



# Energy Wholesale Market Review

Week Ending 30<sup>th</sup> July 2023



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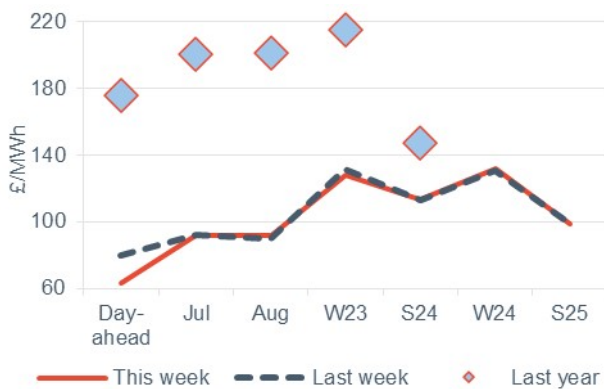
## Headlines 30/06/2023

This week, we observed mixed price movements. Largely, all gas contracts recorded gains whilst baseload power contracts saw a varied outturn. Firstly, day-ahead gas rose 5.4% to 84.93p/th, following extensive maintenance at Norwegian gas production facilities across the North Sea – acting to tighten gas supply. However, further gains were limited by elevated temperatures across the UK, stifling gas demand. Furthermore, strong European gas storage levels aids in offsetting the reduced Norwegian flows. Opposing the gain experienced across gas contracts, day-ahead power followed a prominent price decline, falling 21.3% to £63.00/MWh, following notable higher wind generation in tandem with reduced GB demand. The aforementioned bullish gas price drivers fed through to the month-ahead contracts, as July 23 gas rose 6.9% at 87.00p/th, and August 23 gas increased 7.6% to 87.40p/th. Similarly, all seasonal gas contracts boosted last week, up by 1.5% on average, while both winter 23 and summer 24 gas increased 0.8% and 2.0% respectively, lifting to 131.00p/th and 126.50p/th. Experiencing a mixed trend across seasonal power contracts, an overall reduction was registered this week, with prices down on average by 0.5%, as winter 23 power decreased 2.5% to £128.25/MWh, while summer 24 expanded 0.4% to £113.50/MWh.

## Baseload electricity

- Day-ahead power fell 21.3% to £63/MWh, following higher wind generation in tandem with reduced power demand
- July 23 power remained level at £92/MWh, and August 23 power increased 2.2% to £92/MWh
- Q323 power moved 2.2% higher to £94/MWh.
- The annual October 23 contract lost 1.1% to £120.88/MWh, 33.2% lower than the same time last year (£181/MWh)

### Forward curve comparison



### Annual October contract



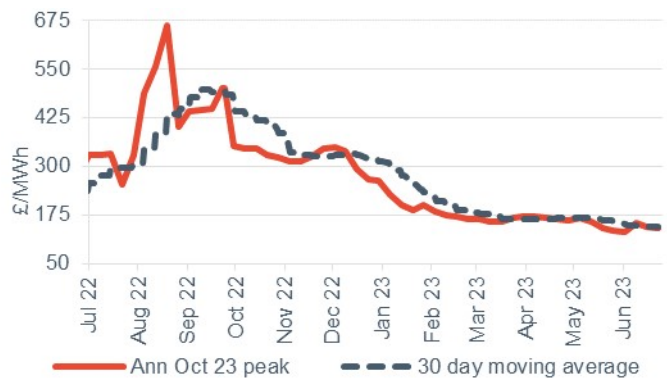
## Peak electricity

- Day-ahead peak power was up 0.6% to £91.25/MWh, despite its baseload counterpart registering losses
- However, July 23 peak power declined 8.9% at £92.25/MWh, and August 23 peak power decreased 1.8% to £95.50/MWh
- The annual October 23 peak power rose 3.4% to £140.50/MWh
- However, this is 48.4% lower than the same time last year (£272.30/MWh)

