# Energy Wholesale Market Review

## Week Ending 17th February 2023

**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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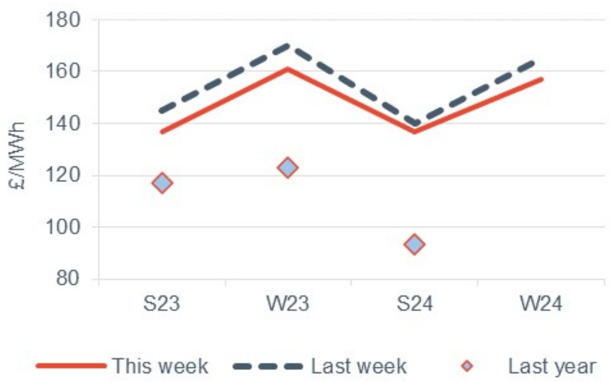
## Headlines 17/02/2023

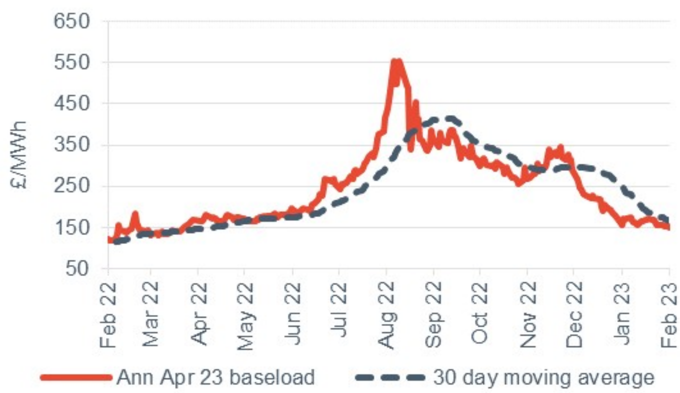
It was a bearish week as nearly all power and gas contracts decreased across the week. March 23 baseload and peak power contracts representing the noteworthy outliers, however. Day-ahead gas fell 12.1% to 119.5p/th, following the continuation of warmer weather trends across the UK, easing demand – coupled with the resumption of higher levels of LNG imports to UK landing terminals. Day-ahead power dropped 14.6% to £119.5/MWh, mirroring the losses observed from the equivalent gas contract, and reflective of periods of heightened wind and renewable outturn. Subsequently, March 23 gas was down 8.2% at 122.7p/th, and April 23 gas decreased 8.7% to 123.2p/th. Elsewhere, all seasonal gas contracts declined this week, down by 5.3% on average. Summer 23 and winter 23 gas dropped 7.3% and 6.0% respectively, subsiding to 127.0p/th and 153.2p/th. Like gas, all seasonal power contracts declined this week, down on average by 4.5%, as summer 23 power decreased 5.5% to £137.0/MWh, while winter 23 fell 5.3% to £161.0/MWh.

- Baseload electricity Day-ahead power fell 14.6% to £119.5/MWh, following the bearish movements of day-ahead gas prices and periods of higher wind outturn in the week.
- March 23 power climbed 0.4% to £140.0/MWh and April 23 power decreased 5.6% to £134.0/MWh.
- Q223 power moved 5.8% lower to £133.7/MWh.
- The annual April 23 contract lost 5.4% to £149/MWh, 24.2% higher than the same time last year (£120.0/MWh).

### Forward curve comparison




### Annual October contract

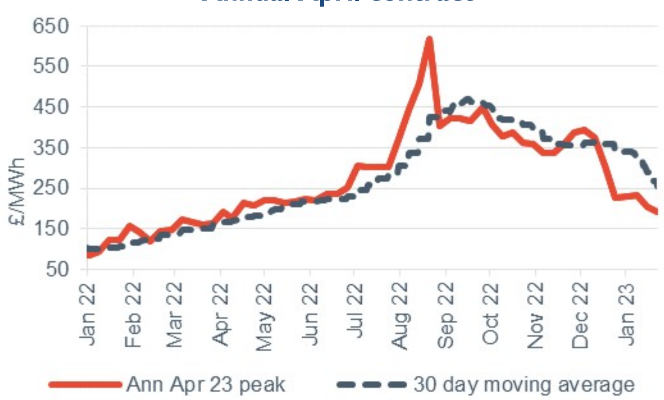



## Peak electricity

- Day-ahead peak power was down 2.3% to £147.2/MWh, following the downward movements from its baseload power counterpart.
- However, March 23 peak power gained 1.0% to £154.7/MWh, while April 23 peak power decreased 1.3% to £155.2/MWh.
- The annual April 23 peak power rose 5.1% to £175.3/MWh.
- This is 47.9% higher than the same time last year (£118.5/MWh).

