Energy Wholesale Market Review

Week Ending 19th May 2023

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

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

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Headlines 26/05/2023

This week power and gas contracts continued to follow the bearish trend seen across much of 2023 to date, inclusive of longer-term contracts. We observed above average temperatures for large periods across the reporting window – acting to supress gas and power demand. Subsequently, day-ahead gas fell 13.4% to 57.60p/th, following milder weather and reduced demand mitigating the impact of interrupted Norwegian flows due to maintenance. Day-ahead power fell 15.0% to £65.00/MWh, following its gas counterpart lower paired with easing demand throughout the week. June 23 gas was down 14.4% at 58.20p/th, and July 23 gas decreased 15.4% to 57.10p/th. All seasonal gas contracts declined last week, down by 7.1% on average, while both winter 23 and summer 24 gas dropped 9.2% and 9.0% respectively, subsiding to 113.00p/th and 111.00p/th. All seasonal power contracts declined this week, down on average by 9.4%, as winter 23 power decreased 12.7% to £123.50/MWh, while summer 24 fell 11.3% to £102.00/MWh.

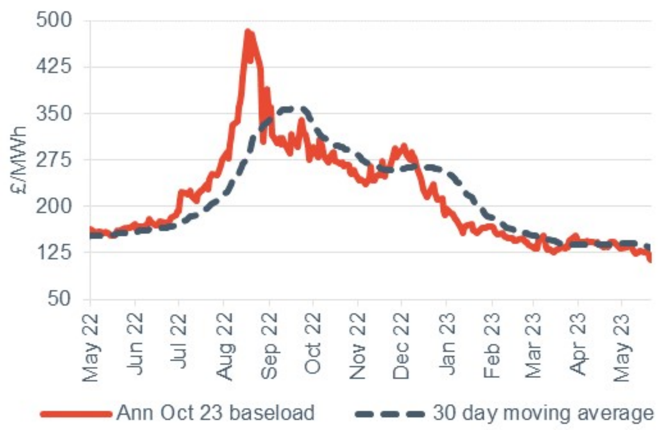
Baseload electricity

- Day-ahead power fell 15.0% to £65/MWh, following a drop in demand levels and falling gas prices.
- June 23 power slipped 12.5% at £71.75/MWh and July 23 power decreased 15.9% to £74/MWh.

- Q323 power moved 12.9% lower to £79.5/MWh.
- The annual October 23 contract lost 12.1% to £112.75/MWh, 30.3% lower than the same time last year (£161.75/MWh).

Forward curve comparison

Annual October contract



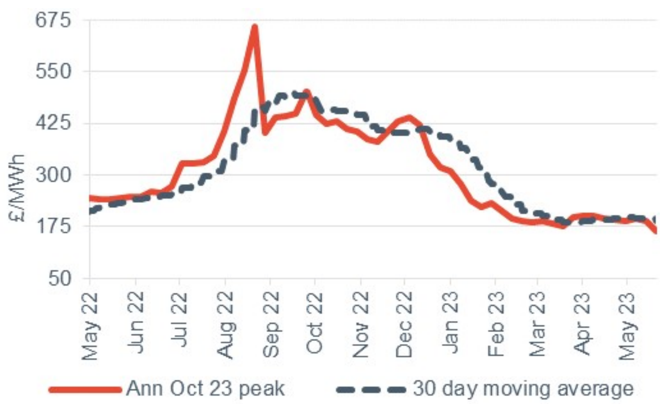
Peak electricity

- Day-ahead peak power was down 16.2% to £69.13/MWh, following its baseload counterpart lower.
- June 23 peak power declined 15.4% at £73.8/MWh, and July 23 peak power decreased 11.7% to £80.75/MWh.

- The annual October 23 peak power fell 11.2% to £140.25/MWh.
- This is 31.0% lower than the same time last year (203.35/MWh).

Forward curve comparison

Annual October contract



Seasonal power prices

Seasonal baseload power contracts

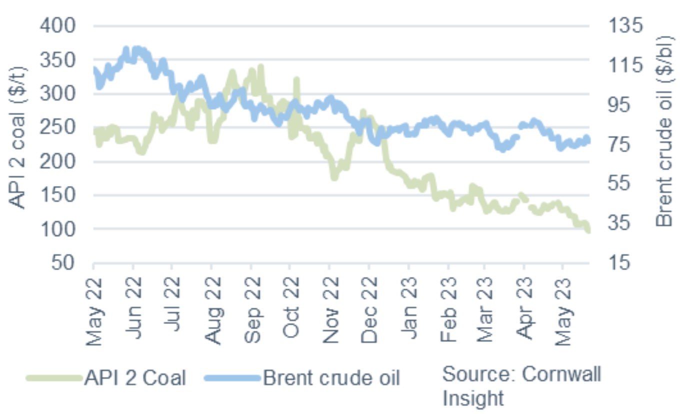
Seasonal baseload power curve

- All seasonal power contracts declined this week, down on average by 9.4%.
- Winter 23 power decreased 12.7% to £123.50/MWh, while summer 24 fell 11.3% to £102.00/MWh.

