



# Energy Wholesale Market Review

Week Ending 18<sup>th</sup> August 2023



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## Headlines 18/08/2023

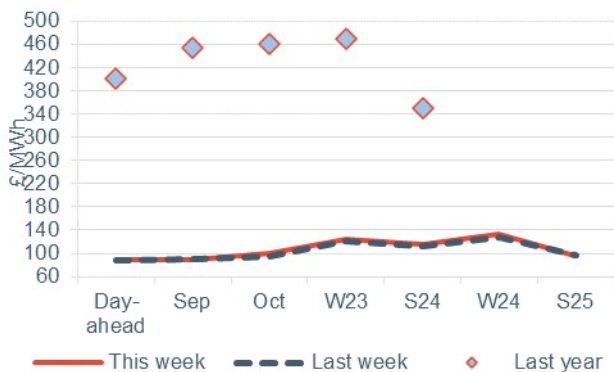
This week, gas and power prices saw bullish sentiment further along the forward curve, as uncertainty surrounding Australian LNG supply remains elevated amid potential strike action that could impact European energy markets. However, across most short-term contracts, bearish prices trends were captured as day-ahead gas fell 4.1% to 82.00p/th, amid an oversupplied GB system. Conversely day-ahead power rose 1.1% to £88.00/MWh, opposing the bearish momentum seen in its equivalent gas contract, seeing low wind output across the week, in conjunction with growing power demand acting to tighten system margins.

September 23 gas was down 2.1% at 92.00p/th, and October 23 gas increased 2.4% to 105.00p/th. Seasonal gas contracts boosted by an average of 3.8% this week, with winter 23 and summer 24 gas increasing 5.4% and 4.6% respectively, lifting both to 136.00p/th. Most seasonal power contracts traded higher this week, up on average by 2.9%, as winter 23 and summer 24 expanded 3.1% and 4.0% respectively, rising to £124.50/MWh and £116.50/MWh. Summer 25 remained level at £96.00/MWh.

## Baseload electricity

- Day-ahead power rose 1.1% to £88.00/MWh, following low wind output during the week alongside increasing demand
- September 23 power slipped 0.6% to £88.50/MWh while October 23 power increased 3.7% to £99.00/MWh
- Q423 power moved 2.6% higher to £117.00/MWh
- Similarly, the annual October 23 contract rose 3.5% to £120.50/MWh, 70.6% lower than the same time last year (£410.00/MWh)

### Forward curve comparison



### Annual October contract



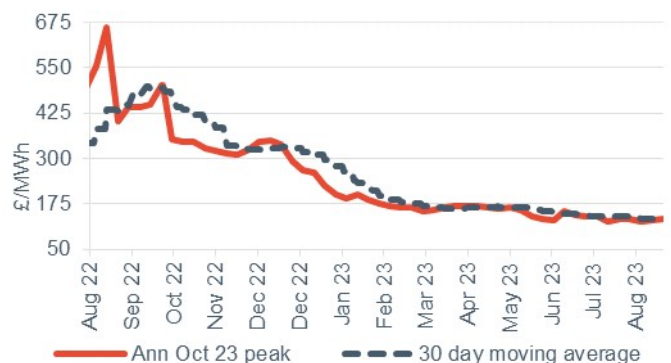
## Peak electricity

- Day-ahead peak power was up 1.4% at £89.50/MWh, following its baseload counterpart higher
- However, both September 23 and October 23 peak power declined 1.2% to £95.65/MWh and £109.08/MWh, respectively
- The annual October 23 peak power rose 4.4% to £135.13/MWh
- This is 75.7% lower than the same time last year (£555.25/MWh)

