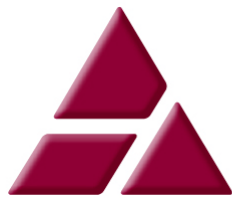




Energy Wholesale Market Review

Week Ending 28th July 2023



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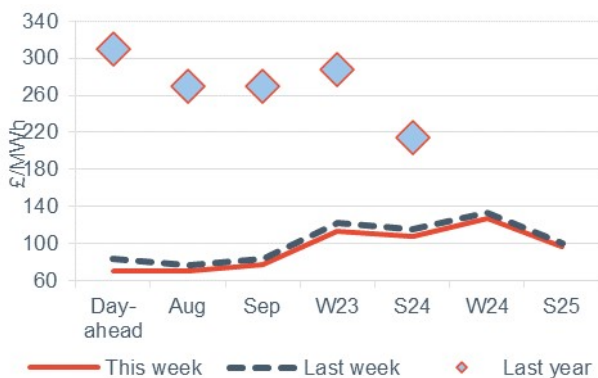
Headlines 28/07/2023

It was a bearish week for gas and power contracts this week, continuing the trend of decreasing wholesale prices observed across much of 2023. Day-ahead gas fell 10.5% to 64.00p/th, following periods of above-average temperature during the week and buoyed by reduced maintenance works across the Norwegian Continental Shelf, bolstering flows into GB from Norway. Day-ahead power dropped 16.7% to £70.00/MWh, taking direction from losses made in near-term gas markets and increased wind output during the week – loosening system margins. August 23 gas was down 11.1% at 65.40p/th, and September 23 gas decreased 11.8% to 67.50p/th. All seasonal gas contracts fell this week, down by 6.5% on average, with winter 23 and summer 24 gas falling 9.2% and 7.2%, to 116.70p/th and 122.50p/th respectively. All seasonal power contracts traded lower this week, down on average by 5.3%. Winter 23 and summer 24 power went down 7.0% and 6.1% respectively, falling to £113.50/MWh and £108.00/MWh. Brent crude oil rebounded this week, rising from losses seen in the week prior. Subsequently, prices were 4.6% higher at \$83.06/bl. The EU ETS registered gains this week, up 2.8% to €90.86/t, however the UK ETS opposed this bullish sentiment, down 2.2% to £47.98/t.

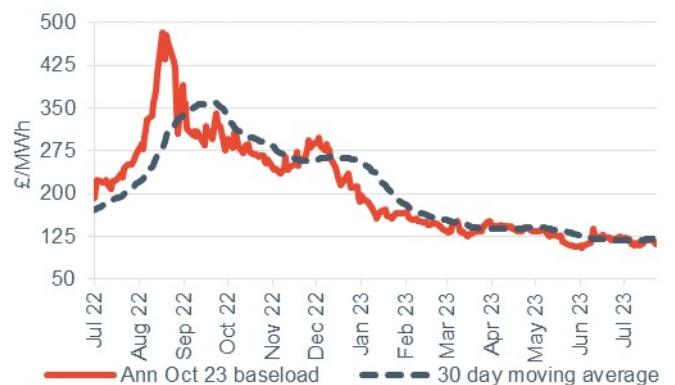
Baseload electricity

- Day-ahead power fell 16.7% to £70.00/MWh, following its gas counterpart, with further losses supported by strong wind outturn forecasts for Monday.
- August 23 power slipped 9.1% to £70.00/MWh and September 23 power decreased 8.1% to £77.00/MWh.
- Q423 power moved 7.8% lower to £106.00/MWh.
- The annual October 23 contract lost 6.5% to £110.75/MWh, 56.0% lower than the same time last year (£251.50/MWh).

