



Energy Wholesale Market Review

Week Ending 2nd June 2023



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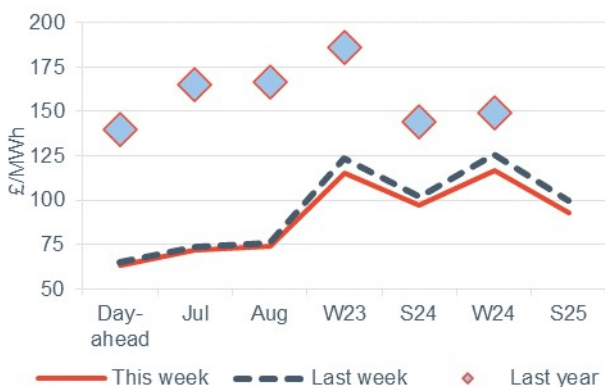
Headlines 02/06/2023

This week largely represented more bearish sentiment for wholesale gas and power contracts in GB, with some exceptions from peak power prices. Subsequently, day-ahead gas fell 1.0% to 57.00p/th, weighed by elevated temperatures in the first half of the week – although price losses were capped by reduced flows following extensive work at Norwegian gas fields and reduced temperatures in the latter half of the week. Day-ahead power dropped 2.3% to £63.50/MWh, following the downward movements from its equivalent gas contract, coupled with slightly elevated week-on-week wind generation. Similarly, July 23 gas was down 1.9% at 56.00p/th, and August 23 gas decreased 2.2% to 61.80p/th. All seasonal gas contracts declined last week, down by 6.1% on average, with winter 23 and summer 24 gas dropping 6.2% and 6.5% to 106.00p/th and 103.75p/th, respectively. All seasonal power contracts dropped this week, down on average by 6.3%, as winter 23 power decreased 6.5% to £115.50/MWh, while summer 24 fell 4.4% to £97.50/MWh.

Baseload electricity

- Day-ahead power fell 2.3% to £63.50/MWh, following its gas counterpart lower, a result of decreased demand levels.
- July 23 power slipped 2.8% to £71.95/MWh and August 23 power decreased 2.5% to £74.10/MWh.
- Q323 power moved 5.7% lower to £75.00/MWh.
- The annual October 23 contract lost 5.5% to £106.50/MWh, 35.5% lower than the same time last year (£165.18/MWh).

Forward curve comparison



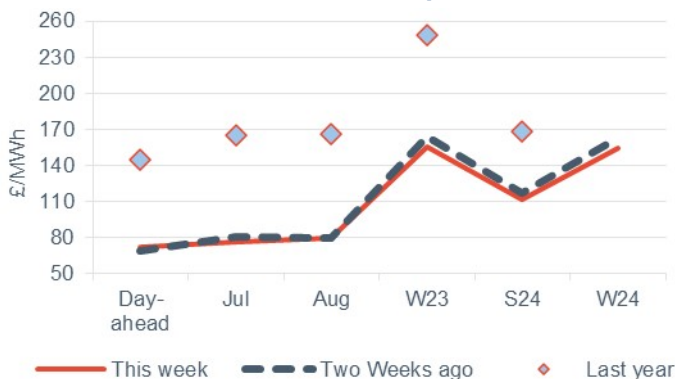
Annual October contract



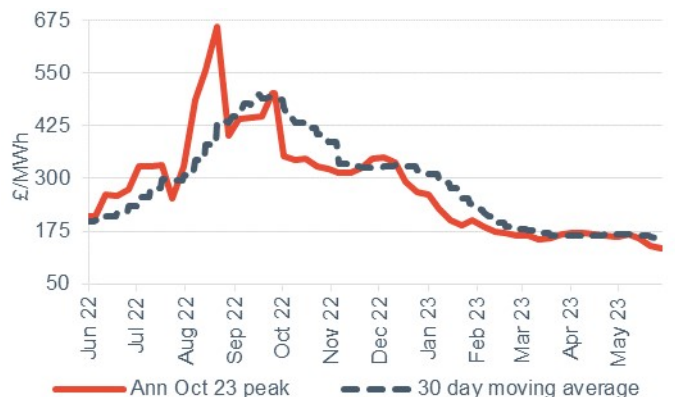
Peak electricity

- Day-ahead peak power was up 4.2% to £72.00/MWh, opposing its baseload counterpart.
- July 23 peak power declined 5.9% to £76.00/MWh, whereas August 23 peak power rose 0.6% to £79.75/MWh.
- The annual October 23 peak power rose 4.8% to £133.50/MWh.
- This is 36.0% lower than the same time last year (£208.48/MWh).

