Energy Wholesale Market Review

Week Ending 16th June 2023

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

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

Contents

Headlines 16/06/2023

All power and gas contracts reported gains this week. Day-ahead gas rose 27.8% to 88.00p/th, finding continued support from disruption to Norwegian flows as extensive maintenance continues. July 23 gas was up 31.5% at 88.00p/th, and August 23 gas increased 22.9% to 88.40p/th. Amid ongoing volatility, all seasonal gas contracts boosted last week, up by 13.2% on average, while both winter 23 and summer 24 gas increased 17.6% and 17.5% respectively, lifting to 132.00p/th and 126.00p/th. Following its gas counterpart, day-ahead power rose 18.1% to sthis week, up on average by 11.7%, as winter 23 and summer 24 expanded 14.2% and 16.3% respectively, rising to £136.50/MWh and £116.00/MWh. Brent crude registered a 3.1% drop week-on-week to average $74.12/bl. This came following an unexpected rise in U.S. crude oil inventories. The UK ETS grew 7.8% to average £56.45/t and the EU ETS registered its highest value in two months of €94.15/t on 15 June.

Baseload electricity

- Day-ahead power rose 18.1% to £98.00/MWh, following its gas counterpart higher and supported by increased demand in periods of the week.
- July 23 power climbed 21.7% at £99.50/MWh and August 23 power increased 21.6% to £99.00/MWh.
- Q323 power moved 18.0% higher to £100.00/MWh.
- The annual October 23 contract rose 15.2% to £126.25/MWh, but was 27.9% lower than the same time last year (£175.00/MWh).

Forward curve comparison

Annual October contract

Peak electricity

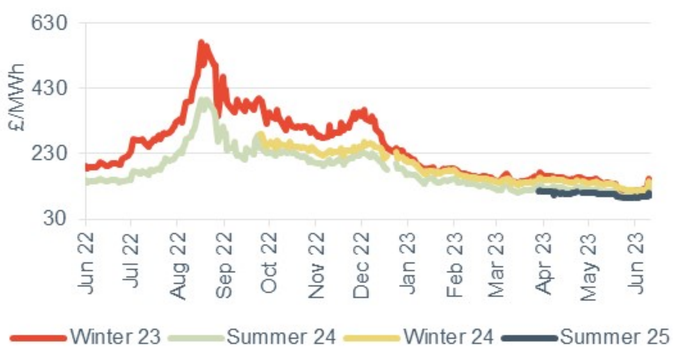
- Day-ahead peak power was up 38.3% to £111.00/MWh, following its baseload counterpart higher
- July 23 peak power gained 38.7% at £118.00/MWh, and August 23 peak power increased 30.4% to £111.00/MWh.
- The annual October 23 peak power rose 18.5% to £153.5/MWh
- However, this is 41.3% lower than the same time last year (£261.50/MWh).

Forward curve comparison

Annual October contract

Seasonal power prices

Seasonal baseload power contracts



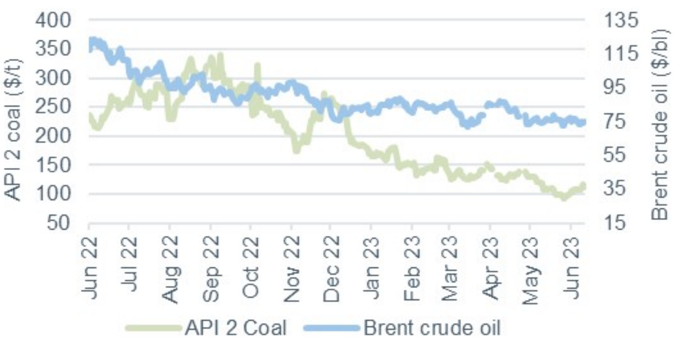
Seasonal baseload power curve

- All seasonal power contracts boosted this week, up on average by 11.7%.
- Winter 23 and summer 24 expanded 14.2% and 16.3% respectively, rising to £136.50/MWh and £116.00/MWh.

- All Seasonal peak power contracts boosted this week, up 18.8% on average.
- Winter 23 and summer 24 peak power increased 16.9% and 20.7% respectively, rising to £176.00/MWh and £131.00/MWh.