Forward curve comparison



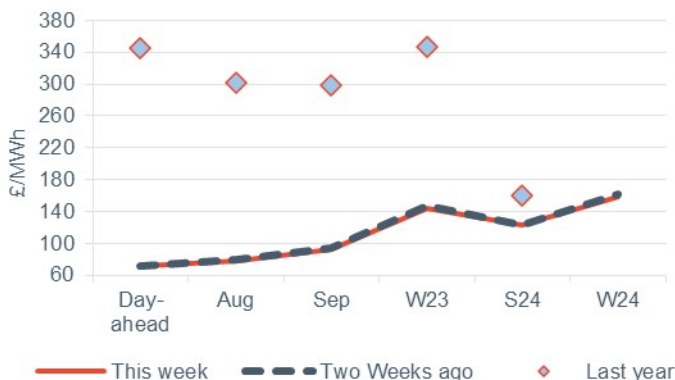
Annual October contract



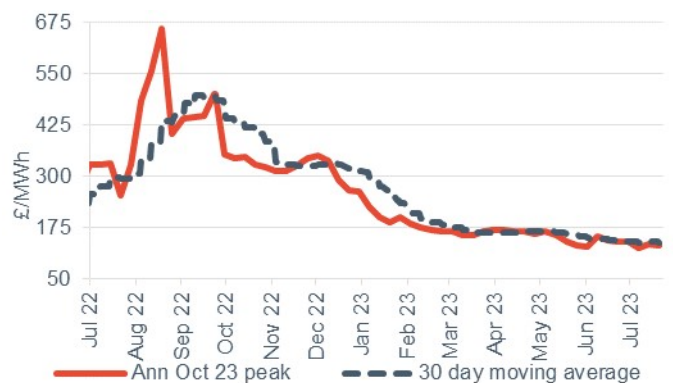
Peak electricity

- Day-ahead peak power was down 0.8% to £71.45/MWh, following its baseload counterpart lower.
- August 23 peak power declined 2.9% at £77.20/MWh, and September 23 peak power decreased 1.8% to £92.30/MWh
- The annual October 23 peak power rose 1.1% to £133.30/MWh.
- This is 47.4% lower than the same time last year (£253.50/MWh).

Forward curve comparison



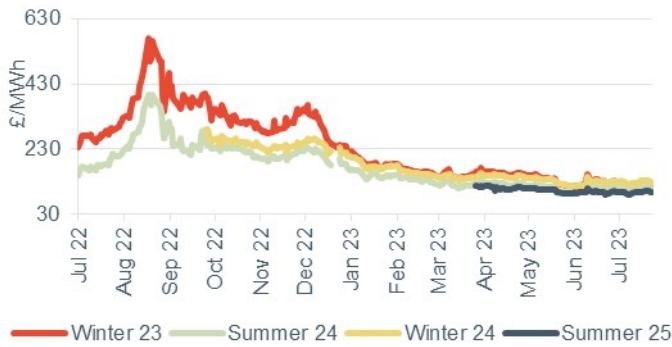
Annual October contract



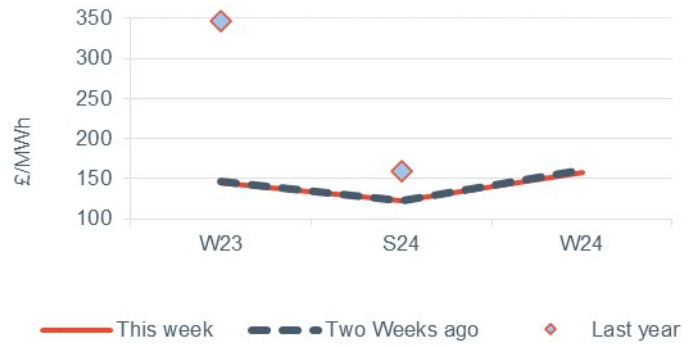


Seasonal power prices

Seasonal baseload power contracts



Seasonal baseload power curve

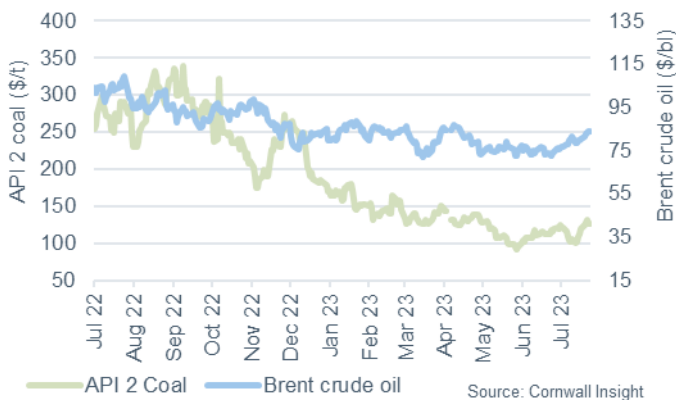


- All seasonal power contracts declined this week, down on average by 5.3%
- Winter 23 power decreased 7.0% to £113.50/MWh, while summer 24 fell 6.1% to £108.00/MWh.

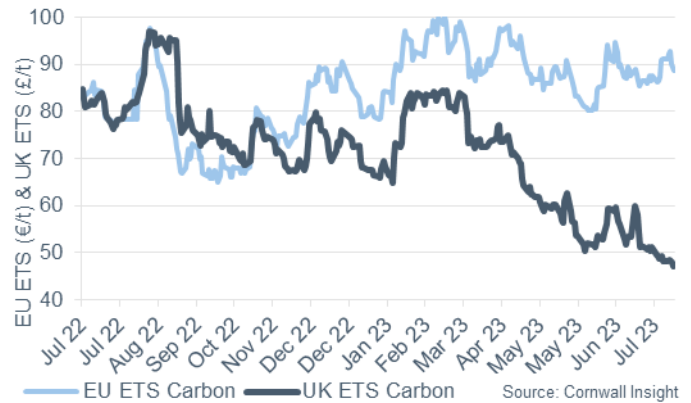
- All Seasonal peak power contracts declined this week, down 1.1% on average.
- Winter 23 and summer 24 peak power dropped 1.5% and 0.7% respectively, falling to £144.40/MWh and £122.20/MWh

