



Energy Wholesale Market Review

Week Ending 11th August 2023



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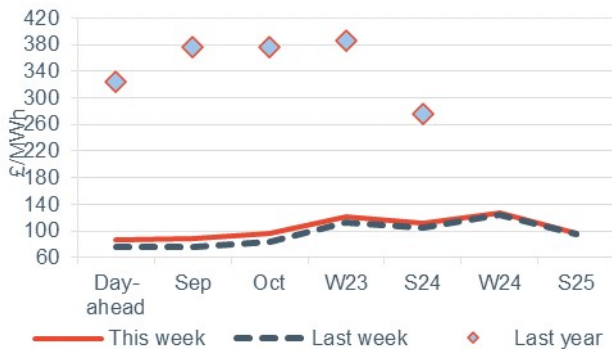
Headlines 11/08/2023

This week favoured a bullish outcome for gas and power prices, both in the near-term and further along the forward curve – underpinned by the uncertainty surrounding future gas imports into European energy markets from potential strike action at Australian LNG terminals. Day-ahead gas rose 21.7% to 85.50p/th, following uncertain Australian LNG supplies – the effect of this being heightened by Europe’s increased reliance on the global LNG market. Day-ahead power rose 14.5% to £87/MWh, following the bullish momentum gained from its equivalent gas contract, and a reduction in day-ahead wind forecasts. September 23 gas was up 28.4% at 94.00p/th, and October 23 gas increased 22.0% to 102.50p/th. All seasonal gas contracts boosted this week, up by 7.4% on average, as both winter 23 and summer 24 gas increased 12.2% and 7.9% respectively, lifting to 129.00p/th and 130.00p/th. Larger gains across seasonal gas contracts have been limited by above-average EU gas storage levels, acting to mitigate stronger increases. All seasonal power contracts traded higher this week, up on average by 4.5%, as winter 23 and summer 24 expanded 7.8% and 6.2% respectively, rising to £120.75/MWh and £112.00/MWh.

Baseload electricity

- Day-ahead power rose 14.5% to £87.00/MWh, following notable gains across its gas counterpart, the result of supply fears following potential strike action at Australian LNG terminals. This was compounded by weaker wind generation forecasts, tightening system margins
- September 23 power climbed 16.3% to £89.00/MWh and October 23 power increased 14.4% to £95.50/MWh.
- Q423 power moved 7.5% higher to £114.00/MWh.
- The annual October 23 contract rose 7.0% to £116.38/MWh, 64.8% lower than the same time last year (£330.5/MWh).

Forward curve comparison



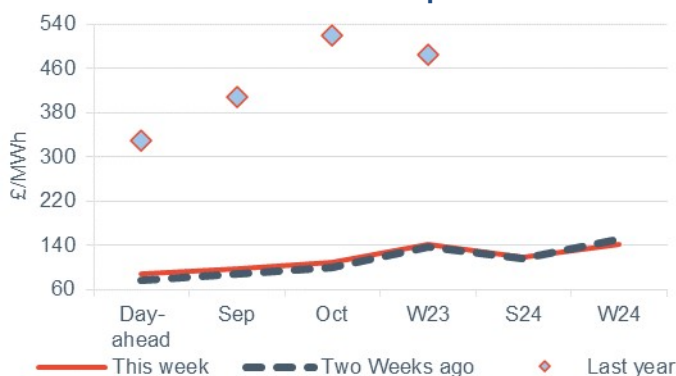
Annual October contract



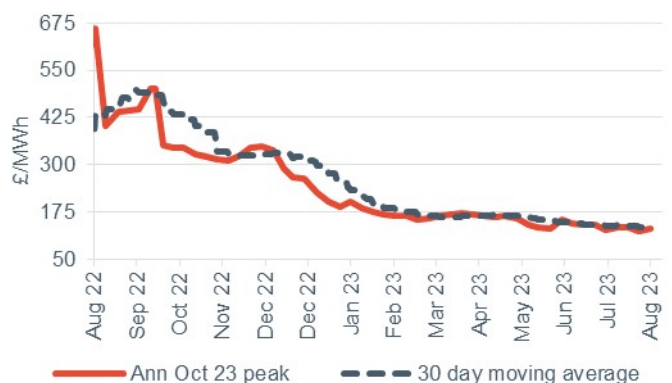
Peak electricity

- Day-ahead peak power was up 14.6% to £88.25/MWh, following its baseload counterpart higher
- September 23 peak power gained 10.0% at £96.79/MWh, and October 23 peak power increased 11.5% to £110.41/MWh
- The annual October 23 peak power rose 2.7% to £129.4/MWh
- However, this is 73.3% lower than the same time last year (485.25/MWh)

