



# Energy Wholesale Market Review

Week Ending 19<sup>th</sup> May 2023



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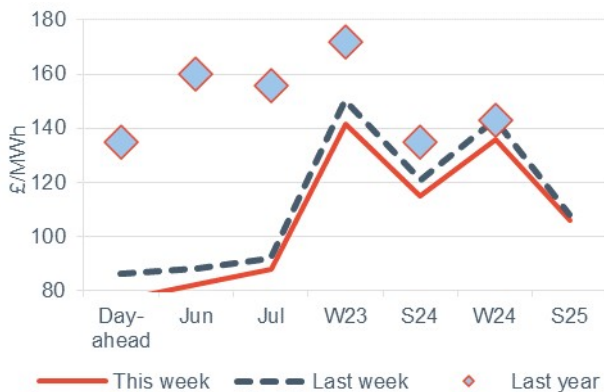
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## Headlines 19/05/2023

This week saw the continuation of lowering gas and power prices, extending upon bearish price movements observed in the previous week, including longer term contracts. We observed above average temperatures for large periods across the reporting window – acting to suppress gas and power demand. As a result, day-ahead gas fell 14.6% to 67.50p/th following strong gas storage levels, lower demand, and a steady supply of LNG continuing to reach UK ports. Day-ahead power declined 11.0% to £76.50/t, following the bearish movements of its equivalent gas contract, coupled with periods of high renewable output. June 23 gas was down 14.1% at 68.00p/th, and July 23 gas decreased 14.6% to 67.50p/th. All seasonal gas contracts declined last week, down by 9.2% on average, while both winter 23 and summer 24 gas dropped 10.8% and 9.0% respectively, subsiding to 124.50p/th and 122.00p/th. Similar to gas, all seasonal power contracts saw losses this week, down on average by 4.4%, as winter 23 power decreased 6.0% to £141.50/MWh, while summer 24 fell 5.0% to £115.00/MWh.

- Day-ahead power lowered 11.0% to £76.50/MWh, following a rise in wind generation levels, along with easing demand levels and continued downturn in gas prices.
- June 23 power slipped 6.8% to £82.00/MWh and July 23 power decreased 4.3% to £88.00/MWh.
- Q323 power moved 5.4% lower to £91.25/MWh.
- The annual October 23 contract lost 5.5% to £128.25/MWh, 16.4% lower than the same time last year (£153.5/MWh).

Forward curve comparison



Annual October contract



## Peak electricity

- Day-ahead peak power fell 9.6% to £82.50/MWh, following its baseload counterpart.
- June 23 peak power declined 6.9% at £87.25/MWh, and July 23 peak power decreased 9.2% to £91.5/MWh.
- The annual October 23 peak power rose 5.1% to £157.88/MWh.
- Despite these gains, the price point remains 7.4% lower than the same time last year (£170.5/MWh).

Forward curve comparison



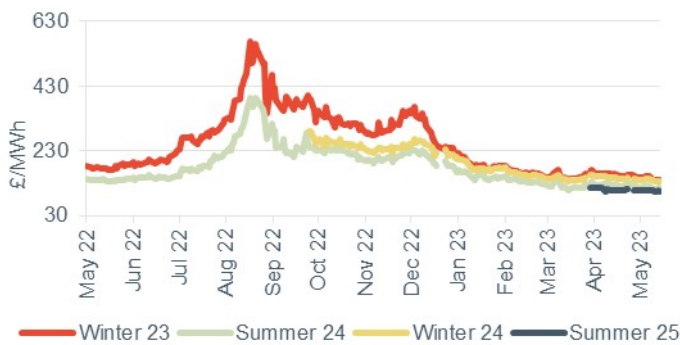
Annual October contract





## Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts sank this week, down on average by 4.4%.
- winter 23 power decreased 6.0% to £141.50/MWh, while summer 24 fell 5.0% to £115.00/MWh.

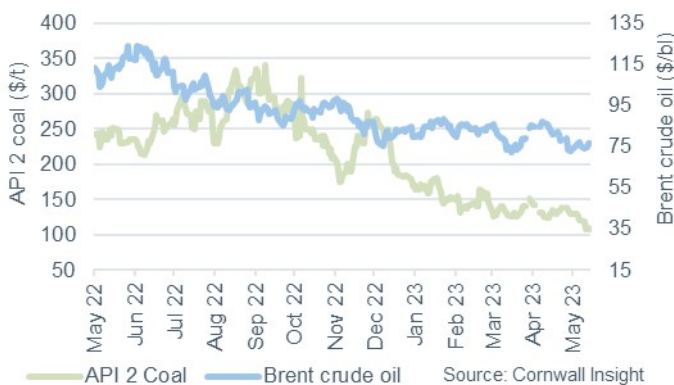
Seasonal baseload power curve



- All Seasonal peak power contracts also saw losses this week, easing 5.3% on average.
- Winter 23 and summer 24 peak power shrank 4.1% and 6.6% respectively, falling to £187.50/MWh and £128.25/MWh.