### Forward curve comparison



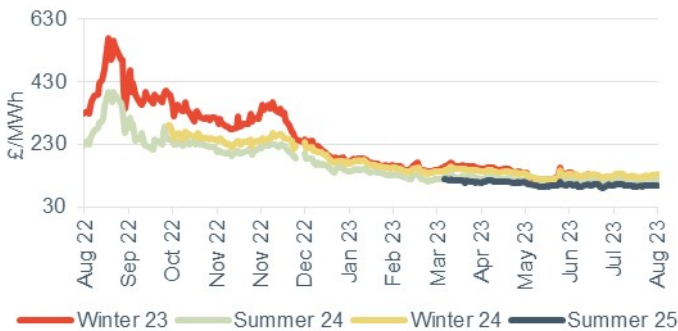
### Annual October contract





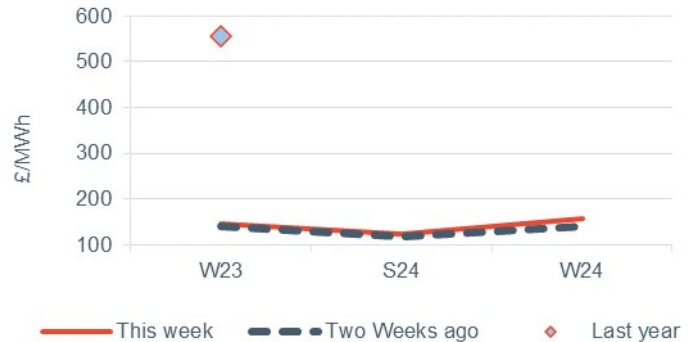
## Seasonal power prices

### Seasonal baseload power contracts



- Most seasonal power contracts boosted this week, up on average by 2.9%, with summer 25 the exception, remaining level at £96.00/MWh
- Winter 23 and summer 24 expanded 3.1% and 4.0% respectively, rising to £124.50/MWh and £116.50/MWh

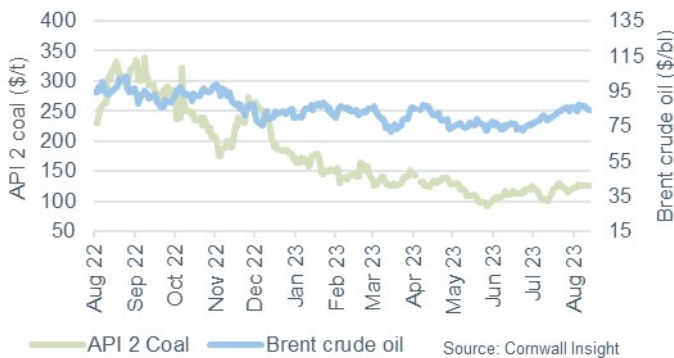
### Seasonal peak power curve



- All seasonal peak power contracts boosted this week, up 4.5% on average
- Winter 23 and summer 24 peak power increased 4.1% and 4.8% respectively, rising to £1417.25/MWh and £123.00/MWh

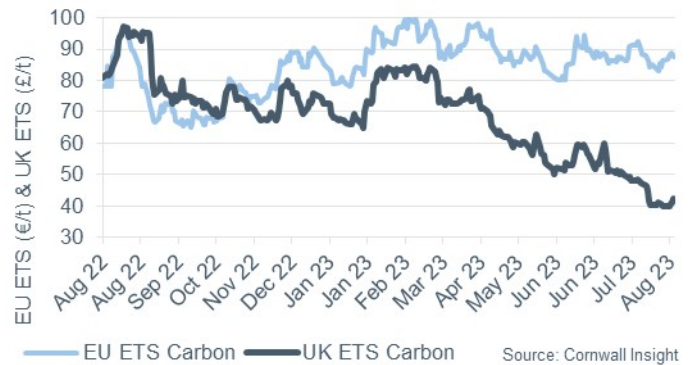
## Commodity price movements

### Oil and coal



- Brent crude ended its recent bullish week-on-week price adjustment during this reporting period, registering a 1.1% drop to average \$85.01/b
- The commodity registered losses amid ongoing demand growth concerns, amid concerns that Chinese interest rate reductions are not substantial enough to jumpstart growth. This has acted to outweighing the impact of recent tightening of global supply
- Similarly, concerns surrounding weakened fuel demand were bolstered following potential US interest rate hikes
- However, it is important to highlight the impact of OPEC+ supply cuts as global supply remains constricted, limiting losses registered
- As Chinese demand grows into 2023, the pricing environment may favour a bullish trend due to the interconnected nature of Chinese economic growth and oil prices. However, due to the uncertain outcome of this, Brent crude prices are set to remain volatile into the future.

