



Energy Wholesale Market Review

Week Ending 2nd December 2022



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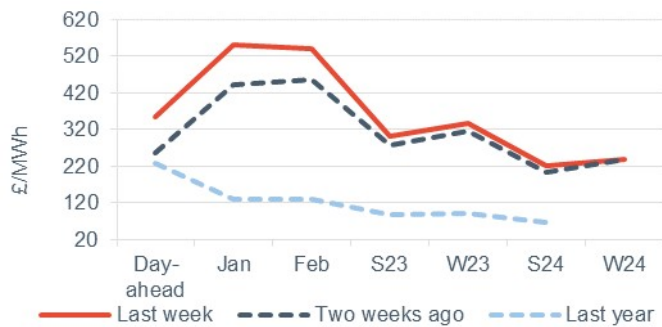


Headlines 02/12/2022

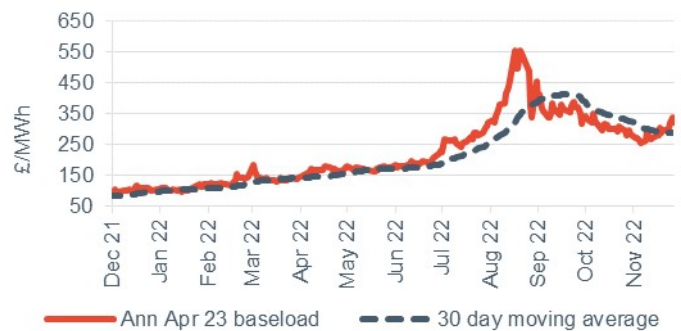
This week saw the continuation of bullish price movements across gas and power wholesale contracts, but we continue to note the ongoing pricing disparity between day-ahead contracts and those further out on the forward curve. Day-ahead gas rose 117.1% to 330.00p/th, with notably colder temperatures observed this week, driving demand higher for more expensive forms of generation such as CCGT's and gas peaking plant. Similarly, day-ahead power rose 39.2% to £355.00/MWh, driven by tight system margins. On Tuesday 29 November, National Grid ESO issued a Capacity Market Notice (CMN), amid expectations that demand would outstrip supply by 177MW from 7pm. This saw N2EX day-ahead hourly prices of £1,000/MWh for the evening. The CMN was subsequently cancelled later that day, however. Elsewhere, January 23 gas was up 6.9% at 339.00p/th, and February 23 gas increased 4.7% to 344.00p/th. All seasonal gas contracts boosted last week, up by 5.7% on average, while both summer 23 and winter 23 gas increased 7.9% and 7.0% respectively, lifting to 328.00p/th and 342.00p/th. Like gas, all seasonal power contracts rose this week, up on average by 6.6%, as summer 23 and winter 23 expanded 9.4% and 7.3% respectively, rising to £303.00/MWh and £338.00/MWh.

- Baseload electricity Day-ahead power rose 39.2% to £355.00/MWh, following periods of notably low wind outturn in the week, tightening system margins significantly.
- January 23 power climbed 24.4% at £550.00/MWh and February 23 power increased 18.4% to £540.00/MWh.
- Q1 23 power moved 15.7% higher to £480.00/MWh.
- The annual April 23 contract rose 8.3% to £320.50/MWh, 254.1% higher than the same time last year (£90.50/MWh).

Forward curve comparison



Annual October contract



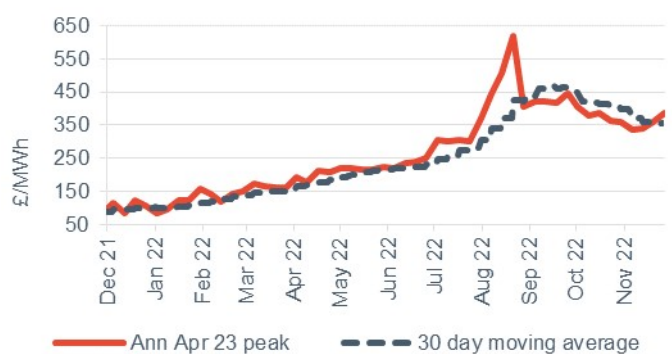
Peak electricity

- Day-ahead peak power was up 45.0% to £435.25/MWh, following baseload power higher.
- January 23 peak power gained 10.5% at £895.25/MWh, and February 23 peak power increased 30.4% to £835.50/MWh.
- The annual April 23 peak power rose 7.8% to £388.25/MWh
- This is 354.7% higher than the same time last year (£85.38/MWh).

