Energy Wholesale Market Review

Week Ending 3rd February 2023

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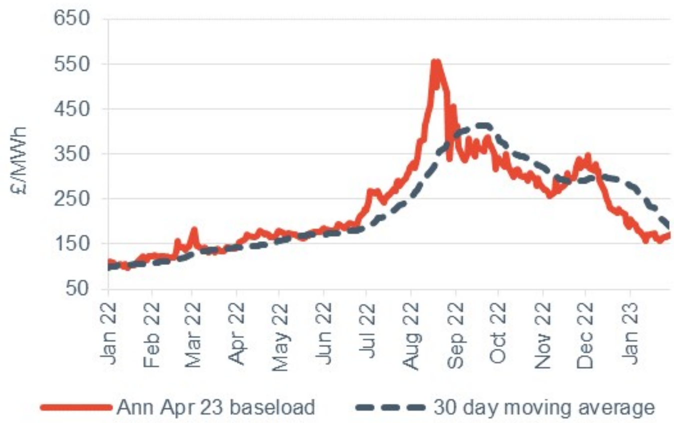
Headlines 03/02/2023

All gas and power contracts increased this week. Day-ahead gas rose 8.7% to 150.00p/th, supported by an undersupplied system throughout most of the week, with this exacerbated by an unplanned outage at the Norwegian Kollsnes gas processing plant. Day-ahead power jumped 47.8% to £170.00/MWh, taking direction from its gas counterpart and forecasts of decreased wind output early next week. March 23 gas climbed 7.2% to 148.00p/th and April 23 gas gained 6.8% to 150.50p/th. Seasonal gas contracts out to winter 2024 lifted 8.1% on average, with the summer 24 contract seeing the greatest movement, rising 9.5% to 162.00p/th. Meanwhile, summer 23 gas rose 8.5% to 154.00p/th. Seasonal power contracts out to winter 2024 climbed 6.4% on average. The summer 23 contract gained 10.8% to £157.00/MWh, while winter 2023 power lifted 7.2% to £185.00/MWh.

- Baseload electricity Day-ahead power leapt 47.8% to £170.00/MWh, with forecasts of decreased generation early next week.
- March 23 power rose 7.2% to £148.00/MWh and April 23 power climbed 9.2% to £155.00/MWh.
- Q223 power gained 10.6% to £156.00/MWh.
- The annual April 23 contract increased 8.8% to £171.00/MWh, 40.2% higher than the same time last year (£122.00/MWh).

Forward curve comparison

Annual October contract

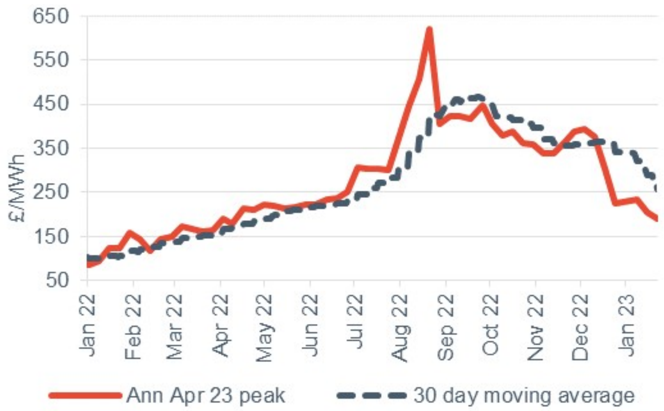


Peak electricity

- Day-ahead peak power was down 19.5% to £147.40/MWh, following baseload power lower
- February 23 peak power declined 18.5% at £156.5/MWh, and March 23 peak power decreased 11.0% to £152.2/MWh.
- The annual April 23 peak power rose 6.9% to £190.4/MWh
- This is 53.5% higher than the same time last year (124/MWh).

