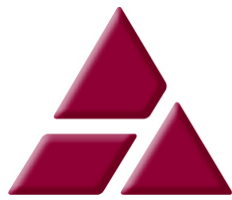




Energy Wholesale Market Review

Week Ending 7th July 2023



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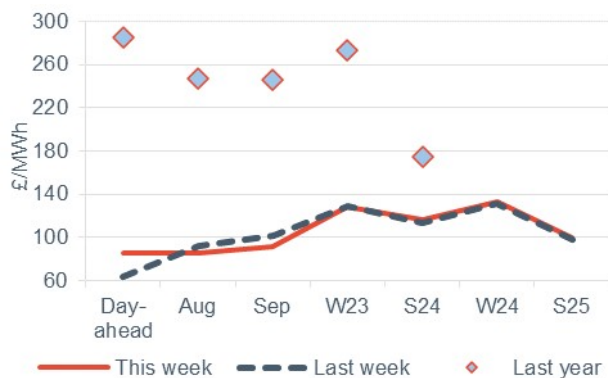
Headlines 07/07/2023

Wholesale gas and power prices were relatively mixed throughout the week, with losses recorded across shorter-term contracts, day-ahead baseload power being the exception. Front-month contracts across gas and power recorded losses, buoyed by strong EU gas storage levels and above-average temperatures reducing demand. This resulted in the 7.0% drop experienced across day-ahead gas, falling to 79.00p/th. However, day-ahead power diverted from the trend set by its gas counterpart and registered a 34.9% gain week-on-week to £85.00/MWh, supported by forecasts of reduced wind generation into next week. Elsewhere, August 23 gas was down 7.9% at 80.50p/th, and September 23 gas decreased 9.7% to 86.50p/th. All seasonal gas contracts increased this week though, up by 3.3% on average - while both winter 23 and summer 24 gas increased 1.1% and 3.2% respectively, lifting to 132.50p/th and 130.50p/th. Like gas, the majority of seasonal power contracts saw gains up on average by 1.2% as summer 24 expanded 2.2% to £116.00/MWh, and winter 24 grew 1.1% to £133.00/MWh. Gains observed further into the forward curve are indicative of the level of risk being priced into future delivery with energy supply uncertainties remaining a prominent lever.

Baseload electricity

- Day-ahead power rose 34.9% to £85.00/MWh, following forecasts of increasing demand in tandem with falling wind outturn projections.
- August 23 power slipped 7.6% at £85.00/MWh and September 23 power decreased 10.7% to £91.00/MWh.
- Q423 power moved 27.7% higher to £120.00/MWh.
- The annual October 23 contract rose 0.9% to £122.00/MWh, 45.5% lower than the same time last year (£223.75/MWh).

Forward curve comparison



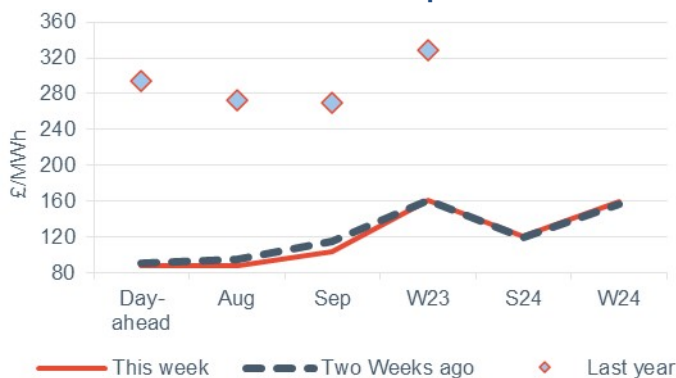
Annual October contract



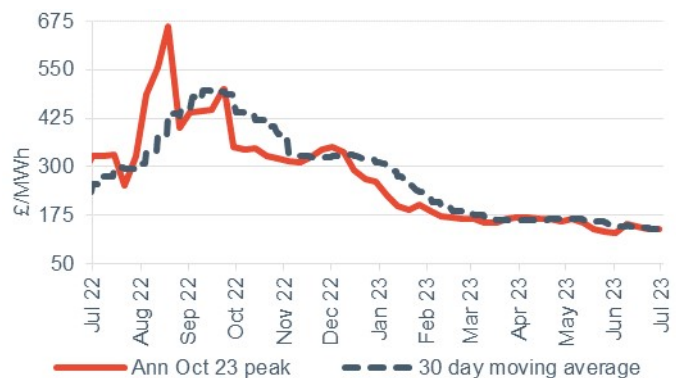
Peak electricity

- Day-ahead peak power was down 3.7% to £87.9/MWh, despite its baseload counterpart registering gains
- Similarly, August 23 peak power declined 7.1% at £88.75/MWh, and September 23 peak power decreased 9.9% to £103.5/MWh
- The annual October 23 peak power rose 0.3% to £140.88/MWh
- However, this is 57.2% lower than the same time last year (£329/MWh).