Forward curve comparison



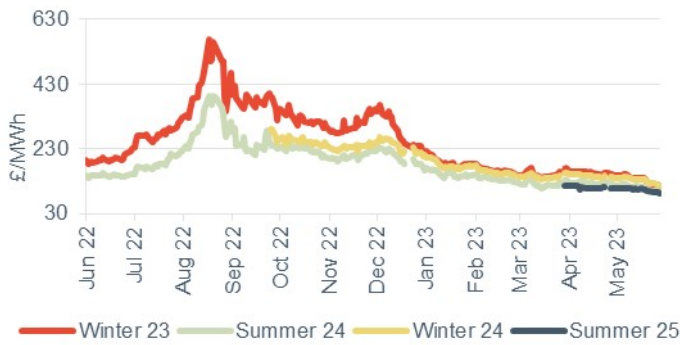
Annual October contract





Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 6.3%.
- Winter 23 power decreased 6.5% to £115.50/MWh, while summer 24 fell 4.4% to £97.50/MWh.

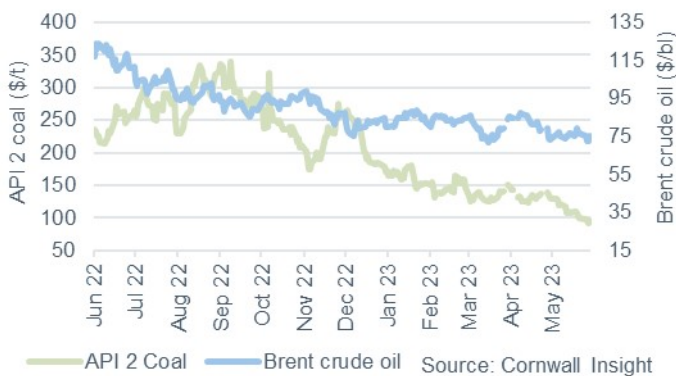
Seasonal baseload power curve



- All seasonal peak power contracts declined this week, down 4.8% on average.
- Winter 23 and summer 24 peak power dropped 5.0% and 4.5% respectively, falling to £155.50/MWh and £110.50/MWh.

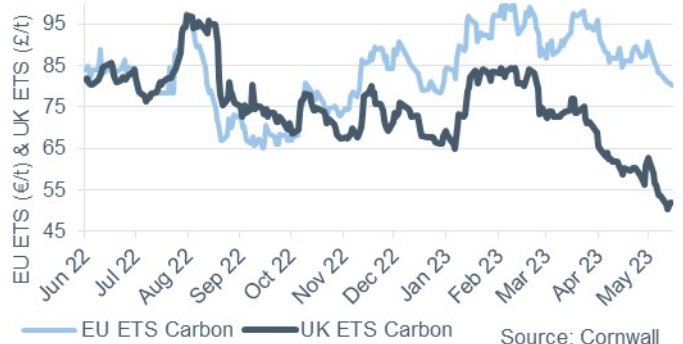
Commodity price movements

Oil and coal



- Brent crude oil registered a 3.8% loss week-on-week to average \$73.99/bl.
- Demand data from China trended weaker-than-expected, acting to outweigh the US government passed bill to suspend the debt ceiling – helping to offset the impact of rising crude inventory levels on the country.
- The outlook for oil prices is heavily dependent on Chinese demand levels, and as they grow into the future – prices are expected to rise as global supply tightens.
- Further bullish pricing trends come from the upcoming OPEC+ meeting, in which a possible supply cut may arise – pushing prices higher.

