



Energy Wholesale Market Review

Week Ending 24th February 2023



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Headlines 24/02/2023

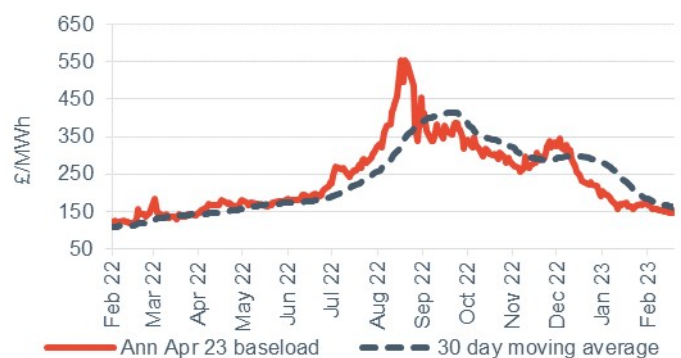
This week saw the introduction of some more bullish pricing sentiment, after what has represented a largely suppressed wholesale pricing environment in the opening two months of 2023. Elevated near-term gas contracts this week set a lot of the bullish sentiment for upward trending wholesale prices in the week, and in turn, prompted power to follow suit. Recognising these price rises, day-ahead gas rose 13.0% to 135.0p/th, amid the introduction of colder weather promoting higher heating demand, coupled with unplanned outages on Friday over the UK Continental Shelf, squeezing supply. Day-ahead power rose 22.6% to £146.5/MWh, mirroring trends shown from its equivalent gas contract. Subsequently, March 23 gas was up 7.5% at 132.0p/th, and April 23 gas increased 4.9% to 129.2p/th. Elsewhere, most seasonal gas contracts boosted this week, up by 1.0% on average, with both summer 23 and winter 23 gas increasing 3.5% and 0.8% respectively, lifting to 131.5p/th and 154.5p/th. On the contrary, most seasonal power contracts declined this week, with summer 24 and winter 24 retracting 3.6% and 1.3% respectively, falling to £132.0/MWh and £155.0/MWh.

- Baseload electricity Day-ahead power rose 22.6% to £146.5/MWh, following lowering gas prices higher and reduced baseload generation seen during the week, with a significant proportion of the GB nuclear fleet running at reduced capacity.
- March 23 power remained unchanged at £140.0/MWh whereas April 23 power increased 1.5% to £136.0/MWh.
- Q223 power moved 3.2% higher to £138.0/MWh.
- The annual April 23 contract rose 1.7% to £151.5/MWh, 6.3% higher than the same time last year (£142.5/MWh).

Forward curve comparison



Annual October contract



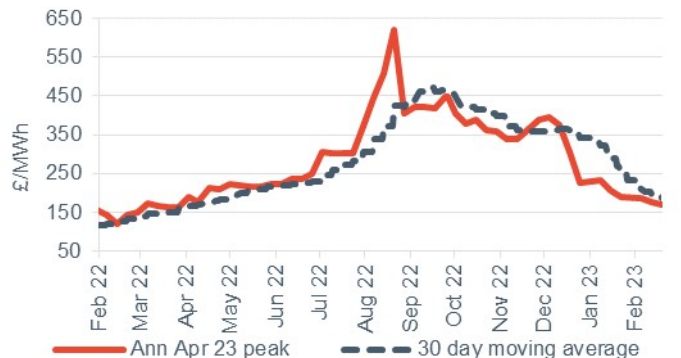
Peak electricity

- Day-ahead peak power was up 5.6% to £155.5/MWh, following its baseload counterpart higher.
- March 23 peak power declined 2.4% to £151.0/MWh, and April 23 peak power decreased 4.7% to £148.0/MWh.
- The annual April 23 peak power rose 3.1% to £170.0/MWh.
- This is 18.9% higher than the same time last year (£143.0/MWh).