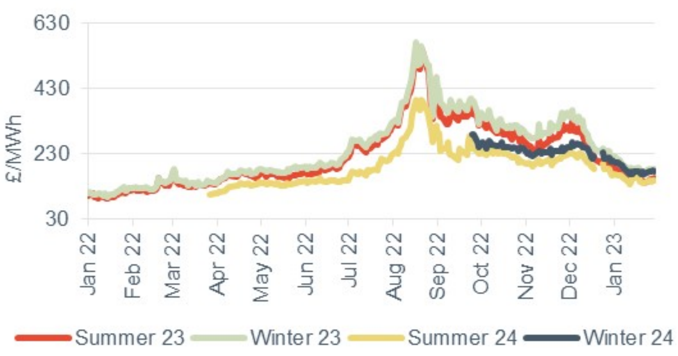
### Forward curve comparison


### Annual April contract



## Seasonal power prices

### Seasonal baseload power contracts

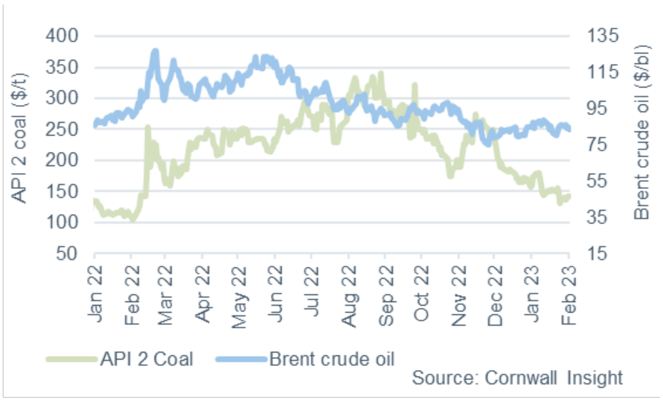



### Seasonal baseload power curve

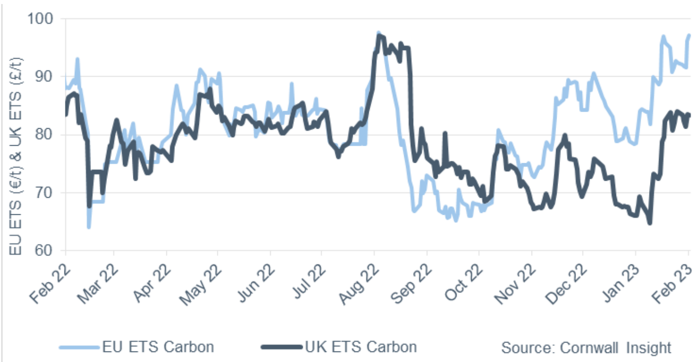

- All tracked seasonal power contracts declined this week, down on average by 4.5%.
- Summer 23 power decreased 5.5% to £137.0/MWh, while winter 23 fell 5.3% to £161.0/MWh.
- Like baseload, all seasonal peak power contracts declined this week, down 4.6% on average.
- Summer 23 and winter 23 peak power dropped 1.7% and 7.5% respectively, falling to £154.5/MWh and £196.2/MWh.

## Commodity price movements

### Oil and coal




### Carbon (UK and EU ETS)




- Brent crude oil rose 1.3% on the previous week to average $84.84/bl.
- Contrary to last week, brent crude saw bullish movements during the past seven days, with increased positive sentiment towards potential rising Chinese demand offsetting US inflation worries.
- The complete ban on Russian refined products that came into force in the EU from 5 February, and the G7 price cap, saw Russia offer a response by cutting Russian oil output by 5% to the countries adhering to the price ceiling coming into force during March, and due to decreased supply, prices will be impacted.
- Both EU and UK ETS schemes saw their average price this week raise marginally with a 1.3% increase to EU ETS carbon (€93.75/t), and UK ETS carbon seeing a 0.1% growth (£82.80/t).
- UK ETS carbon rose as a result of decreased projected wind power generation across the continent leading to increased reliance on fossil-fuelled forms of power generation to make up for the loss.
- On Friday, EU ETS prices approached €100/t, reaching €97.15/t following the EU announcement that the 2023 ETS compliance deadline will remain 30 April.

