Energy Wholesale Market Review

Week Ending 5th May 2023

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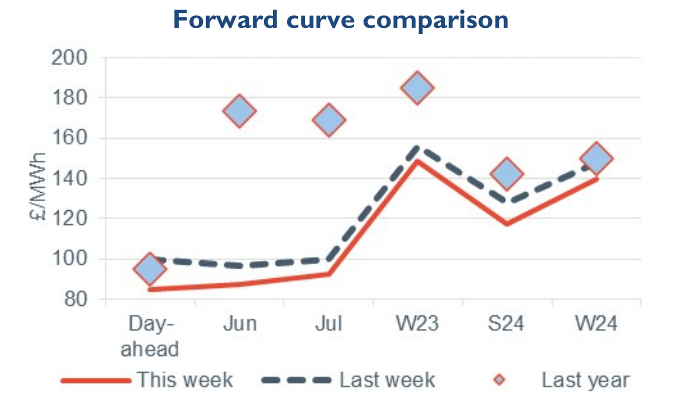
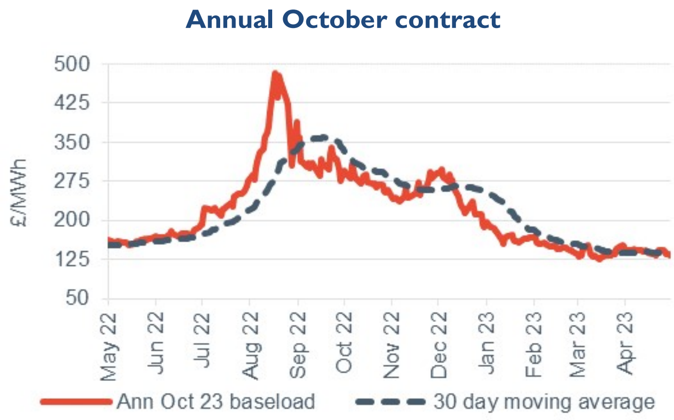
Headlines 05/05/2023

This week, all tracked wholesale gas and power prices saw losses. Day-ahead gas fell 12.0% to 81.00p/th, as above seasonal-average temperatures led to decreased LDZ demand, with higher renewables output also seeing decreased gas-for-power demand. Similarly, day-ahead power fell 15.0% to £85.00/MWh, following the bearish price movements of its equivalent gas contract, a result of increased wind output levels. June 23 gas was down 14.1% at 81.00p/th, and July 23 gas decreased 8.7% to 81.00p/th. Further out on the curve, long-term contracts also recorded losses, with all seasonal gas contracts lowering this week, down on average by 7.9%. Winter 23 and summer 24 gas fell 7.9% and 8.3% respectively, dropping to 140.00p/th and 132.00p/th. Seasonal power contracts also reported losses this week, dropping by 5.7% on average. Winter 23 and summer 24 slipped 4.8% and 7.8% respectively, to £148.50/MWh and £117.50/MWh.

Baseload electricity

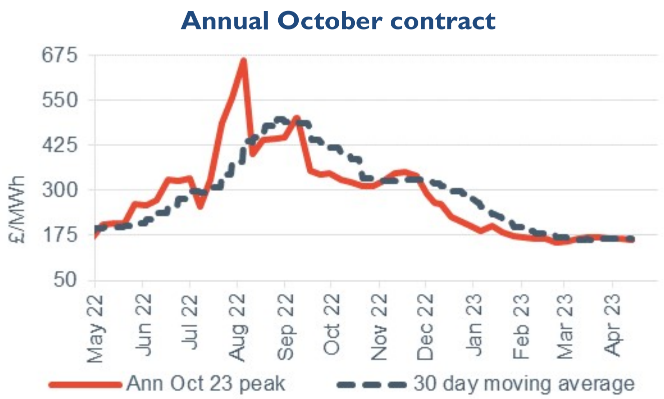
- Day-ahead power fell 15.0% to £85.00/MWh, following increased wind output.
- June 23 power slipped 9.6% to £87.50/MWh and July 23 power decreased 7.4% to £92.50/MWh.
- Q323 power moved 9.1% lower to £97.25/MWh.
- The annual October 23 contract lost 6.2% to £133.0/MWh, 18.7% lower than the same time last year (£163.5/MWh).





