



# Energy Wholesale Market Review

Week Ending 25<sup>th</sup> August 2023



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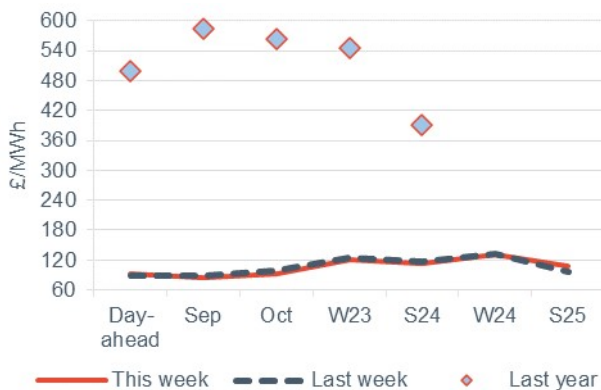
## Headlines 25/08/2023

This week, we observed mixed price movements. Largely, all gas contracts recorded losses, with day-ahead being the exception - rising 4.9% to 86.00p/th, following lower day-ahead wind outturn projections boosting gas-for-power demand forecasts. Similarly, day-ahead power rose 5.7% to £93.00/MWh, finding support from its gas counterpart, however gains were subdued by reduced day-ahead demand forecasts. September 23 gas was down 6.5% at 86.00p/th, and October 23 gas decreased 11.8% to 92.60p/th, with all seasonal gas contracts declining last week, by an average of 8.4%. This arose due to the announcement in the latter half of the week outlining that strike action at Australian LNG plants would be averted – providing stability to longer-term contracts. Winter 23 and summer 24 gas dropped 7.4% and 5.9% respectively, subsiding to 126.00p/th and 128.00p/th. Most seasonal power contracts recorded growth this week, up on average by 1.0%, as winter 23 power decreased 2.9% to £120.85/MWh, summer 24 fell 2.8% to £113.25/MWh, whereas summer 25 rose 12.5% to £108.00/MWh.

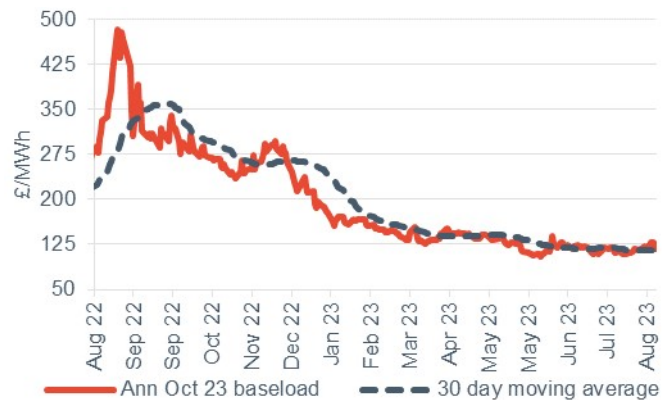
## Baseload electricity

- Day-ahead power rose 5.7% to £93.00/MWh, following its gas counterpart, with falling wind generation acting to tighten system margins
- September 23 power slipped 4.0% to £85.00/MWh and October 23 power decreased 7.1% to £92.00/MWh
- Q423 power moved 5.1% lower to £111.00/MWh.
- The annual October 23 contract lost 2.9% to £117.05/MWh, 75.0% lower than the same time last year (£467.50/MWh)