Carbon (UK and EU ETS)



- Both ETS schemes registered losses week-on-week as the EU ETS fell 4.8% to average €80.76/t, and the UK ETS dropped 7.8% to £51.44/t.
- Prices dropped as plunging gas prices triggered renewed selling of carbon. The EU ETS recorded a price of €80.15/t on 2 June – the lowest in five months. The UK ETS experienced its lowest price since August 2021 on 31 May, at £50.30/t due to the low demand outlook.
- In the coming weeks, the European Commission is likely to publish the first set of acts related to the carbon border adjustment mechanism (CBAM) – with mixed sentiment towards how prices will be impacted.



Supplier tariff movements

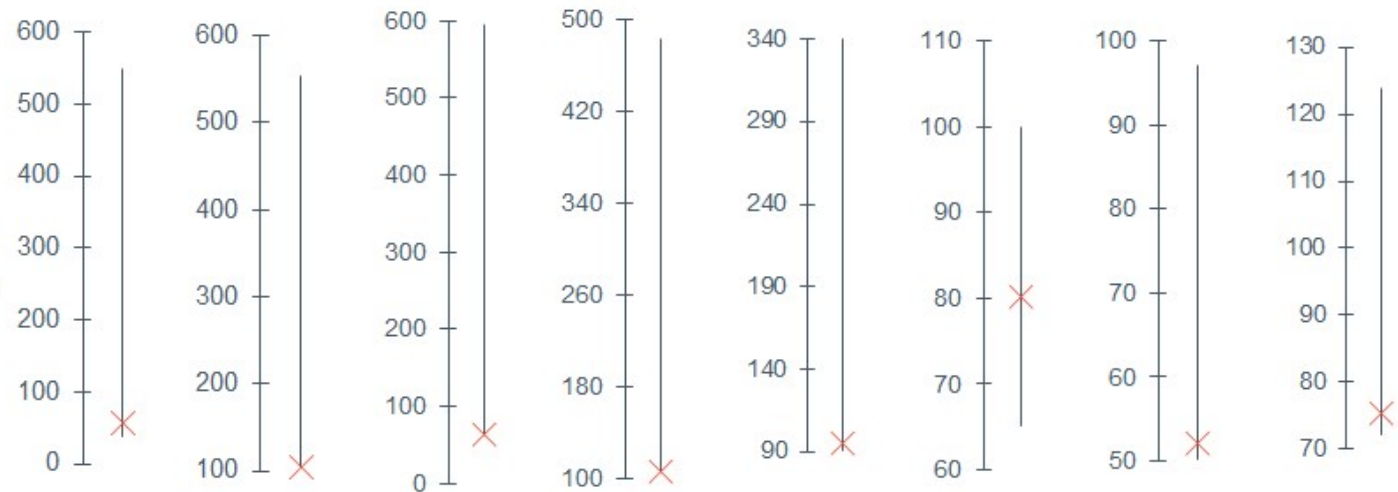
OVO Energy reduced the price of its exclusive one year fixed tariff by £49/year to £2,220/year on average between 20 May and 27 May. This follows the introduction of its 1 Year Fixed 24 May 2023 tariff, priced at £2,220/year on average at 27 May, and the discontinuation of its 1 Year Fixed 23 March 2023 tariff, which was priced at £2,269/year on average at 20 May. Home Energy continued to offer the cheapest variable tariff at 27 May with its Home SVT April 2023 v1 tariff, priced at £2,409/year on average, £91/year below the Energy Price Guarantee (EPG) level.



Wholesale price snapshot – Friday-on-Friday

		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	2 Jun 23	57.00	104.88	63.50	106.50	95.00	80.15	52.00	75.20
Last week	26 May 23	57.60	112.00	65.00	112.75	98.75	83.16	53.60	76.62
Four weeks ago	5 May 23	81.00	136.00	85.00	133.00	129.00	86.00	60.20	73.75
Last year	2 Jun 22	133.00	165.94	140.00	165.18	235.00	84.80	83.25	117.55
Year-on-year % change		-57.1%	-36.8%	-54.6%	-35.5%	-59.6%	-5.5%	-37.5%	-36.0%
12-month high		548.00	554.50	595.00	482.50	340.00	100.00	97.00	123.80
12-month low		38.75	104.88	63.50	106.50	91.50	65.09	50.30	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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