Forward curve comparison



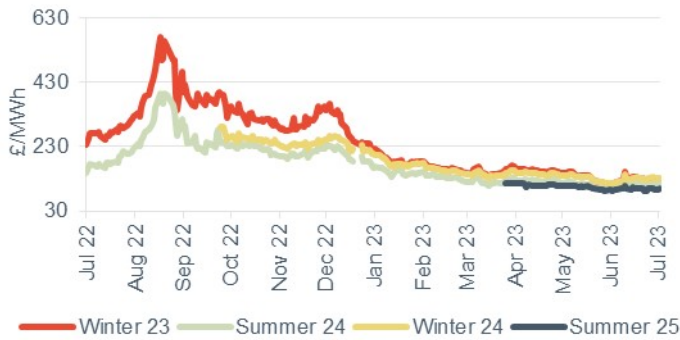
Annual October contract





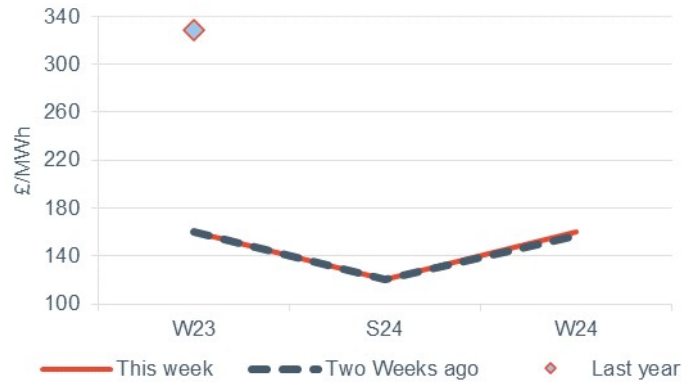
Seasonal power prices

Seasonal baseload power contracts



- Most seasonal power contracts boosted this week, up on average by 1.2%.
- Winter 23 power decreased 0.2% to £128.00/MWh, while summer 24 expanded 2.2% to £116.00/MWh.

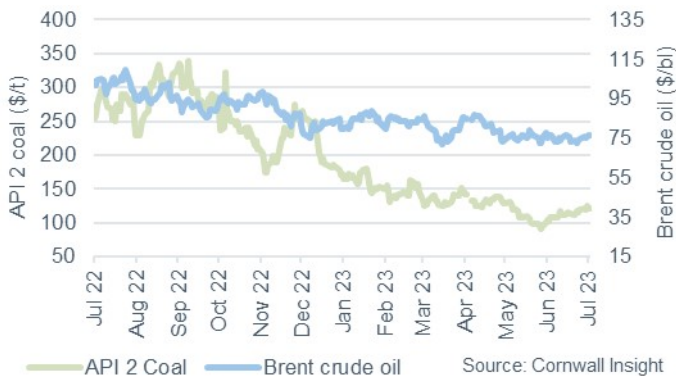
Seasonal baseload power curve



- Most seasonal peak power contracts boosted this week, up 0.3% on average.
- Winter 23 gas remained static at £160.75/MWh, summer 24 peak power increased 0.6% to £121.00/MWh, and winter 24 grew 1.9% to £160.25/MWh

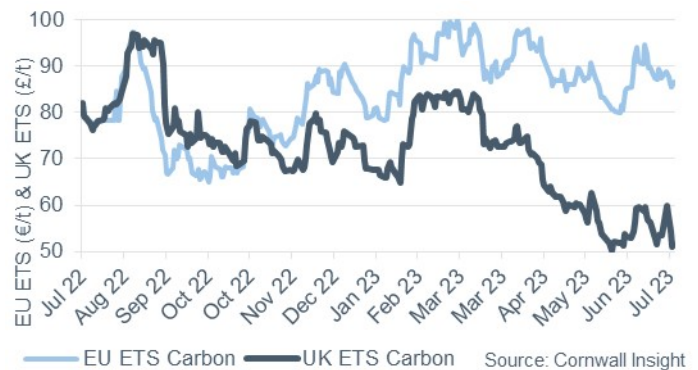
Commodity price movements

Oil and coal



- Contrary to the price adjustment registered across the previous reporting period, Brent Crude experienced an upward movement this week, rising 3.4% to \$76.20/bbl
- This bullish sentiment was supported by OPEC+ price cuts, acting to tighten global supply, with further support arising from news that stated U.S. stocks had hit their lowest level since the start of 2023.
- Higher price gains were limited amid growing concern of another U.S. interest rate hike in tandem with forecasts of a slowing global economy – especially from China which is experiencing weaker-than-anticipated growth.
- Ahead of the OPEC demand forecast for 2024 scheduled for 13 July, it is anticipated a positive outlook on oil demand growth will remain in place – with a notably more bullish forecast expected when compared to the IEA.