Forward curve comparison



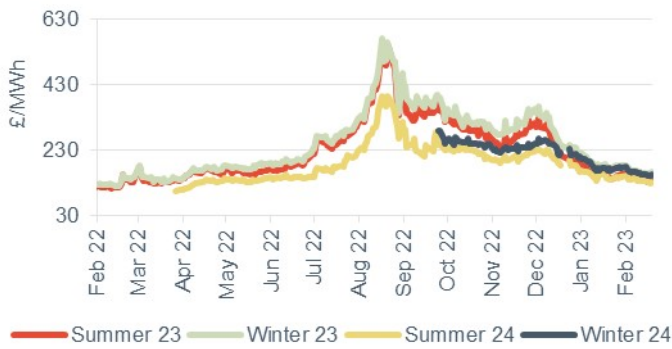
Annual April contract





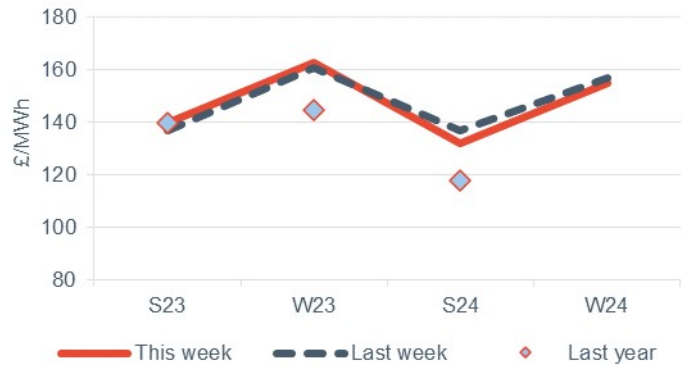
Seasonal power prices

Seasonal baseload power contracts



- Most tracked seasonal power contracts declined this week, down on average by 0.4%.
- Summer 24 and winter 24 power retracted 3.6% and 1.3% respectively, falling to £132.0/MWh and £155.0/MWh.

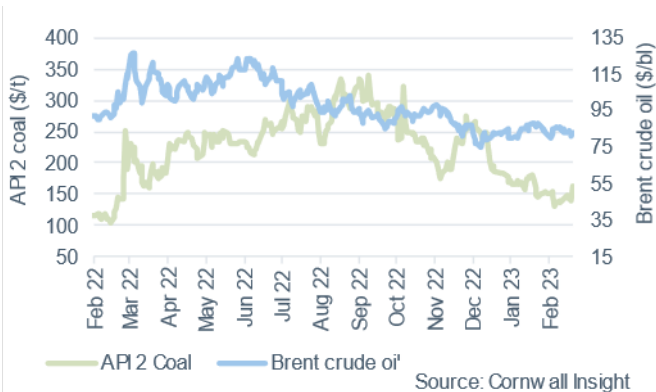
Seasonal baseload power curve



- All seasonal peak power contracts declined this week, down 3.0% on average.
- Summer 23 and winter 23 peak power dropped 2.9% and 3.2% respectively, falling to £150.0/MWh and £190.0/MWh.

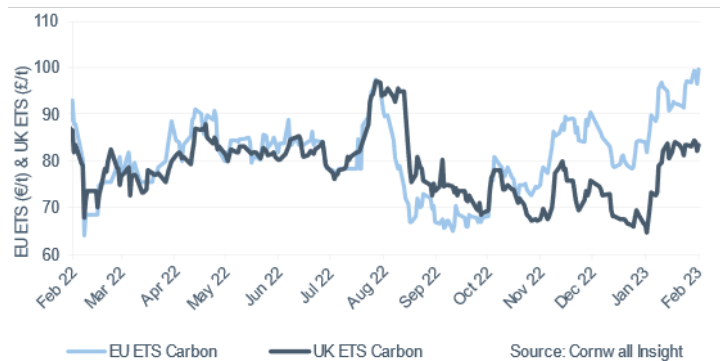
Commodity price movements

Oil and coal



- Brent crude oil fell 2.6% on the previous week to average \$82.63/bbl.
- We continue to observe periods of volatility for Brent crude prices.
- Prices throughout much of the start of 2023 have been suppressed as Chinese demand remains low, noting China are one of the largest crude consumers globally.
- However, any significant losses this week were held back by decreasing Russian export volumes – a response to western imposed price caps.