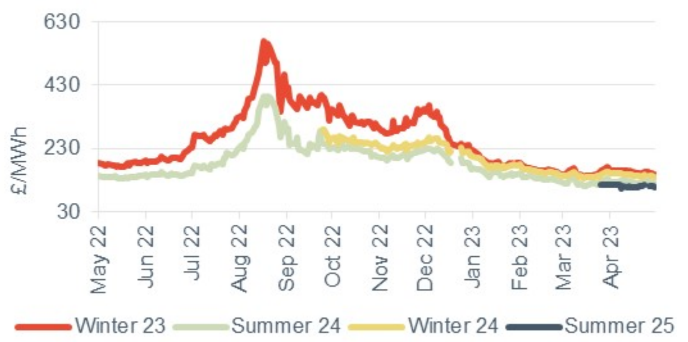
Peak electricity

- Day-ahead peak power was down 3.7% to £91.45/MWh, following its baseload counterpart.
- June 23 peak power declined 3.5% to £101.30/MWh, and July 23 peak power lost 12.5% to £97.70/MWh.
- The annual October 23 peak power lost 2.3% to £161.30/MWh
- This is 21.9% lower than the same time last year (£206.4/MWh).



Seasonal power prices

Seasonal baseload power contracts



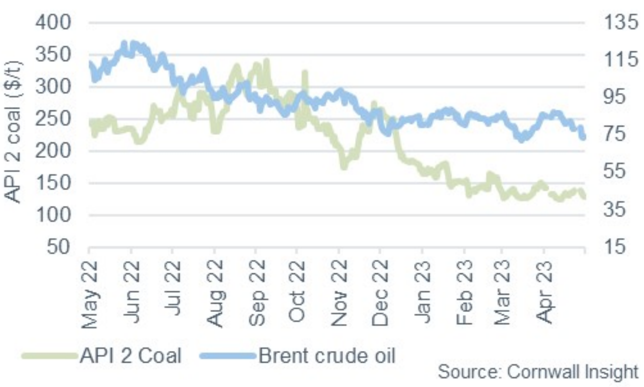
Seasonal baseload power curve

- All seasonal power contracts declined this week, down on average by 5.7%.
- Winter 23 and summer 24 dropped 4.8% and 7.8% respectively, lowering to £148.50/MWh and £117.50/MWh.

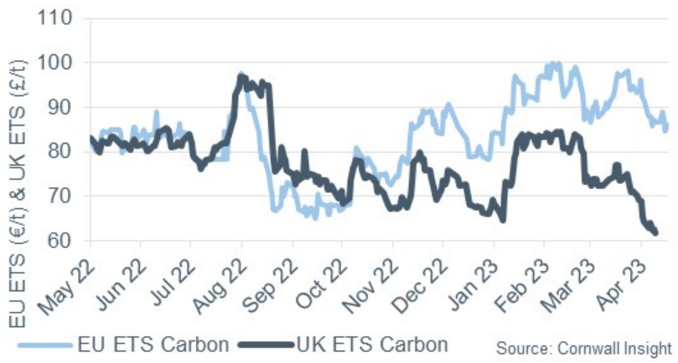
- All Seasonal peak power contracts declined this week, down 2.2% on average.
- Winter 23 and summer 24 peak power dropped 2.5% and 2.0% respectively, falling to £188.25/MWh and £134.30/MWh.