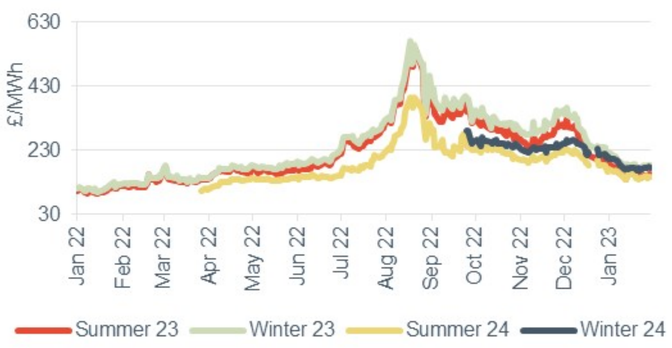
Forward curve comparison

Annual April contract



Seasonal power prices

Seasonal baseload power contracts

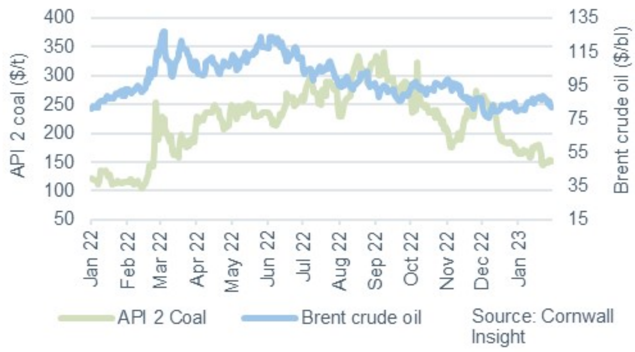


Seasonal baseload power curve

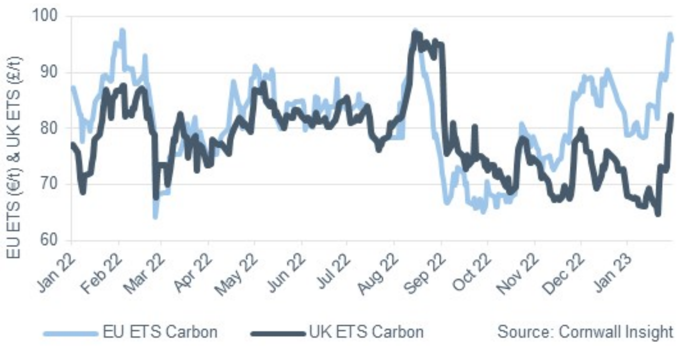
- All seasonal power contracts increased this week, up 6.4% on average.
- Summer 23 power jumped 10.8% to £157.00/MWh, while winter 23 power climbed 7.2% to £185.00/MWh.
- Like baseload, all seasonal peak power contracts moved lower this week, down 7.0% on average.
- Summer 23 and winter 23 peak power dropped 7.3% and 6.6% respectively, falling to £159.40/MWh and £221.40/MWh.

Commodity price movements

Oil and coal



Carbon (UK and EU ETS)



- Brent crude oil lost 4.0% to average $84.01/bl, this week.
- Oil prices were pushed lower by concerns surrounding demand recovery in China, with a lack of data to indicate the extent of crude demand changes since the country scrapped COVID restriction measures.
- In addition, a stronger US dollar, and data suggesting a wider economic slowdown in the US provided further downward pressure to prices.
- EU and UK ETS prices saw bullish price movements this week, a third consecutive week of price rises. EU ETS climbed 9.4% to average €93.26/t, while UK ETS carbon surged 13.4% to £77.32/t.
- EU ETS prices were supported by strong auction demand, with demand for allowances in EU-wide auctions almost 9% higher than last week.
- Meanwhile, UK ETS prices found support from increased gas demand and a lack of auction supply, with no UK ETS auction taking place this week.

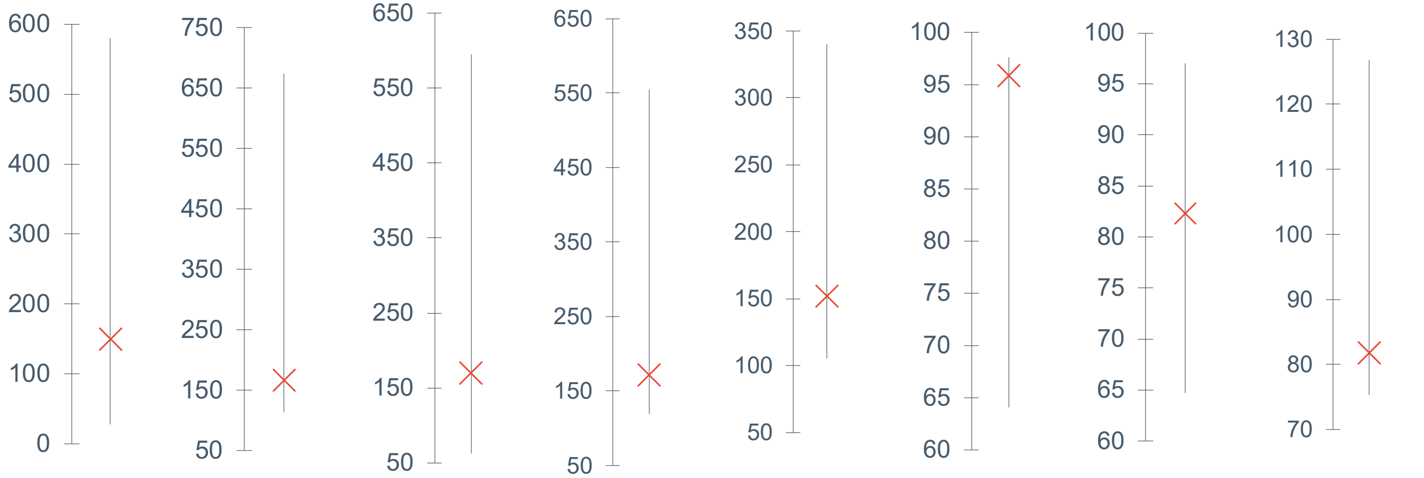
Supplier tariff movements

Octopus Energy offered the cheapest variable tariff on the market at 28 January with its Flexible Octopus October 2022 v1 tariff, priced at £2,485/year on average, £15/year below the Energy Price Guarantee (EPG) level. Octopus Energy's white label brands (Affect Energy, Co-operative Energy, and Ebico Living) also decreased the price of their variable tariffs by £3/year to price at £2,485/year on average at 28 January.

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	3 Feb 23	150.00	167.38	170.00	171.00	152.00	95.85	82.30	81.85
Last week	27 Jan 23	138.00	155.50	115.00	157.13	145.00	89.90	73.28	88.56
Four weeks ago	6 Jan 23	164.00	206.63	139.00	205.88	165.00	78.82	68.00	79.98
Last year	4 Feb 22	188.00	116.32	168.00	122.00	115.25	95.26	86.75	92.57
Year-on-year % change		-20.2%	43.9%	1.2%	40.2%	31.9%	0.6%	-5.1%	-11.6%
12-month high		580.00	674.50	595.00	555.00	340.00	97.61	97.00	126.84
12-month low		28.00	113.24	63.00	118.75	105.00	64.05	64.75	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.

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