Carbon (UK and EU ETS)



- Both EU and UK ETS schemes saw their average price this week rise, with a 4.7% increase to EU ETS carbon (€98.18/t), and UK ETS carbon seeing a 0.8% growth (£83.43/t).
- Additionally, on 21 February EU ETS prices tipped over €100.0/t, to €101.0/t for the first time, in what marked a landmark event for the scheme. It is thought that the current system in Europe now makes it more onerous for polluters and that higher carbon prices are increasingly pushing generators towards other emergent technologies like carbon capture and storage.
- Elsewhere, UK ETS prices for much of February to date have been relatively consistent.

Supplier tariff movements

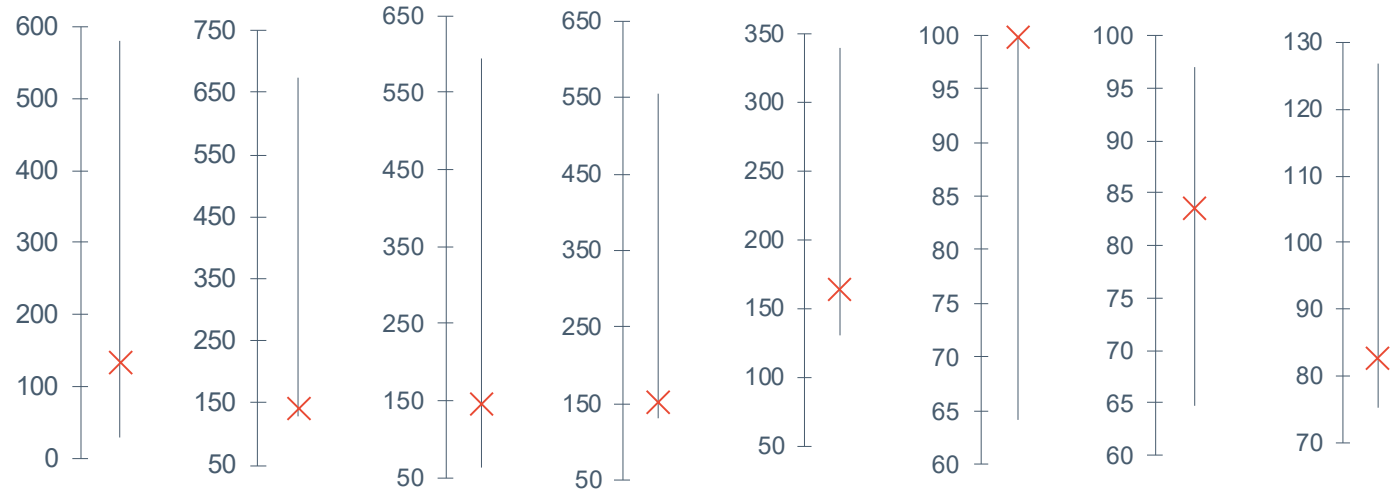
On 14 February, Good Energy launched a new smart export product for its Feed-in-Tariff (FiT) customers, which will see users receive payment for the actual amount of electricity they export, rather than 50% of what they generate, which is the FiT scheme's standard estimate of the proportion of power that customers export. Elsewhere, Octopus Energy continued to offer the cheapest variable tariff on the market at 18 February with its Flexible Octopus October 2022 v1 tariff, priced at £2,485/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)
This week	24 Feb 23	135.00	143.00	146.50	151.50	164.00	99.78	83.48	82.75
Last week	17 Feb 23	119.50	140.13	119.50	149.00	143.00	97.15	83.35	83.43
Four weeks ago	27 Jan 23	138.00	155.50	115.00	157.13	145.00	89.90	73.28	88.56
Last year	25 Feb 22	255.00	149.13	227.00	142.50	142.00	87.92	83.50	99.25
Year-on-year % change		-47.1%	-4.1%	-35.5%	6.3%	15.5%	13.5%	0.0%	-16.6%
12-month high		580.00	674.50	595.00	555.00	340.00	99.78	97.00	126.84
12-month low		28.00	128.58	63.00	130.25	131.00	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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