Energy Wholesale Market Review

Week Ending 31st March 2023

EDW House, Radian Court, Knowlhill, Milton Keynes, MK5 8PJ.

Phone: +44 (0)8448 802 489
Email: info@edwtech.com
Website: edwtech.com

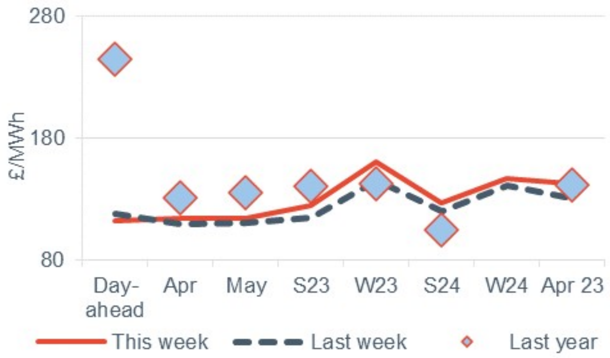
Contents

Headlines 31/03/2023

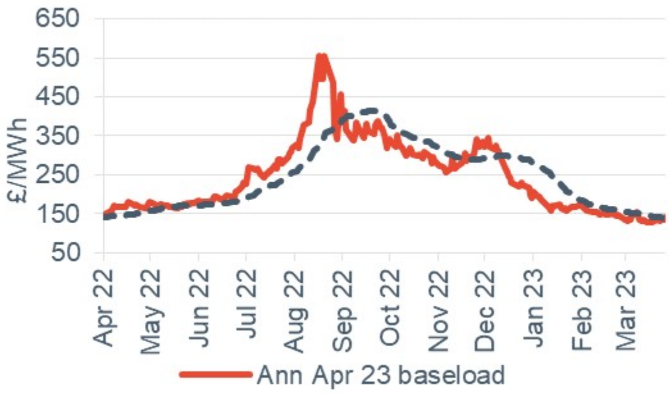
It was a collectively bullish week across most tracked gas and power contracts this week. In support of this, day-ahead gas rose 10.3% to 112.50p/th, following higher gas demand ahead of expected colder temperatures and lower wind output at the beginning of next week. Day-ahead power, however, fell 5.3% to £111.75/MWh, despite the anticipated decrease to wind outturn early next week. April 23 gas was up 8.7% at 112.00p/th, and May 23 gas increased 8.8% to 114.00p/th. All seasonal gas contracts boosted this week, up by 9.1% on average, while both summer 23 and winter 23 gas increased 9.7% and 14.2% respectively, lifting to 117.00p/th and 151.00p/th. Similarly, all seasonal power contracts saw gains this week, up on average by 7.3%, as summer 23 and winter 23 expanded 8.3% and 10.7% respectively, rising to £124.50/MWh and £161.00/MWh. Brent crude experienced a bullish week following a decline in US crude inventory levels and an emerging export halt from the Kurdistan region.

- Baseload electricityDay-ahead power fell 5.3% to £111.75/MWh, despite forecasts showing lower temperatures and a drop in wind power generation next week.
- Conversely, April 23 power rose 5.0% to £114.50/MWh and May 23 power grew 3.2% to £114.50/MWh.
- Q223 power moved 4.0% higher to £116.50/MWh
- The annual April 23 contract rose 9.6% to £142.75/MWh, 0.9% higher than the same time last year (£141.50/MWh).