Forward curve comparison



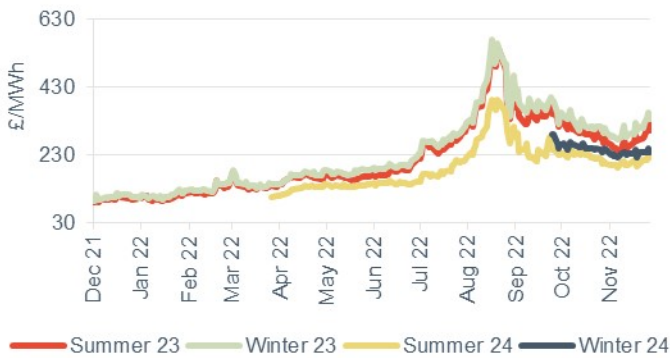
Annual October contract



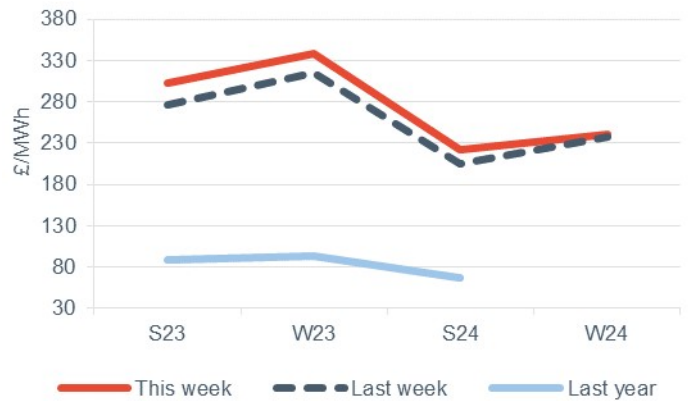


Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve

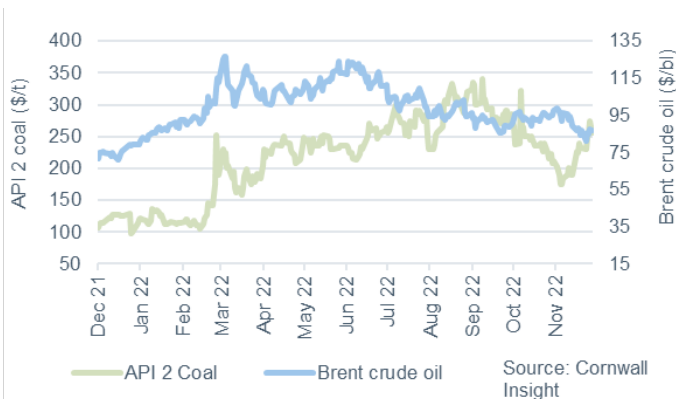


- All seasonal power contracts experienced gains this week, rising on average by 6.6%.
- Summer 23 and winter 23 expanded 9.4% and 7.3% respectively, rising to £303.00/MWh and £338.00/MWh.

- Like baseload, all seasonal peak power contracts saw similar upwards movements this week, up 7.9% on average.
- Summer 23 and winter 23 peak power increased 9.2% and 6.7% respectively, falling to £345.25/MWh and £431.25/MWh.

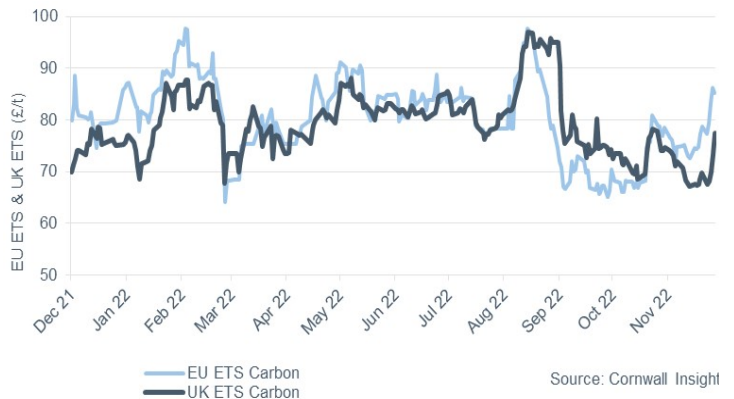
Commodity price movements

Oil and coal



- Brent crude prices fell week-on-week, down 1.8% to average \$82.31/bl, a third consecutive week of price decreases
- Uncertainty in global commodity markets continue to exacerbate volatility in price, particularly evident over recent months
- Recent price drops continue to be caused, in part by fears of reduced demand from the China due to the strict Covid-19 lockdown measures which remain imposed.

