



Energy Wholesale Market Review

Week Ending 12th May 2023



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Contents

Baseload electricity.....	3
Peak electricity.....	3
Seasonal power prices.....	4
Commodity price movements	4
Supplier tariff movements	4
Wholesale price snapshot	5
About EDW Technology Limited	6



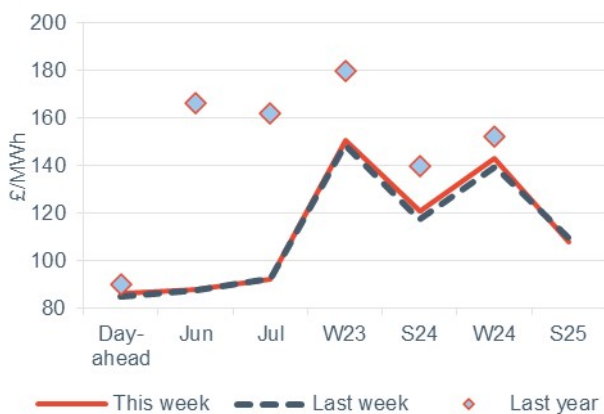
Headlines 12/05/2023

This week represented a mixed picture for wholesale gas and power contracts, especially when acknowledging the difference between shorter and longer termed contracts. On shorter-dated contracts, a mostly bearish sentiment was observed – whereas prices further out on the forward curve recorded gains, a potential response to fears surrounding future LNG supply as China returns to pre-COVID growth trajectories suggest some market commentators. Day-ahead gas fell 3.1% to 78.50p/th following strong supply levels. Conversely, day-ahead power registered gains week-on-week - rising 1.2% to £86.00/MWh, as periods of low wind generation acted to tighten system margins. June 23 gas fell 2.2% to 79.20p/th, and July 23 gas dropped 2.5% to 79.00p/th. Most seasonal gas contracts, winter 23 being the exception, registered gains – seeing a 1.4% increase overall. Similarly, all seasonal baseload power contracts, excluding S25, rose week-on-week seeing a growth level of 1.5% overall.

Baseload electricity

- Day-ahead power rose 1.2% to £86.00/MWh, following decreased wind generation.
- June 23 power climbed 0.8% to £88.00/MWh and July 23 power decreased 0.5% to £92.00/MWh.
- Q323 power moved 0.8% lower to £96.50/MWh.
- The annual October 23 contract rose 2.1% to £135.75/MWh, 15.2% lower than the same time last year (£160/MWh).

Forward curve comparison



Annual October contract



Peak electricity

- Day-ahead peak power was down 0.2% to £91.25/MWh, following its baseload counterpart.
- June 23 peak power declined 7.5% to £93.75/MWh, whereas July 23 peak power rose 3.1% to £100.75/MWh.
- The annual October 23 peak power rose 3.2% to £166.38/MWh
- This is 18.7% lower than the same time last year (£204.68/MWh).

Forward curve comparison

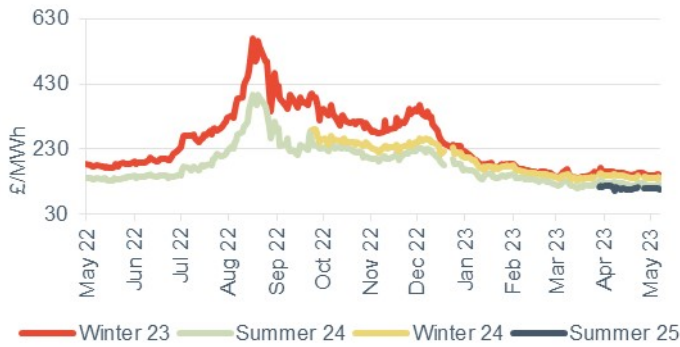


Annual October contract



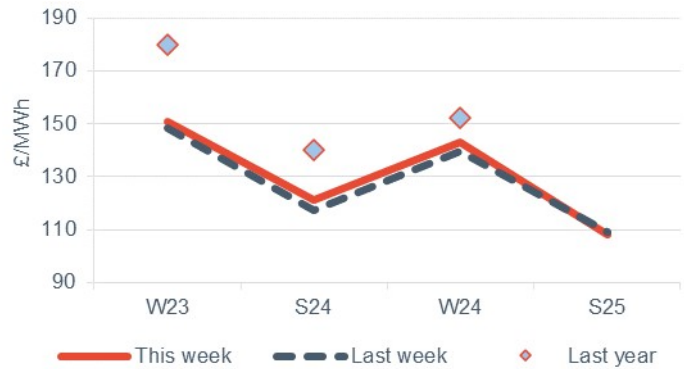
Seasonal power prices

Seasonal baseload power contracts



- Most seasonal power contracts boosted this week, up on average by 1.5%.
- Winter 23 and summer 24 expanded 1.3% and 3.0% respectively, rising to £150.50/MWh and £121.00/MWh.

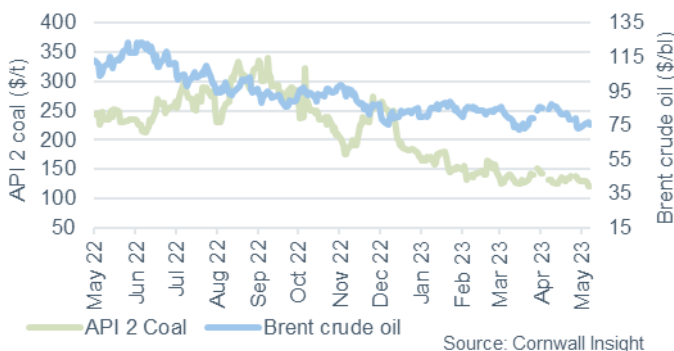
Seasonal baseload power curve



- All Seasonal peak power contracts rose this week, up 3.0% on average.
- Winter 23 and summer 24 peak power increased 3.9% and 2.2% respectively, rising to £195.50/MWh and £137.25/MWh.