Forward curve comparison



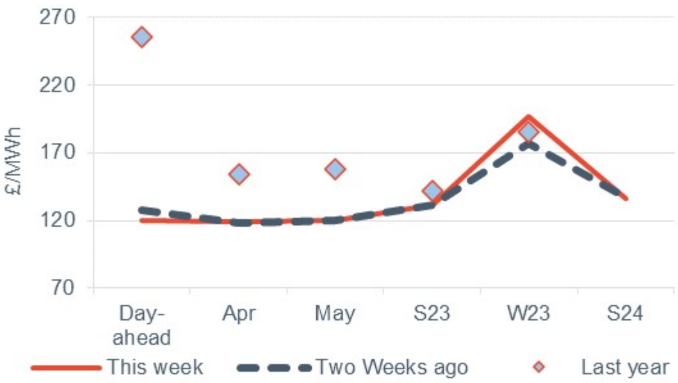
Annual April contract



Peak electricity

- Day-ahead peak power was down 6.1% to £120.25/MWh, opposing the baseload power increase
- April 23 peak power grew 1.3% at £119.50/MWh, and May 23 peak power remained stable at £120.00/MWh.
- The annual April 23 peak power rose 6.7% to £164.25/MWh.
- This is 0.5% higher than the same time last year (163.50/MWh).

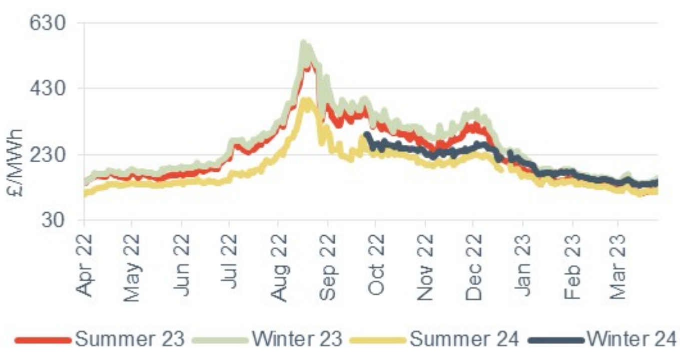
Forward curve comparison



Annual April contract

Seasonal power prices

Seasonal baseload power contracts



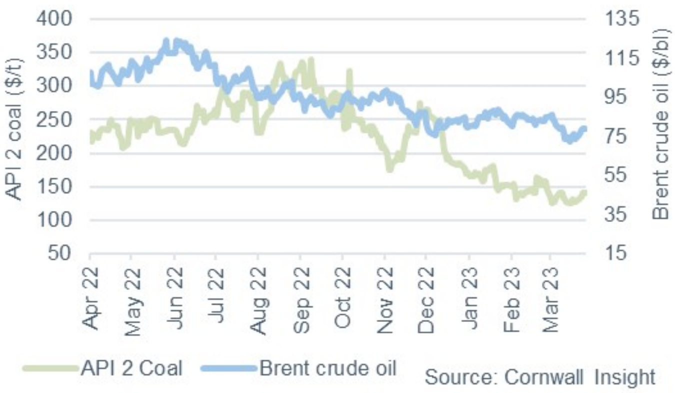
Seasonal baseload power curve

- All seasonal power contracts boosted this week, up on average by 7.3%
- Summer 23 and winter 23 expanded 8.3% and 10.7% respectively, rising to £124.50/MWh and £161.00/MWh

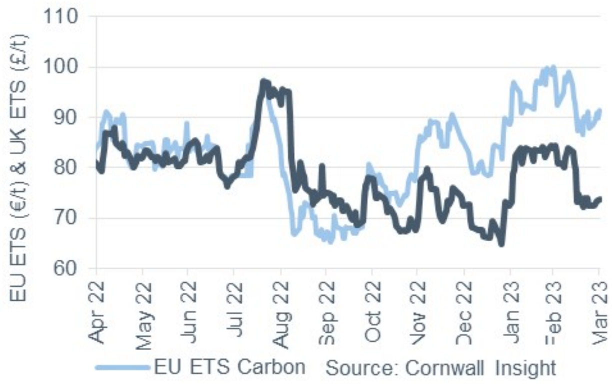
- Most seasonal peak power contracts rose this week, up 5.9% on average
- Summer 23 gas increased 0.4% to £131.50/MWh, and similarly winter 23 peak power grew 11..4% to £197.00/MWh

Commodity price movements

Oil and coal



Carbon (UK and EU ETS)



