong downward movements of the equivalent gas contract and select periods of higher wind outturn seen in the week.
- October 22 power slipped 32.5% at £425.00/MWh and November 22 power decreased 23.3% to £711.00/MWh.
- The Q422 power contract moved 20.9% lower to £625.00/MWh.
- The annual October 22 contract lost 28.3% to £482.5/MWh, 541.2% higher than the same time last year (£75.25/MWh).

### Forward curve comparison



### Annual October contract



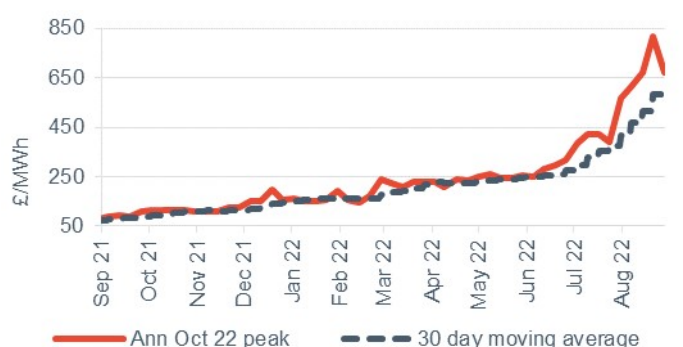
## Peak electricity

- Day-ahead peak power was down 39.6% to £387.00/MWh, following baseload power lower.
- October 22 peak power declined 14.7% at £590/MWh, and November 22 peak power decreased 17.7% to £1085/MWh.
- The annual October 22 peak power rose 17.6% to £673.5/MWh
- This is 741.3% higher than the same time last year (80.05/MWh).

### Forward curve comparison



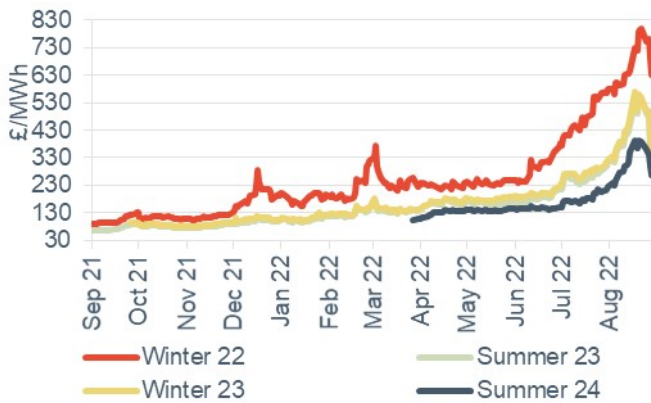
### Annual October contract





## Seasonal power prices

### Seasonal baseload power contracts



- All seasonal power contracts experienced losses this week, falling on average by 32.1%.
- Winter 22 power decreased 21.3% to £630.00/MWh, while summer 23 fell 38.5% to £335.00/MWh.

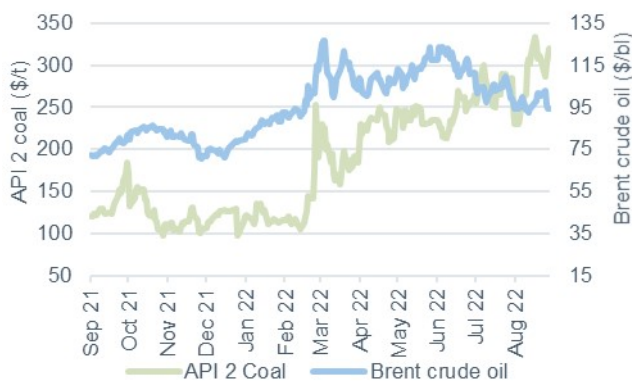
### Seasonal baseload power curve



- All seasonal peak power contracts declined this week, down 26.6% on average.
- Winter 22 and summer 23 peak power dropped 11.0% and 29.7% respectively, falling to £940.00/MWh and £407.00/MWh.

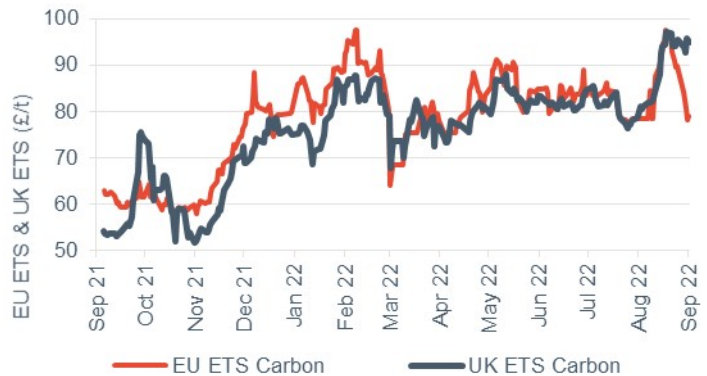
## Commodity price movements

### Oil and coal



- Brent crude prices dropped 2.9% last week to average \$96.91/bl, reversing gains set in the previous week
- Reports emerged last week that the OPEC+ Joint Technical Committee (JTC) has forecast a notable surplus in the oil market for 2022, with this potential oversupply in the market placing bearish sentiment on prices
- Added to this, the continuation of fears of an impending global recession has cast doubt over demand for oil for the remainder of 2022 – compounding further price decline