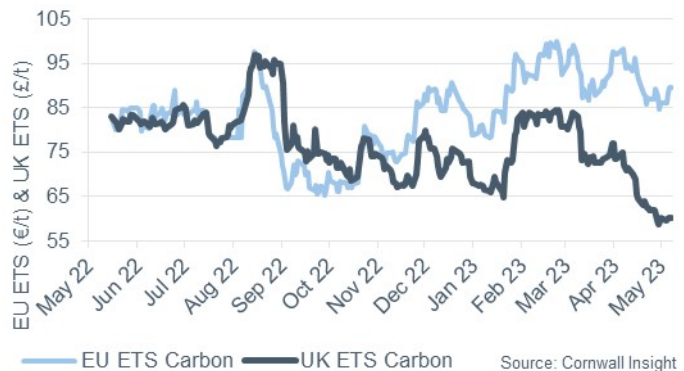
Commodity price movements

Oil and coal



- Brent crude oil saw a marginal price gain of 0.2% despite persistent recession fears, coupled with a rise in US oil inventories. Lower crude imports further compound fears surrounding global oil demand. The potential bullish price impact could be a result of increased Chinese demand as travel rates pick up.
- Fears surrounding a US recession have increased as discussions over the US government raising the debt ceiling spurs worries that the banking sector may be in crisis.
- Speculation about OPEC+ potentially announcing further output cuts as prices continue to be weighed upon remain, as wider market supply outpaces demand.

Carbon (UK and EU ETS)



- Across the ETS schemes this week, UK ETS carbon saw a marginal drop of 0.8% to average £60.06. The UK ETS remained valued below the EU counterpart following policy uncertainty, and wider supply and demand fundamentals. However, the EU ETS scheme saw a gain of 1.5% to average €88.30, following decreased temperatures, and a drop in wind generation across North-west Europe.
- Prices may find support from decreased temperatures leading to increased gas-for-power demand.
- On 15 May, the European Commission will publish the total number of allowances in circulation on the EU carbon market in 2022 – which determines the functioning of the Market Stability Reserve of the scheme.

Supplier tariff movements

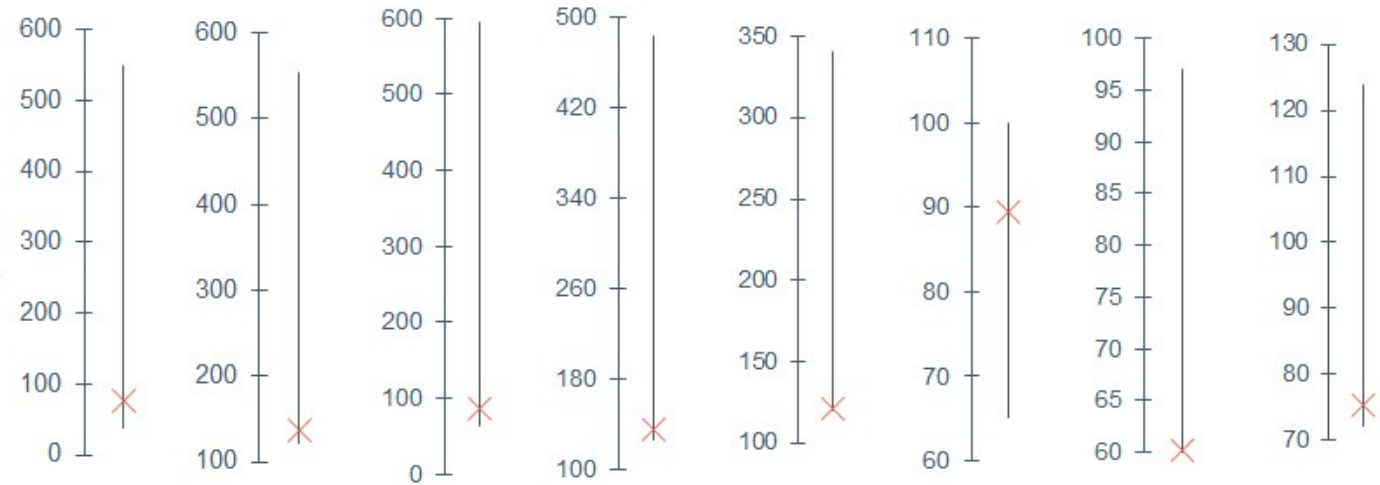
OVO Energy continued to offer the cheapest fixed tariff at 6 May with its exclusive one year fixed tariff, 1 Year Fixed 23 March 2023, priced at £2,269/year on average with dual fuel exit fees of £150. Octopus Energy continued to offer the cheapest variable tariff at 6 May with its Flexible Octopus November 2022 v1 tariff, priced at £2,488/year on average.



Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal (\$/t)	EUA carbon (€/t)	UKA carbon (£/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead				
This week	12 May 23	78.50	136.75	86.00	135.75	121.00	89.40	60.20	75.20
Last week	5 May 23	81.00	136.00	85.00	133.00	129.00	86.00	60.20	73.75
Four weeks ago	14 Apr 23	100.00	142.63	107.00	142.00	126.10	94.85	71.35	86.40
Last year	12 May 22	71.00	166.75	82.50	159.50	247.00	88.50	88.00	105.85
Year-on-year % change		10.6%	-18.0%	4.2%	-14.9%	-51.0%	1.0%	-31.6%	-29.0%
12-month high		548.00	554.50	595.00	482.50	340.00	100.00	97.00	123.80
12-month low		38.75	122.00	64.00	125.75	120.00	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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