Carbon (UK and EU ETS)



- The EU ETS continues its trend of week-on-week decreases, registering a 1.2% drop to average €87.01/t, as renewable generation across Europe rose. However, the UK ETS registered gains from the last reporting period – a 3.8% increase to £55.00/t
- This came following an announcement from the UK ETS Authority surrounding a package of reforms that sent prices upward, registering a two-month high on the 3 July at £60.00/t, before prices fell as the week progressed.
- Lower prices are expected as lower demand as a result of economic slowdown impacts demand levels. A degree of volatility is baked into this as carbon markets take influence from the trend across gas markets, which may see price gains if winter 23/24 is colder than anticipated

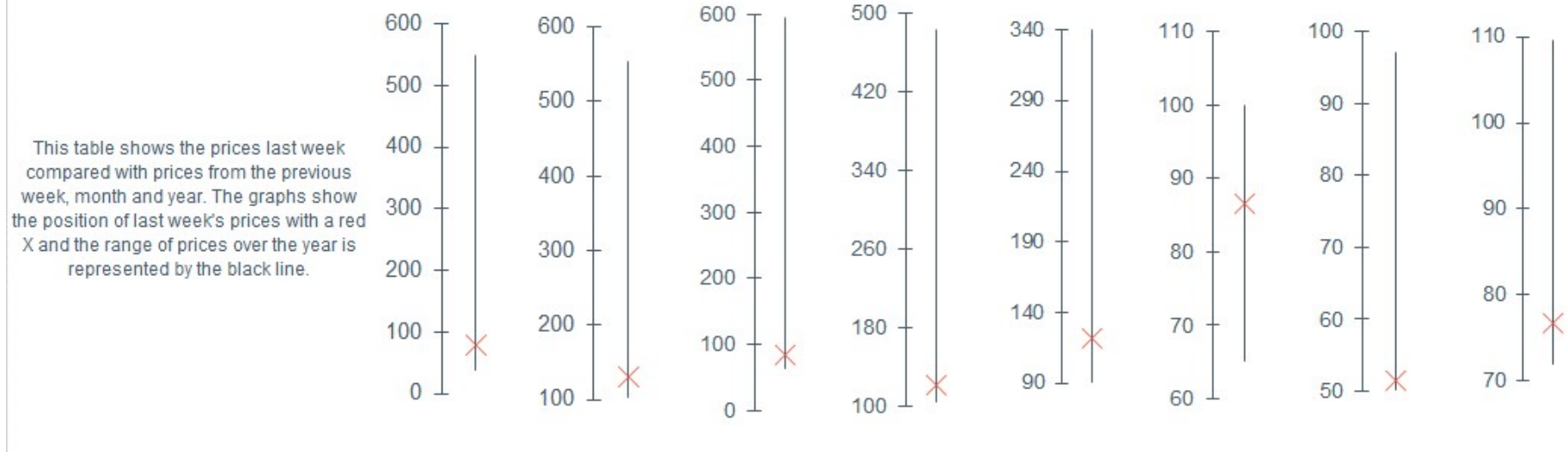
Supplier tariff movements

Home Energy continued to offer the cheapest variable tariff with its Home SVT July 2023 v2 tariff, priced at £2,038/year on average, £36/year below the July price cap. EDF Energy offered the cheapest fixed tariff at 1 July with its new Essentials Exclusive Jul24 one year fixed tariff priced at £2,100/year on average. OVO Energy offered the cheapest prepayment tariff at 1 July with its Pay As You Go tariff priced at £2,040/year on average, £6/year below the July price cap level for PPM customers.



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	7 Jul 23	79.00	131.50	85.00	122.00	122.00	86.50	51.45	76.75
Last week	30 Jun 23	84.93	128.75	63.00	120.88	119.00	87.55	53.38	74.72
Four weeks ago	9 Jun 23	68.85	109.73	83.00	109.63	107.50	85.10	53.20	76.20
Last year	7 Jul 22	160.00	227.47	176.00	211.25	260.00	83.35	82.50	101.83
Year-on-year % change		-50.6%	-42.2%	-51.7%	-42.2%	-53.1%	3.8%	-37.6%	-24.6%
12-month high		548.00	554.50	595.00	482.50	340.00	100.00	97.00	109.58
12-month low		38.75	103.15	63.00	105.10	91.50	65.09	50.30	72.05





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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