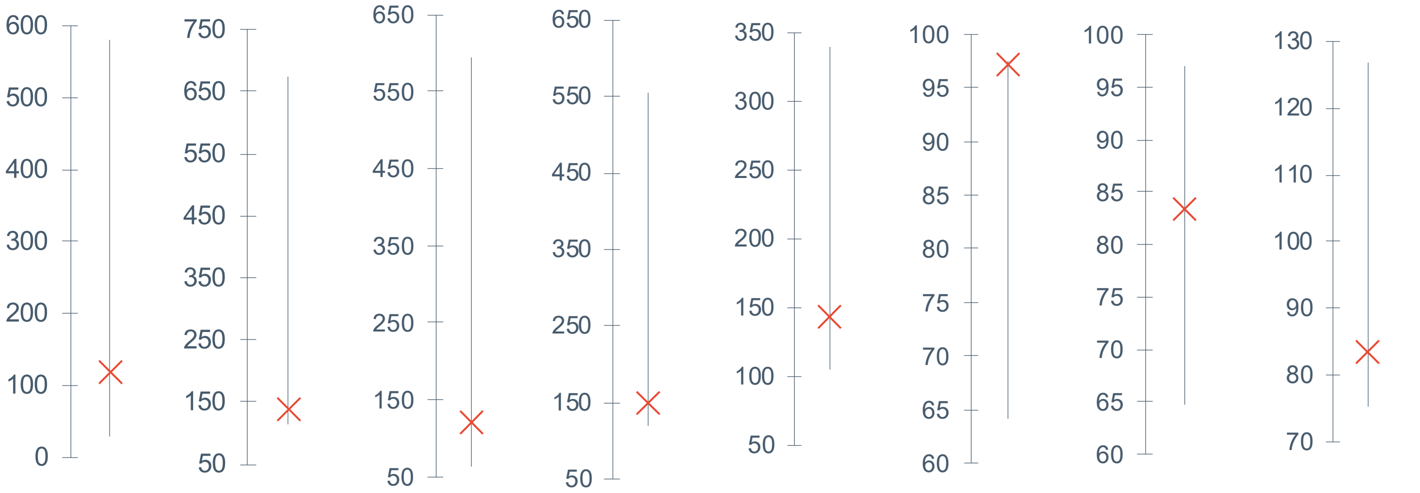
## Supplier tariff movements

Octopus Energy continued to offer the cheapest variable tariff on the market as of 11 February with its Flexible Octopus October 2022 v1 tariff, priced at £2,485/year on average, £15/year below the Energy Price Guarantee (EPG) level. Similarly, Octopus Energy also continued to offer the cheapest prepayment tariff at 11 February with its Flexible Octopus Key and Card October 2022 v1 tariff, priced at £2,544/year on average, £35/year below the prepayment EPG level

# 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 | 17 Feb 23 | 119.50 | 140.13 | 119.50 | 149.00 | 143.00 | 97.15 | 83.35 | 83.43 |
| Last week | 10 Feb 23 | 136.00 | 150.00 | 140.00 | 157.50 | 137.00 | 92.40 | 84.00 | 86.20 |
| Four weeks ago | 20 Jan 23 | 157.50 | 173.25 | 172.50 | 170.50 | 178.00 | 84.40 | 68.25 | 86.70 |
| Last year | 18 Feb 22 | 170.00 | 114.64 | 132.00 | 120.00 | 105.00 | 88.00 | 86.50 | 90.72 |
| Year-on-year % change | | -29.7% | 22.2% | -9.5% | 24.2% | 36.2% | 10.4% | -3.6% | -8.0% |
| 12-month high | | 580.00 | 674.50 | 595.00 | 555.00 | 340.00 | 97.57 | 97.00 | 126.84 |
| 12-month low | | 28.00 | 113.57 | 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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EDW House

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Knowlhill

Milton Keynes

MK5 8PJ

UK

Tel: +44 (0) 8448 802 489

Fax: +44 (0) 8448 802 487

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