Commodity price movements

Oil and coal



Carbon (UK and EU ETS)



- Brent crude registered an upwards price movement across the reporting period boosting 4.6% to average \$83.06/bl, following restricted global supply, increased investor optimism, and brightening outlooks surrounding Chinese demand.
- However, U.S. crude inventories falling less-than-anticipated, coupled with an increase to interest rates from the Federal Reserve prevented further gains to Brent crude across the week.
- Bolstered Chinese demand projections were the result of the announcements from the Chinese government outlining pledges to boost economic growth.
- Oil prices are expected to climb in the future, with Goldman Sachs anticipating record demand, raising their price forecast to \$86 per barrel by the end of 2023

- The disparity between the UK and EU ETS schemes continues to widen, with the UK ETS falling to historic lows.
- The EU ETS rose 2.8% to average €90.86/t, and the UK ETS dropped 2.2% to average £47.98/t
- UK ETS prices fell to a two-year low of £47.25/t on Friday – finding support from lowering gas prices. In contrast, EU ETS carbon reached a one-month high of €92.60/t on Wednesday.
- Prices for the EU ETS scheme were supported by strong demand ahead of the annual drop in auction supply in August, in tandem with bolstered demand for cooling appliances amid an atypical heatwave across southern Europe

Supplier tariff movements

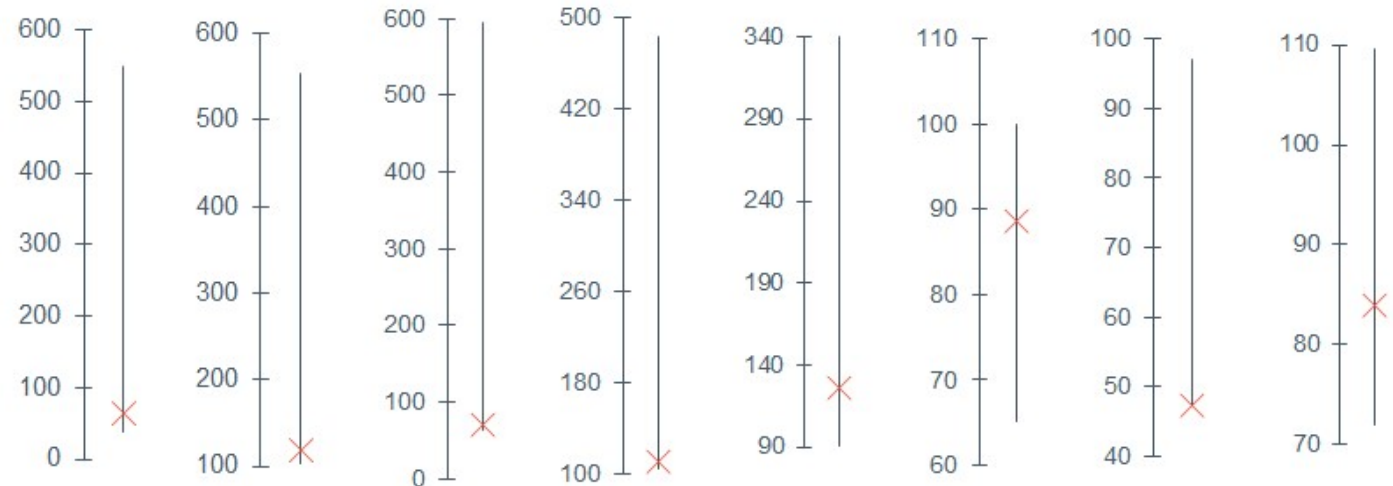
Shell Energy continued to offer the cheapest fixed tariff in our dataset on 22 July with its Energy August 2024 v16 one-year fixed tariff priced at £2,065/year on average, available only to existing customers. Outfox the Market continued to offer the cheapest variable tariff with its Fox Standard Dual tariff, priced at £1,985/year on average, £89/year below the 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	28 Jul 23	64.00	119.60	70.00	110.75	126.00	88.55	47.25	83.87
Last week	21 Jul 23	71.50	130.25	84.00	118.50	120.00	91.22	48.25	80.25
Four weeks ago	30 Jun 23	84.93	128.75	63.00	120.88	119.00	87.55	53.38	74.72
Last year	28 Jul 22	342.00	251.16	317.00	247.50	285.00	77.64	77.20	108.49
Year-on-year % change		-81.3%	-52.4%	-77.9%	-55.3%	-55.8%	14.1%	-38.8%	-22.7%
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	47.25	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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