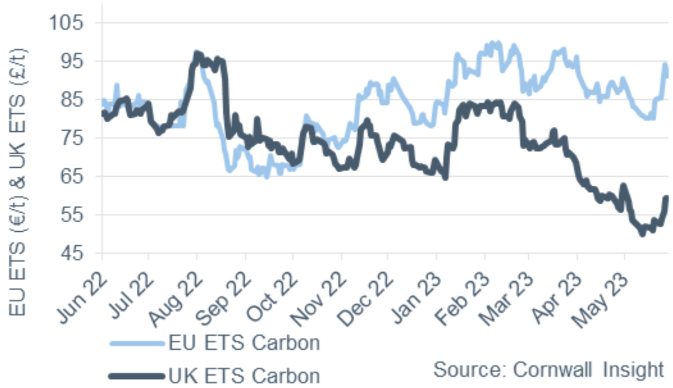
Commodity price movements

Oil and coal



Source: Cornwall Insight

Carbon (UK and EU ETS)



- Contrary to the trend experienced across the previous reporting period, Brent crude registered a 3.1% drop week-on-week to average $74.12/bl.
- This came following an unexpected build in U.S. crude oil inventories, and Federal Reserve predictions of more interest rate hikes this year
- This bearish sentiment was limited by increased optimism surrounding Chinese demand, however, which acts to boost prices.
- Following the release of the June edition of the IEA's Oil Market Report, it is expected that world oil demand will grow by 2.4mb/d in 2023, as Chinese demand continues to rise
- This is in tandem with reduced OPEC+ supply levels, acting to further tighten the global market

- The UK ETS grew 7.8% to average £56.45/t and the EU ETS registered its highest value in two months of €94.15/t on 15 June
- Both ETS schemes continue their recent week-on-week gains following losses to wind generation levels – tightening system margins and boosting demand for more expensive forms of power generation
- This was compounded by above-average temperatures acting to bolster demand for cooling appliances, and as a result energy consumption rose
- Following the Carbon Market Survey 2023, respondents anticipated that average EUA prices would exceed €100/t within the next 2-3 years

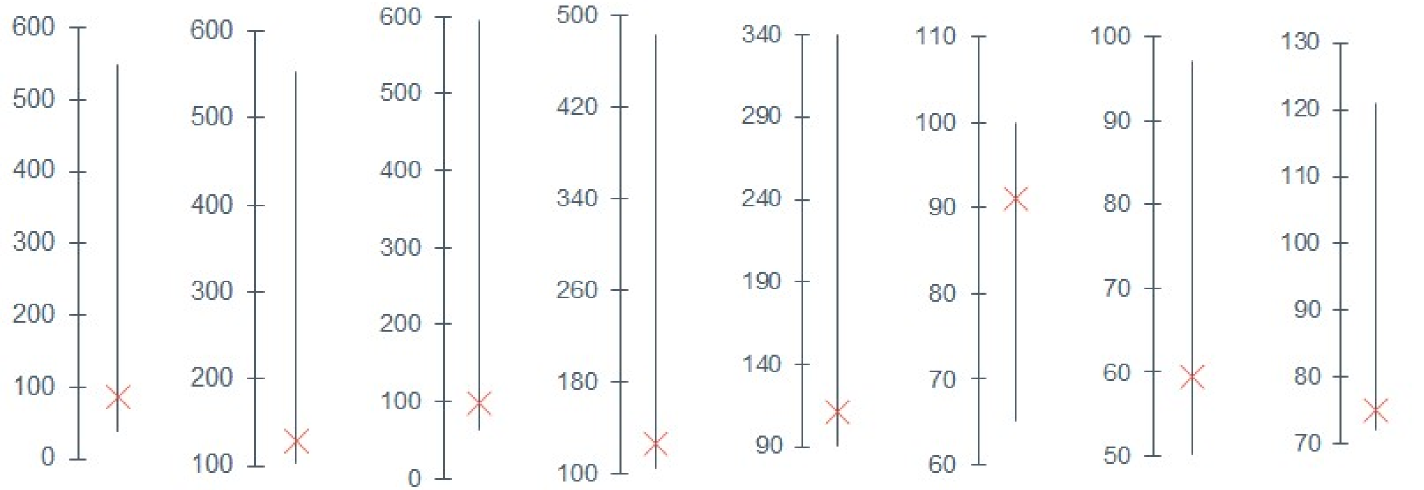
Supplier tariff movements

Home Energy reduced the price of its standard variable tariff by £371/year to £2,038/year on average between 3 June and 10 June, £462/year below the Energy Price Guarantee level of £2,500/year on average. This follows the introduction of its Home SVT July 2023 v2 tariff, replacing its Home SVT April 2023 v1 tariff which priced at £2,409/year on average at 3 June.

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	16 Jun 23	88.00	129.00	98.00	126.25	111.00	91.15	59.50	75.10
Last week	9 Jun 23	68.85	109.73	83.00	109.63	107.50	85.10	53.20	76.20
Four weeks ago	19 May 23	66.50	123.25	76.50	128.25	108.00	90.70	62.65	76.80
Last year	16 Jun 22	241.00	186.40	216.25	179.50	234.00	85.44	82.20	117.92
Year-on-year % change		-63.5%	-30.8%	-54.7%	-29.7%	-52.6%	6.7%	-27.6%	-36.3%
12-month high		548.00	554.50	595.00	482.50	340.00	100.00	97.00	120.94
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.

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