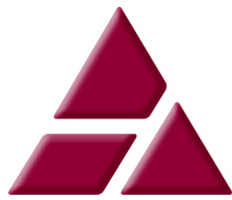




Energy Wholesale Market Review

Week Ending 6th January 2023



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 06/01/2023

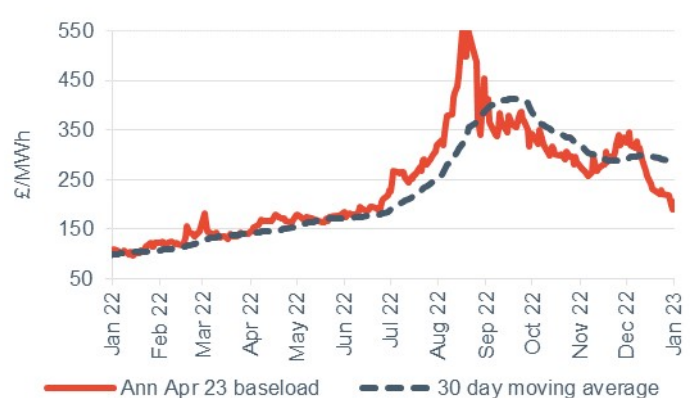
This week saw the continuation of lowering gas and power prices, moving down further from bearish price points set before the Christmas break. Despite a relative 'pick-up' in demand as we exit the festive period and industry resumes, prices remain in-line with recent levels. The continuation of milder temperatures has helped suppress demand, with this trend being reflected in lower wholesale prices. In support of this, day-ahead gas fell 7.9% to 164.00p/th, driven in part by the aforementioned warmer weather and strong LNG volumes continuing to reach the UK in the early part of 2023. Day-ahead power fell 13.1% to £139.00/MWh, following the bearish price movements of its equivalent gas contract, combined with the continuation of elevated and consistent levels of wind output. Similarly, February 23 gas was down 3.6% at 185.00p/th, and March 23 gas decreased 1.2% to 186.00p/th. All tracked seasonal gas contracts declined last week, down by 10.8% on average, while both summer 23 and winter 23 gas dropped 7.1% and 5.4% respectively. Like gas, all seasonal power contracts declined this week, down on average by 6.6%.

- Baseload electricity Day-ahead power fell 13.1% to £139.00/MWh, following its gas equivalent contract lower, coupled with on-going elevated levels of wind output, softening system margins.
- February 23 power slipped 9.5% to £190.00/MWh and March 23 power increased 3.1% to £185.00/MWh.
- Q223 power moved 10.5% lower to £188/MWh.
- The annual April 23 contract lost 7.2% to £205.88/MWh, 85.5% higher than the same time last year (£111.00/MWh).

Forward curve comparison



Annual October contract



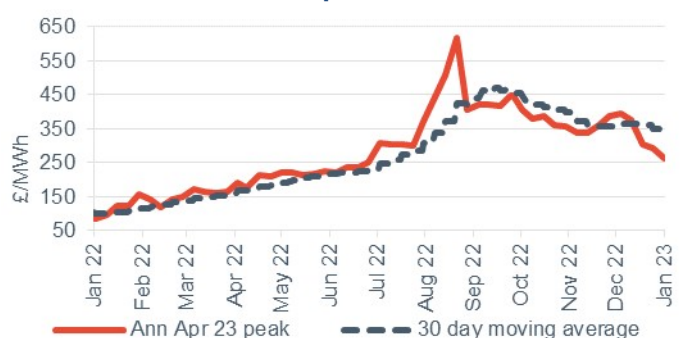
Peak electricity

- Day-ahead peak power was up 3.4% to £164.40/MWh, despite losses in the equivalent baseload power contract.
- February 23 peak power declined 12.6% at £233.81/MWh, and March 23 peak power decreased 41.1% to £191.33/MWh.
- The annual April 23 peak power rose 10.2% to £261.45/MWh
- This is 206.2% higher than the same time last year (85.38/MWh).

Forward curve comparison



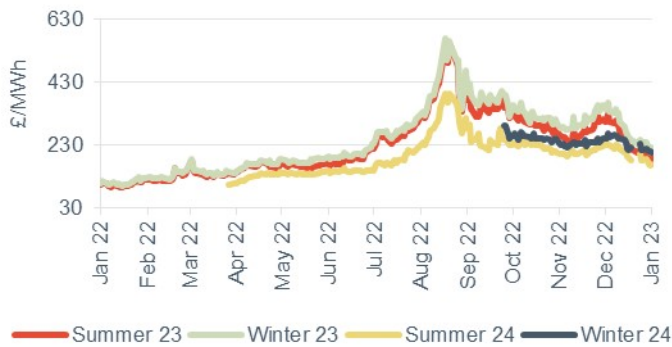
Annual April contract





Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve

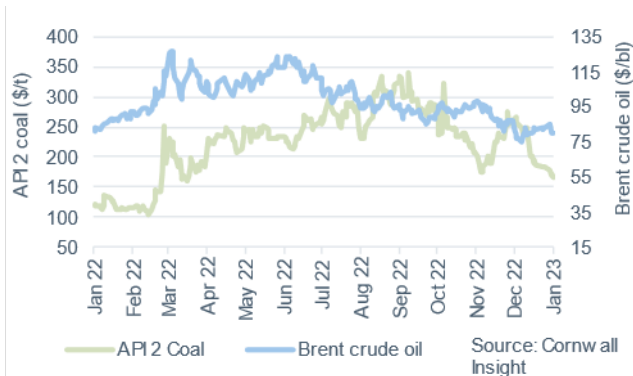


- All seasonal power contracts declined this week, down on average by 6.6%.
- Summer 23 power decreased 8.4% to £187.75/MWh, while winter 23 fell 6.1% to £224.00/MWh.

