Energy Wholesale Market Review

Week Ending 9th June 2023

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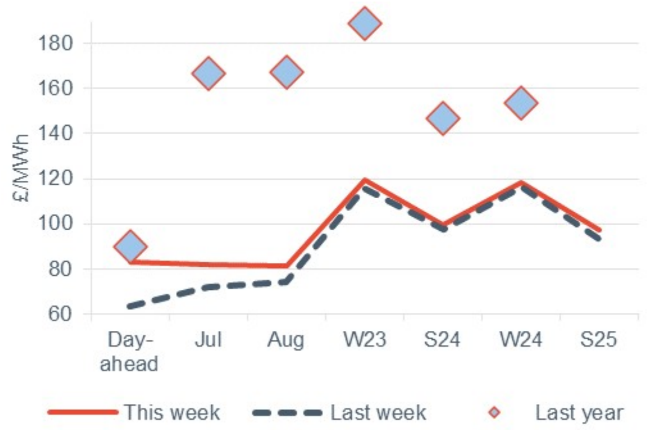
Headlines 09/06/2023

This week largely represented strong bullish sentiment for wholesale gas and power contracts in GB, with some exceptions from seasonal power prices. Weighed on by colder temperatures early in the week, prices saw mixed movements until gains consolidated later in the week. Day-ahead gas rose 20.8% to 68.85p/th, following continued outages of several large Norwegian gas fields, acting to tighten system conditions slightly. However, strong and consistent levels of supply via LNG from the US and Qatar continue to help mitigate any further price rises across shorter dated contracts. July 23 gas was up 19.5% at 66.90p/th, and August 23 gas increased 16.3% to 71.90p/th. Similarly, Q323 gas moved 15.9% higher to 72.10p/th. Subsequently, day-ahead power rose 30.7% to £83.00/MWh, following lower wind outturn and increased levels of demand expected early next week and into the weekend – and also mirroring gains set from the GB gas market. Elsewhere, July 23 power climbed 13.6% at £81.75/MWh, and August 23 power increased 9.9% to £81.40/MWh. Q323 power moved 13.0% higher to £84.75/MWh.

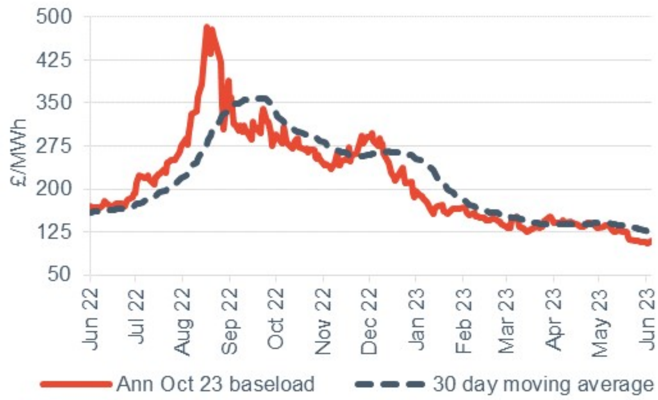
Baseload electricity

- Day-ahead power rose 30.7% to £83.00/MWh, following its gas counterpart and increased demand
- July 23 power climbed 13.6% at £81.75/MWh and August 23 power increased 9.9% to £81.40/MWh.
- Q323 power moved 13.0% higher to £84.75/MWh.
- The annual October 23 contract rose 2.9% to £109.63/MWh, 34.7% lower than the same time last year (£168.00/MWh).

Forward curve comparison



Annual October contract

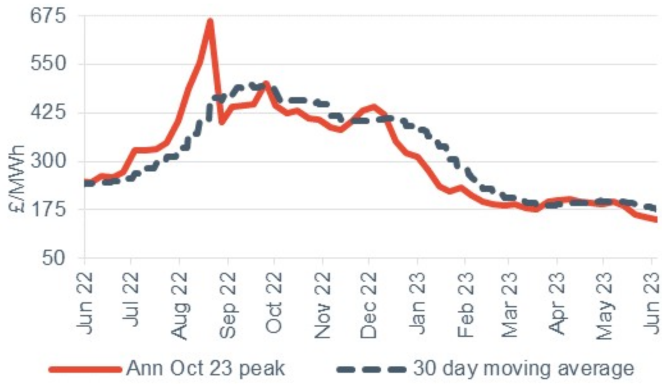


Peak electricity

- Day-ahead peak power was up 11.5% to £80.25/MWh, following its baseload counterpart higher.
- July 23 peak power gained 11.9% at £85.08/MWh, and August 23 peak power increased 6.7% to £85.11/MWh.
- The annual October 23 peak power rose 3.0% to £129.50/MWh
- However, this is 38.1% lower than the same time last year (209.25/MWh).