- Brent crude experienced a bullish week, seeing an increase of 5.3% after the previous bearish trend seen following the termination of pipeline flows from Kurdistan to Turkey, with Iraqi consent needed for flows to resume. This, coupled with an optimistic view on increased Chinese demand, has acted to push this bullish sentiment
- This upwards price trend was further supported by easing fears over the potential economic impact following the breakdown of Silicon Valley Bank, coupled with a sudden drop to US crude oil stockpile levels

- Breaking away from last week's bearish trend seen across EU ETS prices, the scheme saw a 1.2% increase – rising to €90.08/t. However, UK ETS prices continued their downward price trend with a marginal 0.2% drop to £73.14/t
- The government published a consultation on Thursday 30 March seeking views on a range of potential policy measures to mitigate future carbon leakage risk. This includes a carbon border adjustment mechanism, mandatory product standards, and other policy measures to help grow the market for low carbon products.

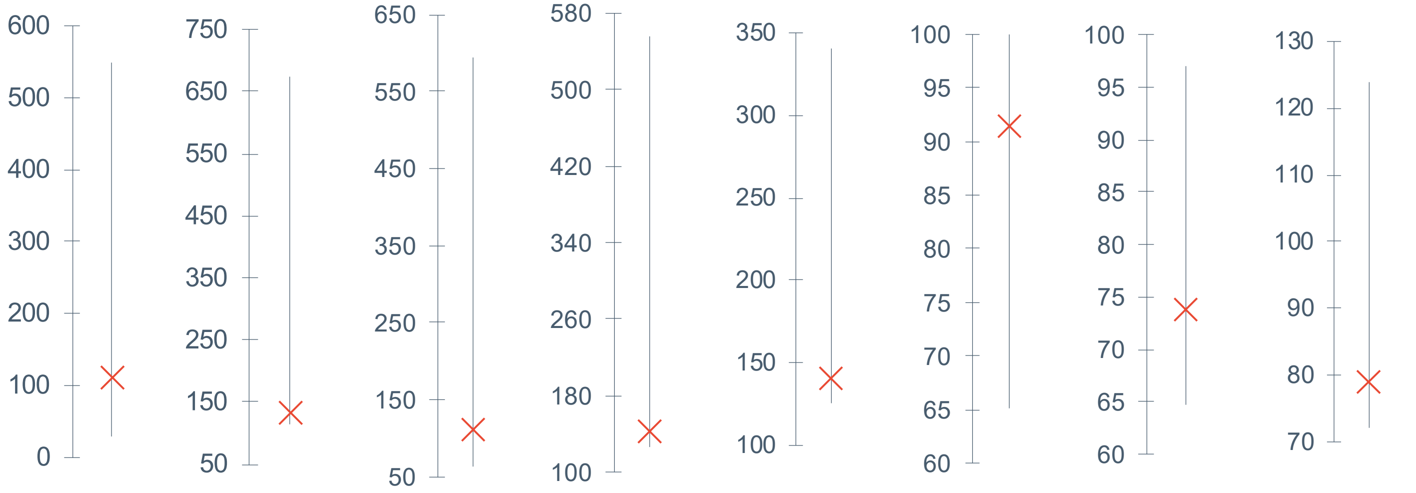
Supplier tariff movements

Octopus Energy continued to offer the cheapest variable tariff on the market at 25 March 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 continued to offer the cheapest prepayment tariff at 25 March 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	31 Mar 23	112.50	134.00	111.75	142.75	141.00	91.40	73.80	79.00
Last week	24 Mar 23	102.00	119.45	118.00	130.25	127.00	87.70	72.50	73.40
Four weeks ago	3 Mar 23	122.00	129.00	136.00	139.88	146.00	92.45	80.75	84.55
Last year	1 Apr 22	298.00	149.18	245.00	141.50	192.00	78.30	76.75	105.53
Year-on-year % change		-62.2%	-10.2%	-54.4%	0.9%	-26.6%	16.7%	-3.8%	-25.1%
12-month high		548.00	674.50	595.00	555.00	340.00	100.00	97.00	123.80
12-month low		28.00	114.00	63.00	127.00	126.00	65.09	64.75	72.05

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