Energy Wholesale Market Review

Week Ending 14th July 2023

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Headlines 14/07/2023

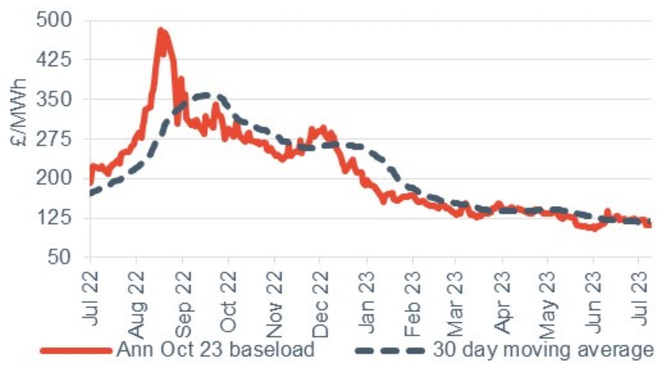
Wholesale gas and power prices saw downward price movements throughout the week in GB, with European strong gas storage levels and increased Norwegian and UK Continental Shelf flows acting to soften margins, resulting in all power and gas contracts falling. Day-ahead gas fell 15.2% to 67.00p/th, following the expectation that the remaining Norwegian gas field outages may be coming to an end. Similarly, day-ahead power fell 5.9% to £80.00/MWh, following its gas counterpart, however losses were mitigated by forecasts of low wind outturn next week. August 23 gas was down 15.2% at 68.25p/th, and September 23 gas decreased 15.3% to 73.25p/th. All seasonal gas contracts declined last week, down by 5.9% on average, with both winter 23 and summer 24 gas dropping 9.4% and 7.3% respectively, subsiding to 120.00p/th and 121.00p/th. All seasonal power contracts declined this week too, down on average by 5.4%, as winter 23 power decreased 7.0% to £119.00/MWh, while summer 24 fell 5.2% to £110.00/MWh.

Baseload electricity

- Day-ahead power fell 5.9% to £80.00/MWh, following its gas counterpart, however losses were mitigated by Monday's forecasts of low wind outturn.
- August 23 power slipped 9.4% at £77.00MWh and September 23 power decreased 7.7% to £84.00/MWh.
- Q423 power moved 7.1% lower to £111.50/MWh.
- The annual October 23 contract lost 9.4% to £110.5/MWh, 49.3% lower than the same time last year (£218/MWh).

Forward curve comparison

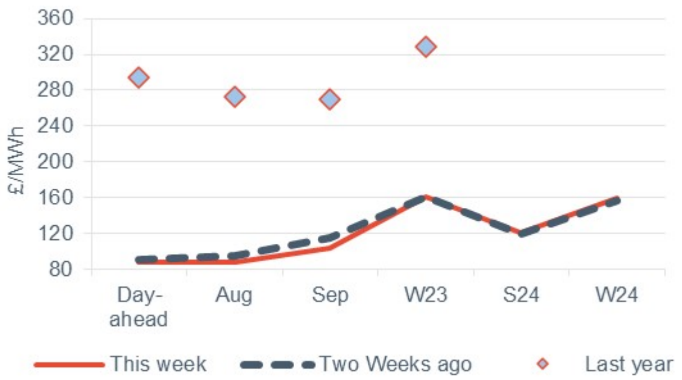
Annual October contract



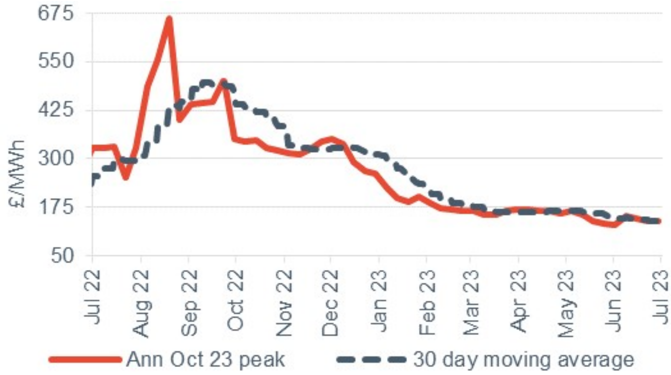
Peak electricity

- Day-ahead peak power was down 15.8% to £74.00/MWh, following its baseload counterpart.
- August 23 peak power declined 11.0% at £78.98/MWh, and September 23 peak power decreased 8.6% to £94.55/MWh.
- The annual October 23 peak power fell 9.9% to £127/MWh.
- This is 61.2% lower than the same time last year (327.25/MWh).