Carbon (UK and EU ETS)



- EU and UK ETS prices saw bullish price movements this week. EU ETS climbed 8.4% to average €82.31/t, while UK ETS carbon increased 4.6% to £71.31/t
- EU and UK ETS prices were supported by colder temperatures acting to encourage demand for gas and fossil fuel-fired assets

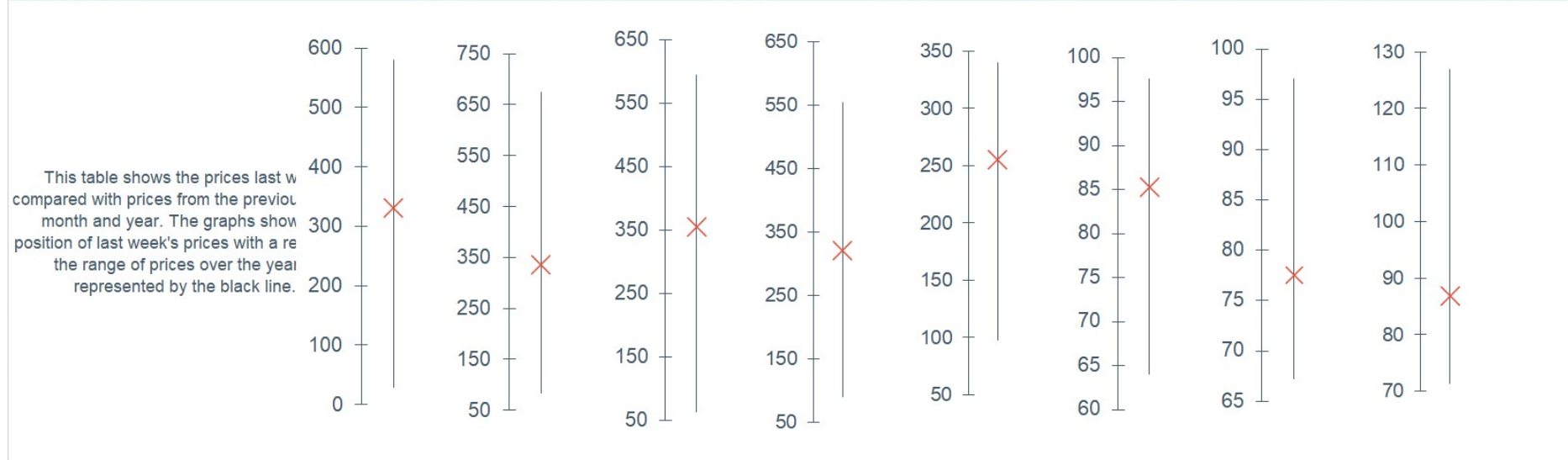
Supplier tariff movements

Utility Warehouse continued to offer the cheapest variable tariff on the market as of 26 November with its Value tariff, priced at £2,487/year on average, £13 below the Energy Price Guarantee (EPG) level. Utility Warehouse's Double Gold tariff, which requires customers to take two other non-energy services from the supplier (mobile, broadband, or insurance), is priced at £2,375/year on average, £125 below the EPG level, while its Gold tariff, which requires customers to take one other service, is priced at £2,437/year on average.



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	2 Dec 22	330.00	335.00	355.00	320.50	255.00	85.30	77.48	86.85
Two weeks ago	25 Nov 22	152.00	311.75	255.00	296.00	232.50	78.77	69.80	86.78
Four weeks ago	4 Nov 22	109.00	304.00	105.00	285.00	211.00	78.54	74.75	97.35
Last year	3 Dec 21	232.00	84.10	227.00	90.50	106.00	79.45	68.90	71.50
Year-on-year % change		42.2%	298.3%	56.4%	254.1%	140.6%	7.4%	12.5%	21.5%
12-month high		580.00	674.50	595.00	555.00	340.00	97.61	97.00	126.84
12-month low		28.00	83.04	63.00	90.50	97.80	64.05	67.25	71.29





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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