### Carbon (UK and EU ETS)



- UK ETS prices opposed their recent downward trend and registered a 0.9% increase, to average £40.87/t during this reporting period. This has arisen due to upwards pressure across gas contracts following potential strike action at Australian LNG terminals
- However, decreased carbon-intensive power generation across the UK, and industrial demand trending below average continue to act to cap gains
- EU ETS carbon also registered a week-on-week gain, experiencing a 3.8% rise to €87.75/t, as increased forward hedging of EU carbon allowances provides a bullish signal for prices to follow
- Similarly, low trading at the peak of the summer break provided strength to prices as the market extended gains
- Although EU ETS prices have seen gains recently, it is anticipated that this trend will turn bearish in the latter half of 2023 as industrial and power demand continue to remain volatile, in tandem with the switch from coal-to-gas fuel weakening demand.



## Supplier tariff movements

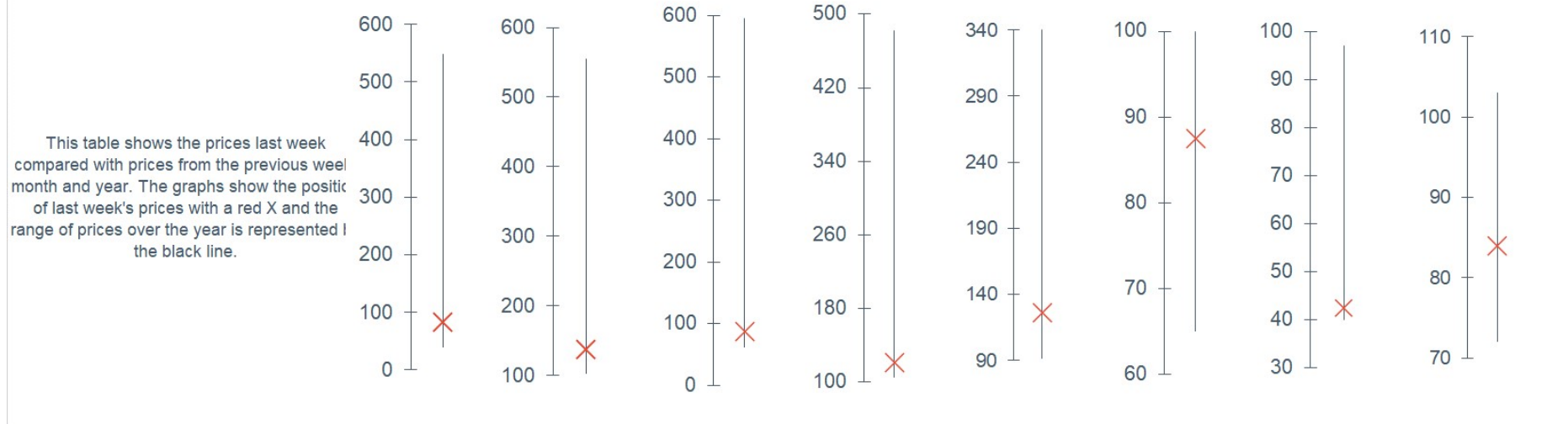
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So Energy continued to offer the cheapest fixed tariff in our dataset at 12 August with its So Juniper One Year Green tariff priced at £2,047/year on average, available to new and existing customers. Outfox the Market continued to offer the cheapest variable tariff in our dataset 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 (\$/t)	EUA carbon (€/t)	UKA carbon (£/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead				
This week	18 Aug 23	82.00	136.00	88.00	120.50	126.00	87.50	42.50	84.00
Last week	11 Aug 23	85.50	129.50	87.00	116.38	125.00	86.35	39.90	86.70
Four weeks ago	21 Jul 23	71.50	130.25	84.00	118.50	120.00	91.22	48.25	80.25
Last year	18 Aug 22	375.00	412.95	372.50	382.50	302.00	94.85	94.25	95.02
Year-on-year % change		-78.1%	-67.1%	-76.4%	-68.5%	-58.3%	-7.7%	-54.9%	-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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