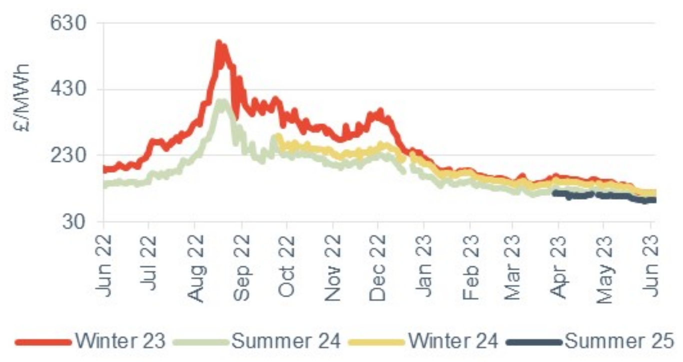
Forward curve comparison

Annual October contract

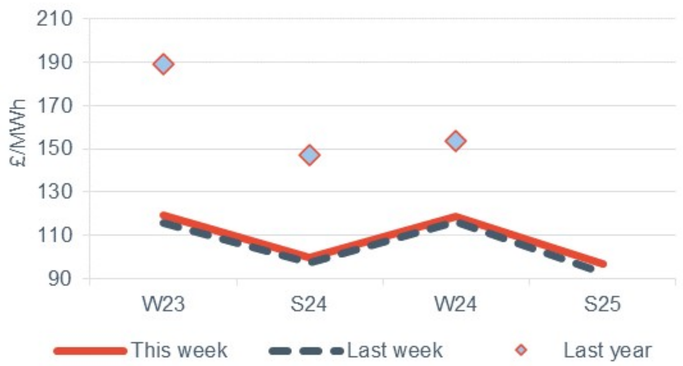


Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve

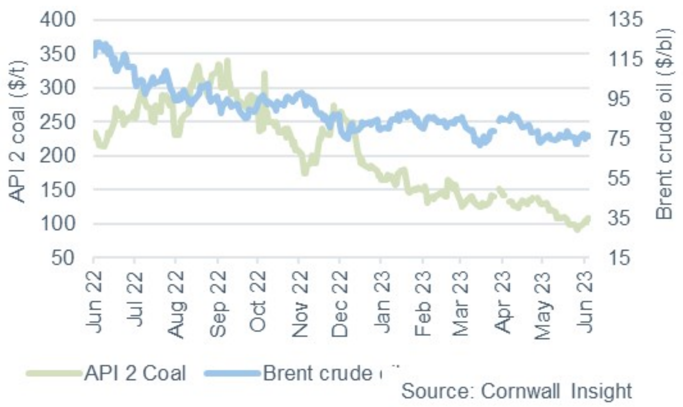


- Most seasonal power contracts boosted this week, up on average by 2.9%.
- winter 23 and summer 24 expanded 3.5% and 2.3% respectively, rising to £119.50/MWh and £99.75/MWh.

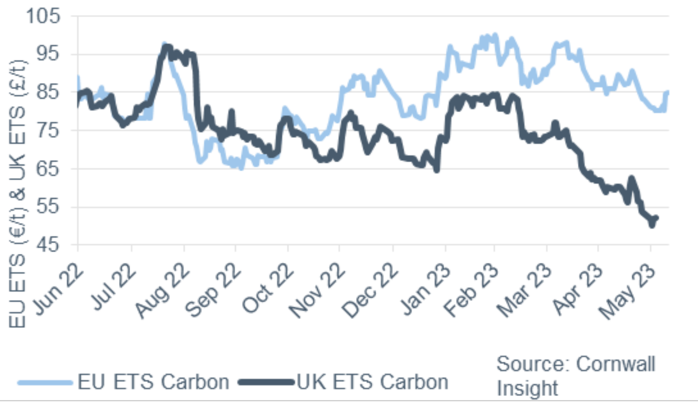
- All Seasonal peak power contracts declined this week, down 3.0% on average.
- winter 23 and summer 24 peak power dropped 3.2% and 2.7% respectively, falling to £150.50/MWh and £108.50/MWh.