Forward curve comparison



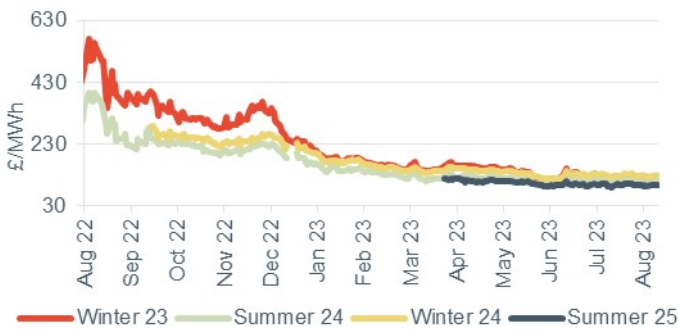
Annual October contract





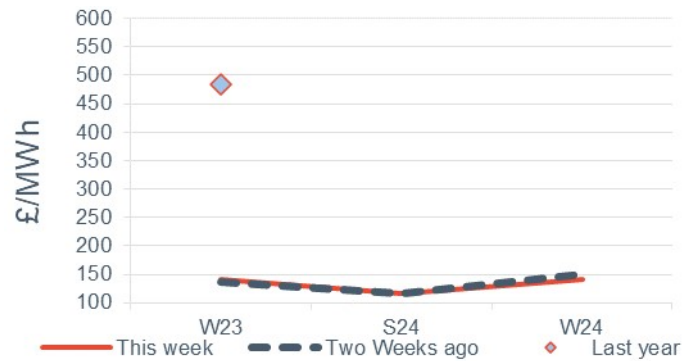
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts registered gains this week, up on average by 4.5%.
- Winter 23 and summer 24 expanded 7.8% and 6.2% respectively, rising to £120.75/MWh and £112.00/MWh.

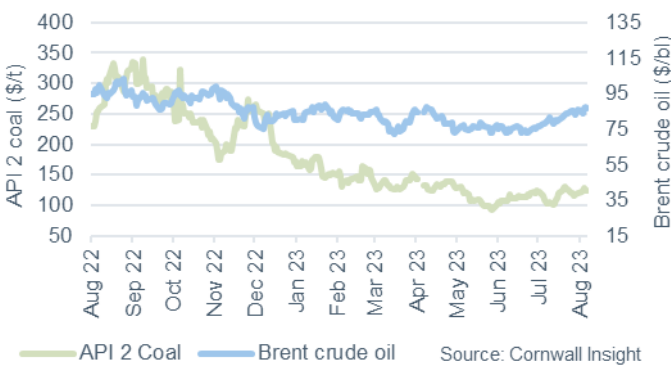
Seasonal peak power curve



- Most seasonal peak power contracts boosted this week, up 2.6% on average, with winter 24 the exception
- Winter 23 and summer 24 peak power increased 3.6% and 1.6% respectively, rising to £141.40/MWh and £117.40/MWh.

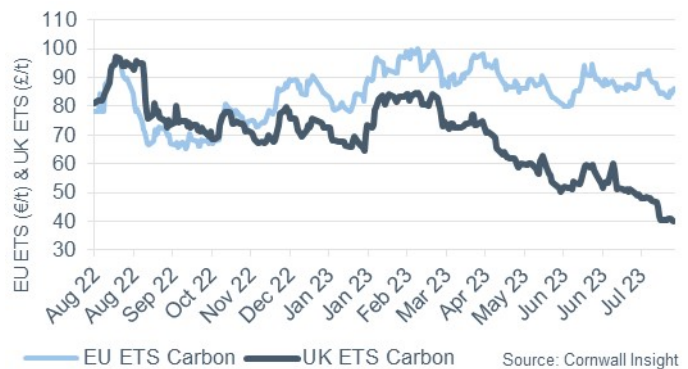
Commodity price movements

Oil and coal



- Crude reached a seven-month high of \$87.28/bl on 10 August with multiple bullish factors impacting the commodity
- Brent crude continued to register a week-on-week gain of 1.3% to \$85.96/bl, following extensions to output cuts by Saudi Arabia and Russia – paired with concerns over threats to Russian oil shipments following tensions with Ukraine
- However, stronger gains were limited by a reported rise in U.S. crude inventories and slow demand outlooks from China and India
- Lower-than-expected Chinese demand has prompted fears of reduced future global demand
- As Chinese economic growth is set to resurge in the future, prices may rise. However, this remains uncertain loosening potential constraints on global supply
- The IEA Oil Market Report for August outlined that world oil demand is scaling record highs, with global demand set to rise 2.2 million barrels a day in 2023