Forward curve comparison

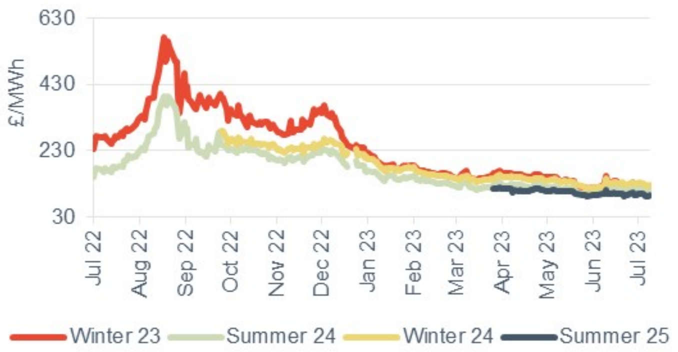


Annual October contract

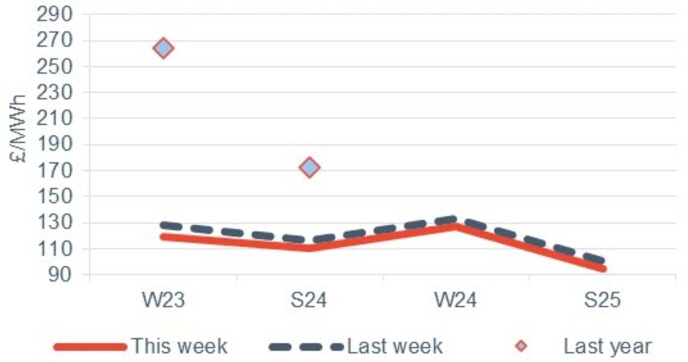


Seasonal power prices

Seasonal baseload power contracts



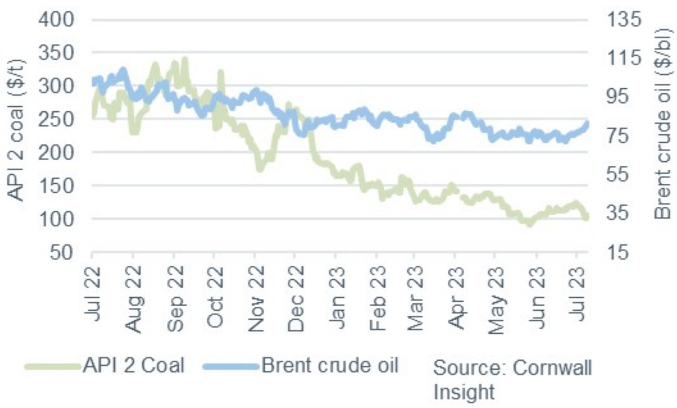
Seasonal baseload power curve



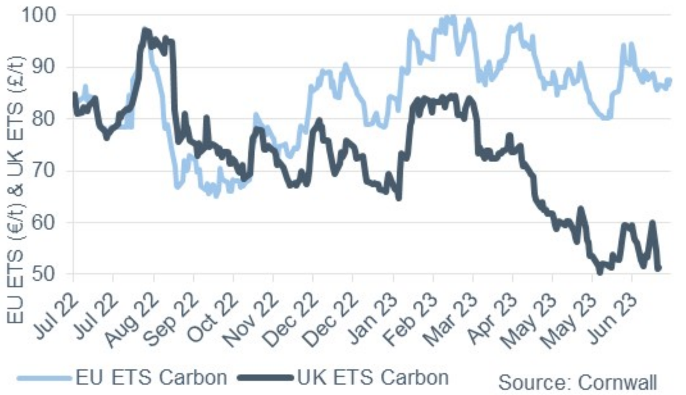
- All seasonal power contracts declined this week, down on average by 5.4%.
- Winter 23 power decreased 7.0% to £119.00/MWh, while summer 24 fell 5.2% to £110.00/MWh.
- All Seasonal peak power contracts declined this week, down 9.4% on average.
- Winter 23 and summer 24 peak power dropped 12.6% and 6.2% respectively, falling to £140.50/MWh and £113.50/MWh.