Commodity price movements

Oil and coal



Carbon (UK and EU ETS)



- Brent crude oil fell 6.2% week-on-week to average $74.89/bl, after the U.S Federal Reverse announced a further interest rate hike of 0.25% earlier this week, compounded further by a weakening US economy and slowing Chinese demand
- However, expectations of potential supply cuts in the next OPEC+ meeting in June have provided some support to prices

- Both ETS schemes posted losses this week, being weighed on by reduced activity over May Bank Holidays. UK ETS prices continued their bearish trend and saw a 3.7% loss to average £60.22/t, curtailing to a low of £58.75/t on 4 May – the lowest since November 2021. EU ETS saw a marginal drop of 0.1% to average €86.80/t
- The European Commission plans to sell 16.5m EU ETS allowances, that were to be auctioned from 2027-2030, from July instead. Additionally, sales of EUAs for RePowerEU will not begin until 2024

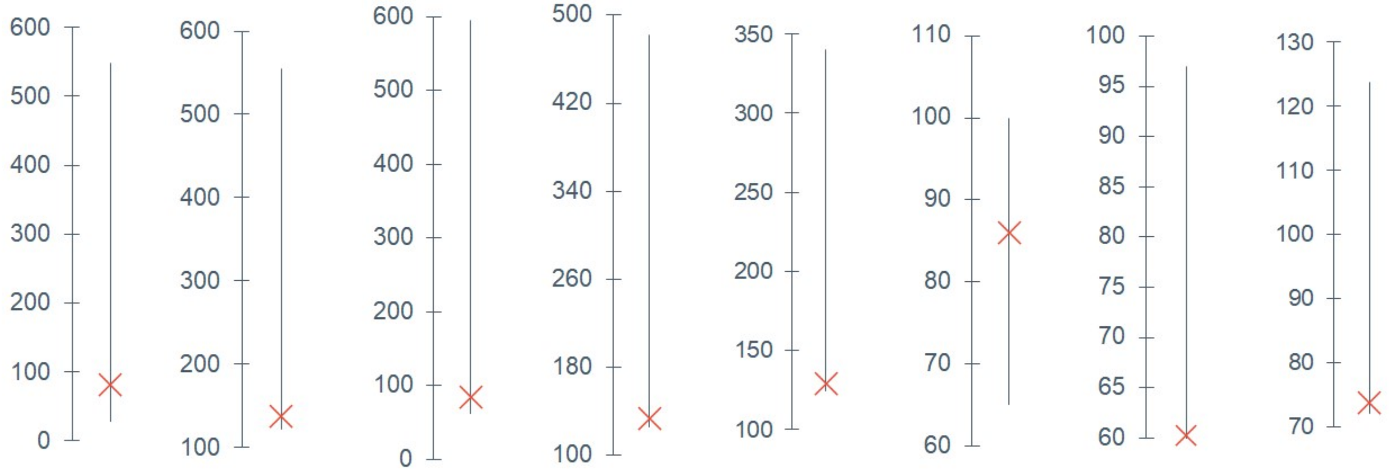
Supplier tariff movements

OVO Energy continued to offer the cheapest fixed tariff at 29 April with its exclusive one year fixed tariff, 1 Year Fixed 23 March 2023, priced at £2,269/year on average with dual fuel exit fees of £150. Octopus Energy continued to offer the cheapest variable tariff at 29 April with its Flexible Octopus November 2022 v1 tariff, priced at £2,488/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	5 May 23	81.00	136.00	85.00	133.00	129.00	86.00	60.20	73.75
Last week	28 Apr 23	92.00	148.00	100.00	141.75	138.00	86.80	61.85	78.35
Four weeks ago	7 Apr 23	104.00	140.63	101.00	142.00	143.00	97.00	73.50	84.75
Last year	5 May 22	106.00	173.78	141.50	163.50	249.00	89.16	83.75	110.34
Year-on-year % change		-23.6%	-21.7%	-39.9%	-18.7%	-48.2%	-3.5%	-28.1%	-33.2%
12-month high		548.00	554.50	595.00	482.50	340.00	100.00	97.00	123.80
12-month low		28.00	122.00	63.00	125.75	124.00	65.09	58.75	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.

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