Commodity price movements

Oil and coal



Carbon (UK and EU ETS)



- Brent crude oil saw a price trend reversal from a fortnight ago, and has since registered a 3.4% uplift week-on-week to average $76.49/bl
- This came following the OPEC+ announcement that a supply cut would be enacted from July, which will see the suspension of one million barrels per day from the market
- However, amid Saudi Arabia's announcement to extend output cuts to push the oil market into a shortfall, rising U.S reserves and weak export data from China acted to limit larger price gains

- Reversing the trend seen across the previous reporting period, both ETS schemes registered gains week-on-week as the EU ETS rose 2.0% to average €82.37/t, and the UK ETS grew 1.8% to £52.35/t
- Prices saw gains week-on-week due to decreased temperatures, in tandem with notable drops across wind generation levels – acting to tighten system margins and boost demand for more expensive and carbon intensive forms of power generation.
- Rising carbon prices were triggered by a significant squeeze in natural gas markets, following lower temperatures.

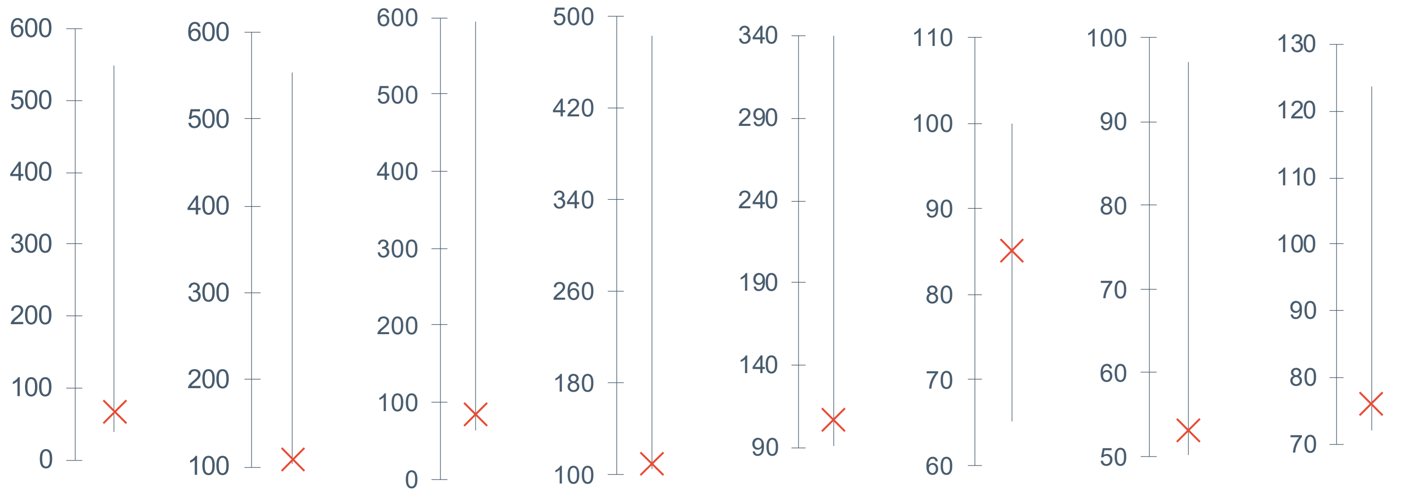
Supplier tariff movements

Home Energy continued to offer the cheapest variable tariff at 3 June 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

		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	9 Jun 23	68.85	109.73	83.00	109.63	107.50	85.10	53.20	76.20
Last week	2 Jun 23	57.00	104.88	63.50	106.50	95.00	80.15	52.00	75.20
Four weeks ago	12 May 23	78.50	136.75	86.00	135.75	121.00	89.40	60.20	75.20
Last year	9 Jun 22	78.00	174.03	116.00	168.00	225.00	80.45	82.00	123.55
Year-on-year % change		-11.7%	-36.9%	-28.4%	-34.7%	-52.2%	5.8%	-35.1%	-38.3%
12-month high		548.00	554.50	595.00	482.50	340.00	100.00	97.00	123.55
12-month low		38.75	103.15	63.50	105.10	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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