### Carbon (UK and EU ETS)



- EU and UK ETS prices saw collective downward movements last week. EU ETS fell 12.3% to average €80.55/t, whilst UK ETS carbon eased 0.8% to €94.28/t.
- EU ETS prices registered the most substantial average losses week-on-week, a likely consequence of increased available auction volumes as the market entered September
- For the UK ETS, warmer trending weather continues to place less demand on heating and reduces demand for fossil fuel generating plant

## Supplier tariff movements

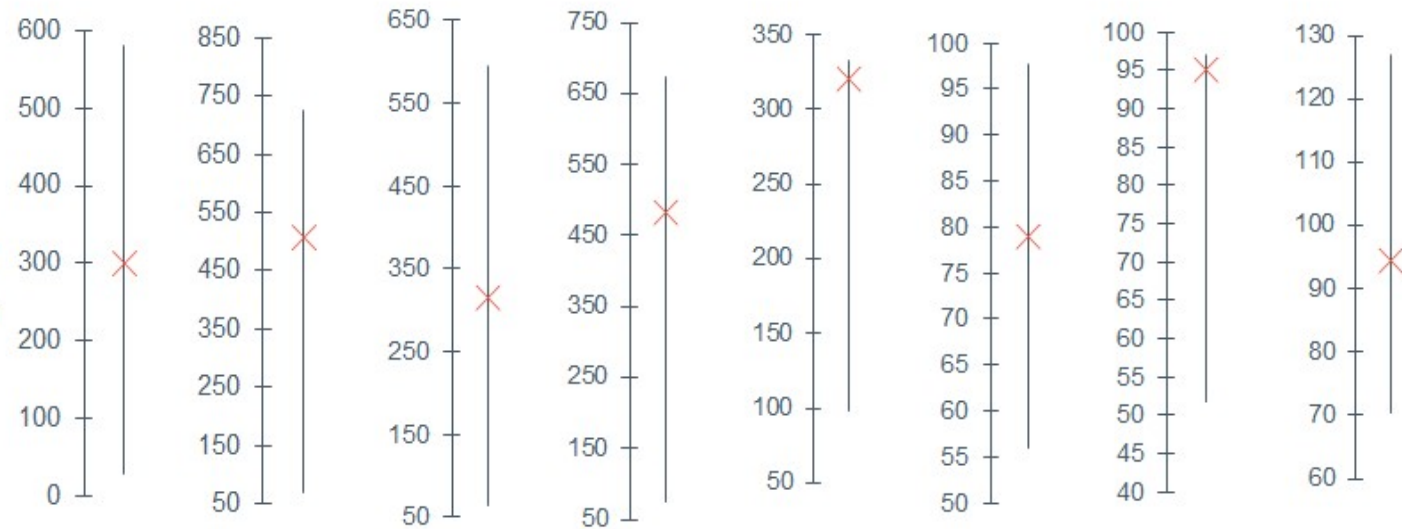
British Gas offered the cheapest short fixed tariff on the market at 27 August with its Fixed Oct 23v4 tariff, priced at £3,811/year on average. No medium fixed (18-35 months) tariffs were available on the market at 27 August. This follows the discontinuation of So Energy's So Iris Two Year – Green tariff, and OVO Energy's 2 Year Fixed 19 August 2022 tariff, which priced at £3,221/year and £5,410/year on average respectively. EDF Energy introduced two new long fixed tariffs (≥36 months), More Together Aug25 v2 and v3, 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	2 Sep 22	300.00	510.28	315.00	482.50	320.00	78.98	95.00	94.52
Last week	26 Aug 22	545.00	724.49	500.00	672.50	309.00	89.78	95.50	100.70
Four weeks ago	5 Aug 22	285.00	414.74	325.00	445.50	230.00	78.35	81.00	94.50
Last year	3 Sep 21	133.00	67.67	240.00	75.25	118.25	61.90	53.25	73.53
Year-on-year % change		125.6%	654.1%	31.3%	541.2%	170.6%	27.6%	78.4%	28.5%
12-month high		580.00	724.49	595.00	672.50	333.00	97.61	97.00	126.84
12-month low		28.00	67.67	63.00	75.25	97.60	55.85	51.75	70.50

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](http://www.edwtech.com)

Copyright © 2022 EDW Technology Limited. All rights reserved.

No part of this publication may be reproduced, transmitted, transcribed, stored in a retrieval system, or translated into any language, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior written permission from EDW Technology Limited.

All copyright, confidential information, patents, design rights and all other intellectual property rights of whatsoever nature contained herein are and shall remain the sole and exclusive property of EDW Technology Limited. The information furnished herein is believed to be accurate and reliable. However, no responsibility is assumed by EDW Technology Limited for its use, or for any infringements of patents or other rights of third parties resulting from its use.