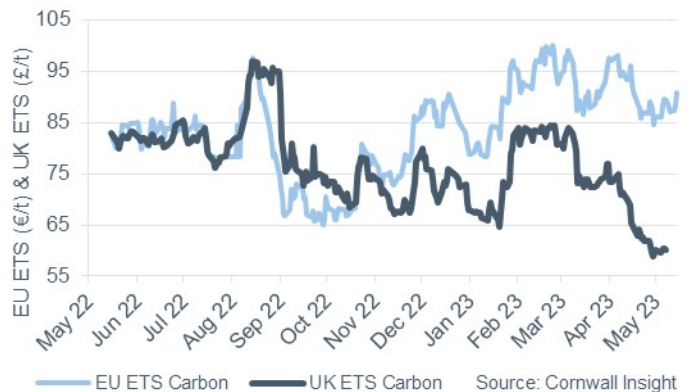
## Commodity price movements

Oil and coal



- Brent crude oil registered a marginal drop of 0.9% following anticipation of an increase in the US debt ceiling. An unexpected rise in US crude inventories countered a tighter supply outlook for later in the year.
- A tighter market is expected into the future as China's demand for oil grows at a faster-than-expected pace – impacting global supply levels
- However, this is somewhat offset by mild demand across Europe and North America as the latter struggles with financial situations – such as the rising debt ceiling.

Carbon (UK and EU ETS)



- Both ETS schemes registered drops this week, as the EU ETS saw a minor reduction of 0.2% to average €88.13/t and the UK ETS saw prices drop 1.7% to average £59.02/t following increased wind generation levels leading to a relaxing of system margins. Prices may be weighed upon by increasing temperature forecasts, leading to lower gas-for-power demand.
- On 15 May, the European Commission published the total number of allowances in circulation on the EU carbon market in 2022 – which determines the functioning of the Market Stability Reserve (MSR) of the scheme.
- From 1 September 2023 to 31 August 2024 a total of 272,350,737 allowances will be placed in the MSR – acting to reduce supply

## Supplier tariff movements

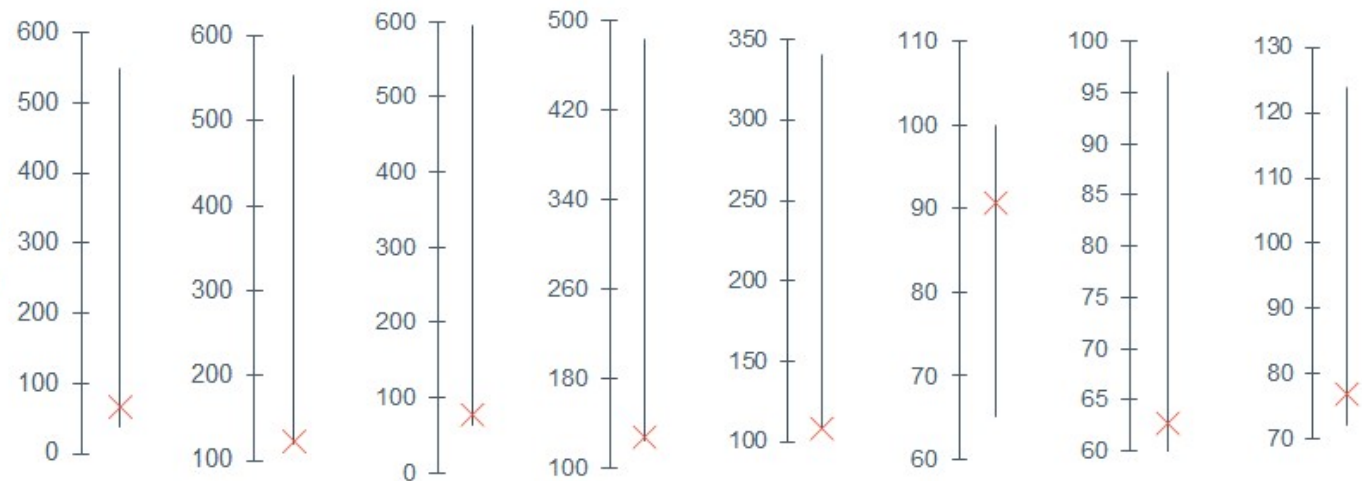
OVO Energy continued to offer the cheapest fixed tariff as of 13 May, with its exclusive one year fixed tariff, 1 Year Fixed 23 March 2023, priced at £2,269/year on average with dual fuel exit fees of £150. Octopus Energy continued to offer the cheapest variable tariff on 13 May with its Flexible Octopus November 2022 v1 tariff, priced at £2,488/year on average.



## Wholesale price snapshot

		Gas (p/th)		Electricity (£/MWh)		Coal	EUA carbon	UKA carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(£/t)	(\$/bl)
This week	19 May 23	66.50	123.25	76.50	128.25	108.00	90.70	62.65	76.80
Last week	12 May 23	78.50	136.75	86.00	135.75	121.00	89.40	60.20	75.20
Four weeks ago	21 Apr 23	99.50	140.75	104.50	138.50	135.00	91.15	64.40	81.10
Last year	19 May 22	108.00	152.93	117.00	156.00	240.00	83.17	82.40	108.37
Year-on-year % change		-38.4%	-19.4%	-34.6%	-17.8%	-55.0%	9.1%	-24.0%	-29.1%
12-month high		548.00	554.50	595.00	482.50	340.00	100.00	97.00	123.80
12-month low		38.75	120.25	64.00	124.38	108.00	65.09	56.30	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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