- Unlike baseload, most seasonal peak power contracts boosted this week, up 28.7% on average.
- Summer 23 gas increased 60.3% to £212.40/MWh, while winter 23 peak power dropped 3.0% to £310.50/MWh.

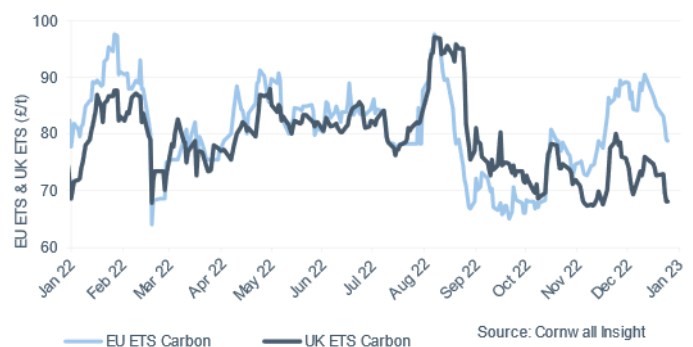
Commodity price movements

Oil and coal



- Brent crude prices fell week-on-week, down 2.2% to average \$81.18/bl, continuing the period of prolonged price decline set before Christmas.
- Uncertainty in global commodity markets continue to exacerbate volatility in price, particularly evident over recent months.
- This week in particular, we can attribute price decline, at least in part, to some concerns over an impending economic slowdown.
- Elsewhere, concerns continue to arise over lockdown restrictions in China, which is affecting the profile of oil demand in the country. Importantly, China is one of the top crude oil consumers globally.

Carbon (UK and EU ETS)



- EU and UK ETS prices saw bearish price movements this week. EU ETS dropped 5.6% to average €80.54/t, while UK ETS carbon decreased 1.7% to £69.58/t.
- In recent weeks, much of the North-west Europe and the UK has experienced high levels of wind and renewable outturn, easing demand on fossil fuel fired assets to meet demand. Consequently, the demand for EUA's has subsided.
- Similarly, warmer trending weather is also contributing to lower trending demand in both geographies.

Supplier tariff movements

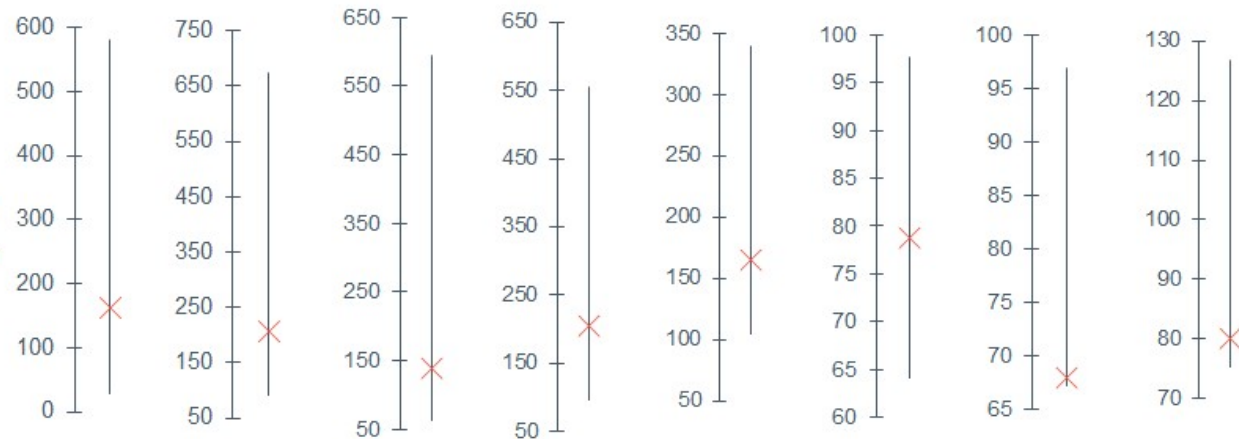
Please note tariff changes remain unchanged from our previous report on 16 December, due to a pause in our reporting over the Christmas period.



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	6 Jan 23	164.00	206.63	139.00	205.88	165.00	78.82	68.00	79.98
Last week	30 Dec 22	178.00	220.38	160.00	221.75	184.00	84.95	72.50	83.50
Four weeks ago	9 Dec 22	358.00	345.50	394.00	320.50	255.00	88.75	75.85	76.62
Last year	7 Jan 22	227.00	104.33	215.00	111.00	120.00	87.20	77.00	82.85
Year-on-year % change		-27.8%	98.0%	-35.3%	85.5%	37.5%	-9.6%	-11.7%	-3.5%
12-month high		580.00	674.50	595.00	555.00	340.00	97.61	97.00	126.84
12-month low		28.00	91.76	63.00	97.00	105.00	64.05	67.25	75.35

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 22 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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