### Forward curve comparison



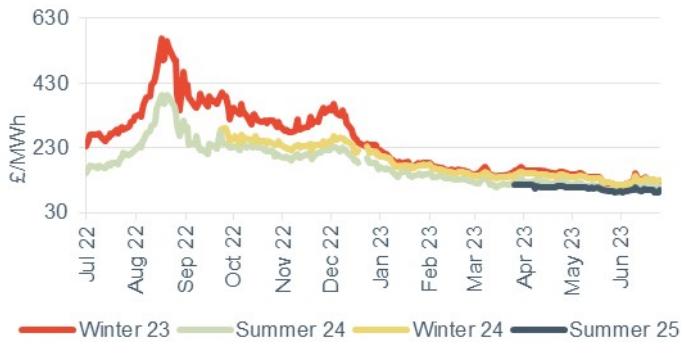
### Annual October contract





## Seasonal power prices

### Seasonal baseload power contracts



- Seasonal power contracts declined this week, down on average by 0.5%
- Winter 23 power decreased 2.5% to £128.25/MWh, while summer 24 expanded 0.4% to £113.50/MWh

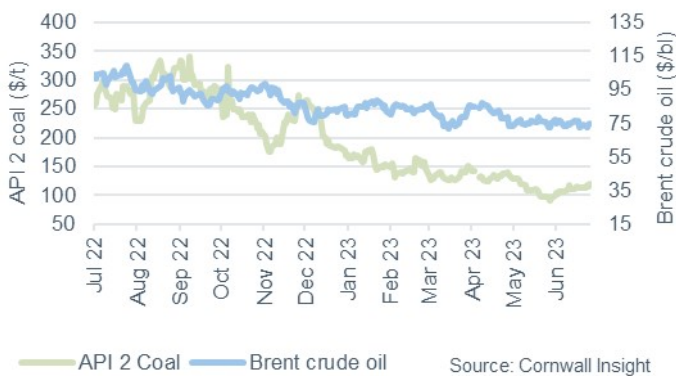
### Seasonal baseload power curve



- All Seasonal peak power contracts declined this week, down 3.3% on average
- Winter 23 and summer 24 peak power dropped 4.3% and 2.2% respectively, falling to £160.75/MWh and £120.25/MWh

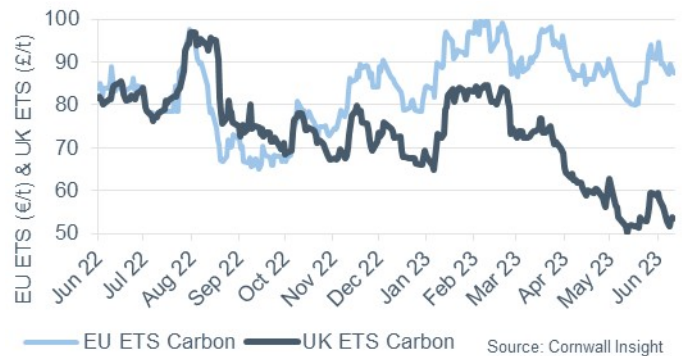
## Commodity price movements

### Oil and coal



- Losses were recorded across Brent crude prices, with a 2.6% drop to average \$73.72/bbl
- The bearish sentiment was strengthened by trader concerns of oversupply as expectations of weak economic growth, particularly from China which is experiencing weaker-than-anticipated growth, outweigh Saudi Arabia's output cuts
- However, stronger losses were offset by news from the American Petroleum Institute that U.S. crude inventories fell by a larger than expected 2.4mn barrels – tightening supply levels
- The outlook for oil is increasingly volatile as OPEC+ announced that global oil demand will rise by 110mn barrels a day by 2045. However, the IEA predicts that demand growth will fall to 400,000 barrels per day in 2028