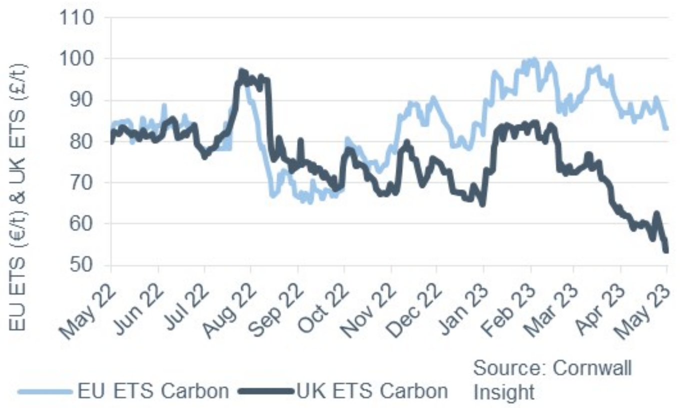
- All Seasonal peak power contracts declined this week, down 10.8% on average.
- Winter 23 and summer 24 peak power dropped 12.7% and 9.0% respectively, falling to £163.75/MWh and £116.75/MWh.

Commodity price movements

Oil and coal



Carbon (UK and EU ETS)



- Following tightening US supplies, fears of OPEC+ supply cuts, and growing optimism that US lawmakers will reach an agreement to raise the debt ceiling, brent crude oil registered a 1.8% gain week-on-week to average $76.91/bl.
- As China returns to pre-COVID growth levels, demand for the oil looks set to increase – tightening the market and impacting global supply levels.
- This bullish sentiment is pushed further by fears surrounding a Russian and OPEC+ supply cut looming ahead, acknowledging previous cuts saw prices spike.

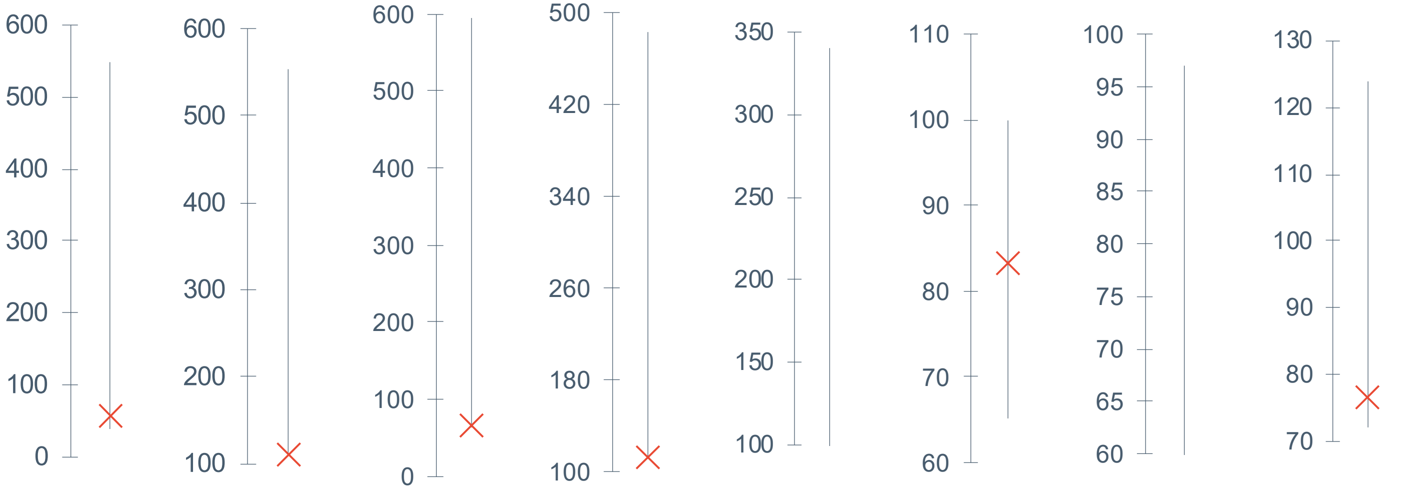
- Continuing the recent trend, both ETS schemes registered losses this week, more notable than the week previous. The EU ETS registered a drop of 3.7% to average €84.87/t, while the UK ETS saw a decrease of 5.5% to average £55.80/t. These losses can be attributed to the recent warm weather across Europe, coupled with increased wind generation across the UK.
- The EU ETS reached the lowest value seen in four months at €83.16/t on 26 May after prices had dropped below a *key technical level* in the previous session and gas prices posted the highest day-on-day loss in over two months on 25 May.

Supplier tariff movements

OVO Energy continued to offer the cheapest fixed tariff at 20 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. Home Energy offered the cheapest variable tariff at 20 May with its Home SVT April 2023 v1 tariff, priced at £2,409/year on average

		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	26 May 23	57.60	112.00	65.00	112.75	98.75	83.16	53.60	76.62
Last week	19 May 23	66.50	123.25	76.50	128.25	108.00	90.70	62.65	76.80
Four weeks ago	28 Apr 23	92.00	148.00	100.00	141.75	138.00	86.80	61.85	78.35
Last year	26 May 22	88.00	157.63	101.00	157.75	232.00	82.28	81.20	114.83
Year-on-year % change		-34.5%	-28.9%	-35.6%	-28.5%	-57.4%	1.1%	-34.0%	-33.3%
12-month high		548.00	554.50	595.00	482.50	340.00	100.00	97.00	123.80
12-month low		38.75	112.00	64.00	112.75	98.75	65.09	53.60	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