Commodity price movements

Oil and coal



Carbon (UK and EU ETS)



- Continuing the trend observed from the prior week, Brent crude experienced an upward movement this week, rising 4.3% to $79.47/bl.
- Crude reached its highest price of $81.35/bl since April on 14 July, boosted by supply disruptions from Libya and Nigeria.
- Bullish price movements were influenced mainly by recent supply cuts from OPEC+ nations tightening the market, along with declines in the value of the dollar.
- Continuing recent trends, gains were subdued by general concern and uncertainty over future global economic outlook.
- Last week, both carbon schemes saw losses on average, when compared to the previous week.
- Despite the losses seen, both ETS schemes remained level over the reporting period, amid mostly stable temperatures and wind generation across much of Europe.
- The changes in average prices is largely attributed to the spike in UK ETS seen in the beginning half of the prior week.
- The expectation of an onset of a severe heatwave in Europe will see prices across both emission schemes rise, as it will incite a heightened demand for cooling appliances.

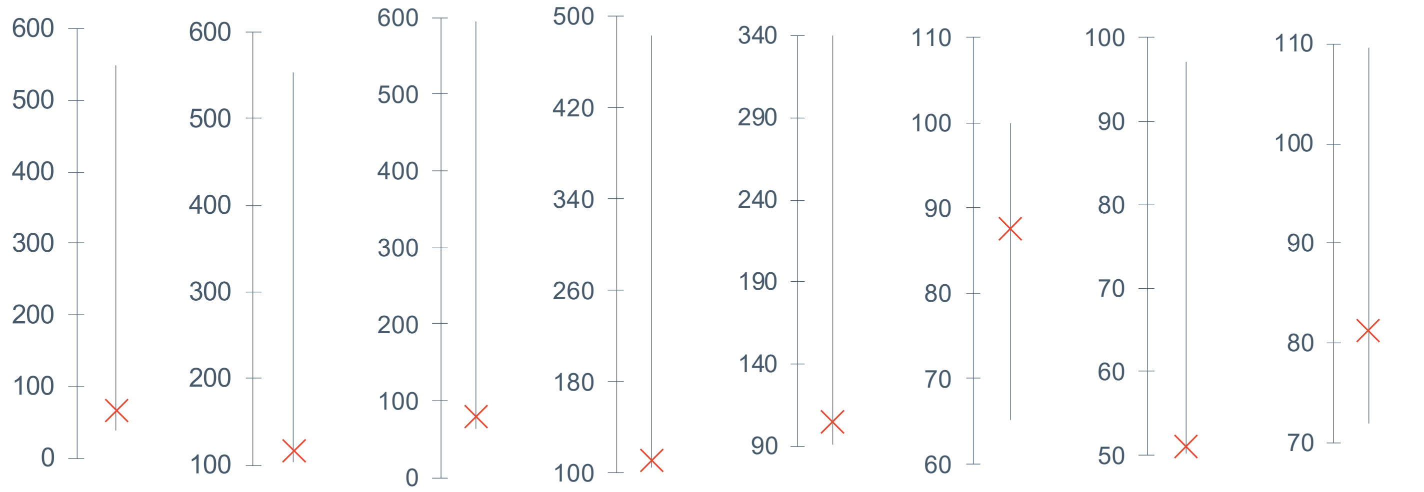
Supplier tariff movements

British Gas offered the cheapest fixed tariff at 8 July with its new The Fixed One v23 one year fixed tariff priced at £2,099/year on average, available to new and existing customers. Outfox the Market offered the cheapest variable tariff with its Fox Standard Dual tariff, priced at £1,985/year in average, £89/year below the July price cap.

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	14 Jul 23	67.00	117.00	80.00	110.50	105.00	87.60	51.10	81.35
Last week	7 Jul 23	79.00	131.50	85.00	122.00	122.00	86.50	51.45	76.75
Four weeks ago	16 Jun 23	88.00	129.00	98.00	126.25	111.00	91.15	59.50	75.10
Last year	14 Jul 22	252.00	237.66	270.50	224.50	278.00	83.58	81.45	97.57
Year-on-year % change		-73.4%	-50.8%	-70.4%	-50.8%	-62.2%	4.8%	-37.3%	-16.6%
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

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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