### Carbon (UK and EU ETS)



- Reversing from the recent trend of price gains, the EU ETS fell 3.7% to average 88.05/t, and the UK ETS shrank 8.4% to average 52.96/t. This is a result of increased wind generation acting to weigh upon the output from thermal generation sources this week
- Despite extensive Norwegian gas plant maintenance, extensive European gas storage stocks minimized significant squeezes across the natural gas market – further supporting the bearish sentiment seen across carbon prices.
- Following a consultation on what the EU's 2040 climate target should be, respondents stated that the EU ETS should be a climate policy “centerpiece” towards reaching net zero

## Supplier tariff movements

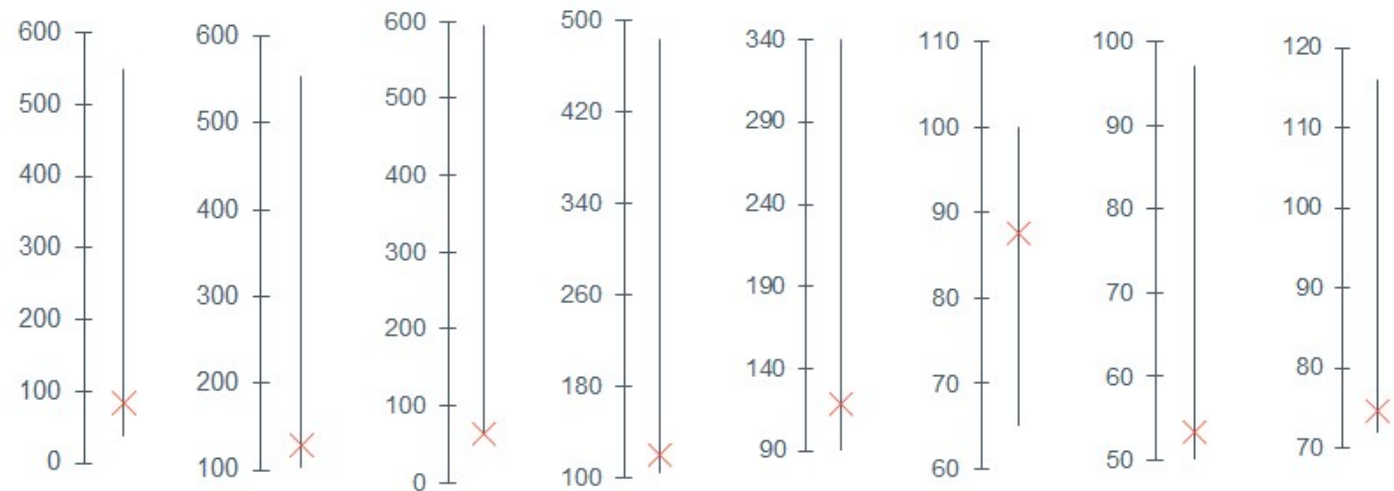
Home Energy continued to offer the cheapest variable tariff with its Home SVT July 2023 v2 tariff, priced at £2,038/year on average, £462/year below the Energy Price Guarantee. On 23 June, British Gas launched “Summer Sundays”, providing customers half price electricity every Sunday through its PeakSave scheme.



## 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)
Last week	30 Jun 23	84.93	128.75	63.00	120.88	119.00	87.55	53.38	74.72
Two weeks ago	23 Jun 23	80.60	127.00	80.00	122.25	113.25	89.90	56.15	72.99
Four weeks ago	2 Jun 23	57.00	104.88	63.50	106.50	95.00	80.15	52.00	75.20
Last year	30 Jun 22	161.00	184.68	212.00	177.50	252.00	83.35	84.40	115.95
Year-on-year % change		-47.3%	-30.3%	-70.3%	-31.9%	-52.8%	5.0%	-36.8%	-35.6%
12-month high		548.00	554.50	595.00	482.50	340.00	100.00	97.00	115.95
12-month low		38.75	103.15	63.00	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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