Carbon (UK and EU ETS)



- UK ETS prices fell to a record low of £39.90/t on Friday, as industrial demand continues to trend below average, paired with a decrease in carbon-intensive power generation.
- This led to a 5.3% decrease to average £40.51/t. The recent low prices raise concerns that the UK may be seen as failing to further green investment, and disincentivise carbon-intensive practices
- Similarly, EU ETS carbon registered week-on-week price losses, with prices dropping to €84.51/t, down 1.3%, despite growth across gas contracts following supply concerns, and reduced August auction supply.
- Power demand is set to rise across the coming months, as temperatures fall and increased pressure for heating is applied. As a result, more expensive forms of power generation may be required, leading to increased ETS prices

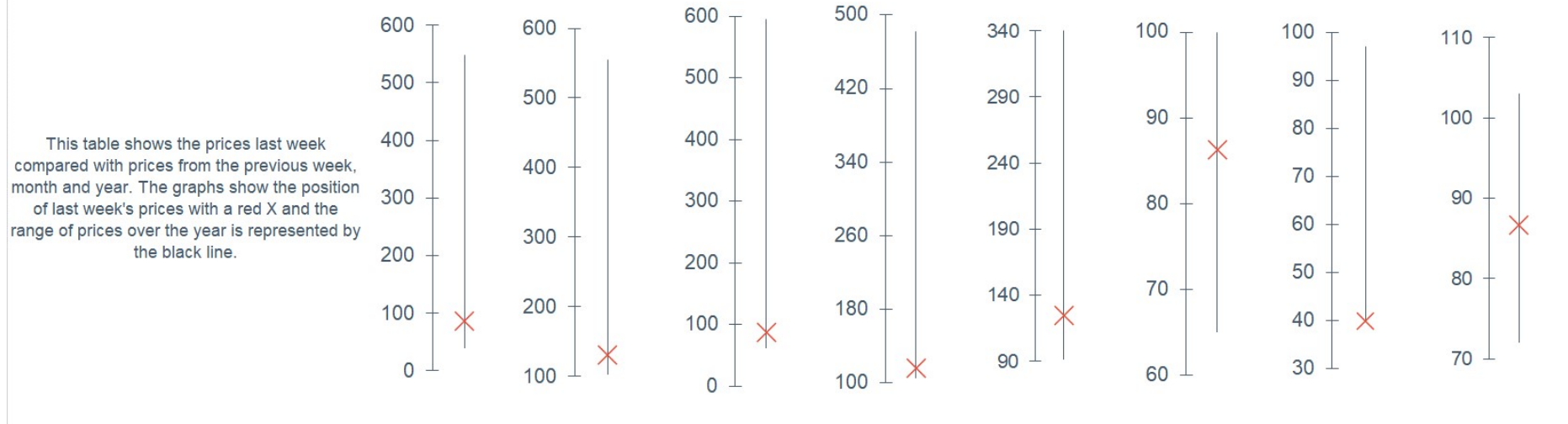
Supplier tariff movements

So Energy continued to offer the cheapest fixed tariff in our dataset at 5 August with its So Juniper One Year Green tariff priced at £2,047/year on average, available to new and 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	11 Aug 23	85.50	129.50	87.00	116.38	125.00	86.35	39.90	86.70
Last week	4 Aug 23	70.25	117.75	76.00	108.75	120.50	84.91	40.50	85.75
Four weeks ago	14 Jul 23	67.00	120.50	80.00	114.50	105.00	87.60	51.10	81.35
Last year	11 Aug 22	330.00	352.72	310.50	312.00	255.00	78.35	83.00	98.13
Year-on-year % change		-74.1%	-63.3%	-72.0%	-62.7%	-51.0%	10.2%	-51.9%	-11.6%
12-month high		548.00	554.50	595.00	482.50	340.00	100.00	97.00	102.96
12-month low		38.75	103.15	62.50	105.10	91.50	65.09	39.90	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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