### Forward curve comparison



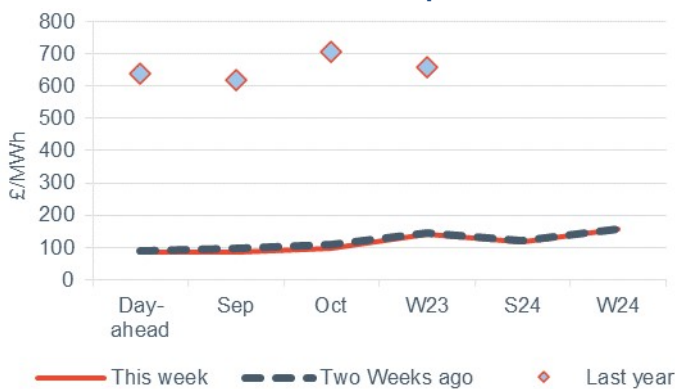
### Annual October contract



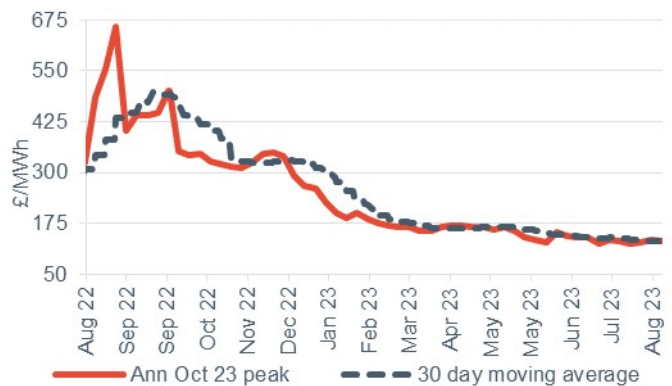
## Peak electricity

- Day-ahead peak power was down 2.2% to £87.50/MWh, opposing its baseload counterpart which experienced gains
- September 23 peak power declined 8.7% at £87.30/MWh, and October 23 peak power decreased 8.8% to £99.43/MWh.
- The annual October 23 peak power rose 3.3% to £130.63/MWh
- This is 80.2% lower than the same time last year (£660.01/MWh)

### Forward curve comparison



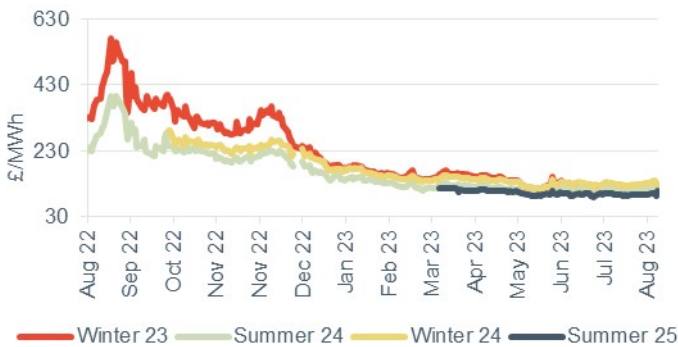
### Annual October contract





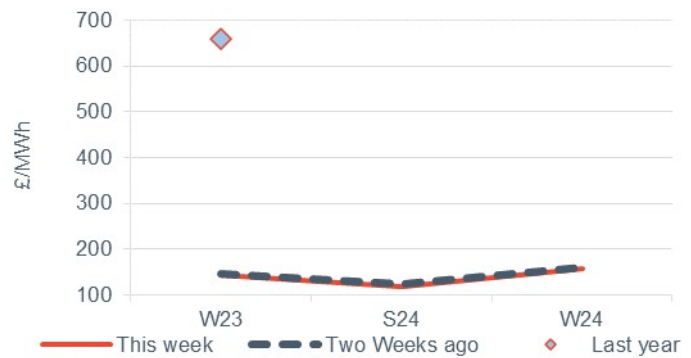
## Seasonal power prices

### Seasonal baseload power contracts



- Most individual seasonal power contracts fell this week, however, seasonal power contracts as a whole rose by 1.0% overall due to summer 25 growing 12.5%.
- Winter 23 power decreased 2.9% to £120.85/MWh, and summer 24 fell 2.8% to £113.25/MWh.

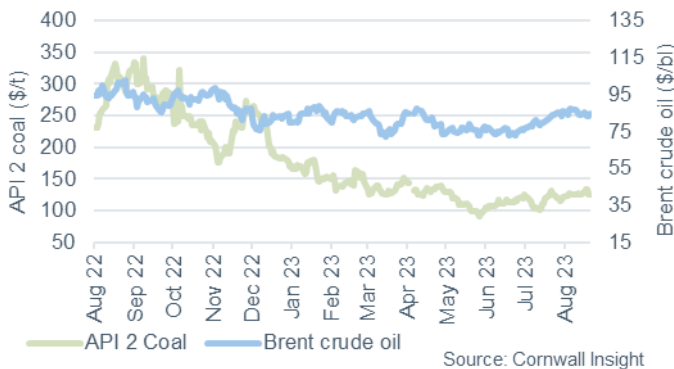
### Seasonal peak power curve



- All Seasonal peak power contracts declined this week, down 3.3% on average.
- Winter 23 and summer 24 peak power dropped 3.4% and 3.3% respectively, falling to £142.25/MWh and £119.00/MWh

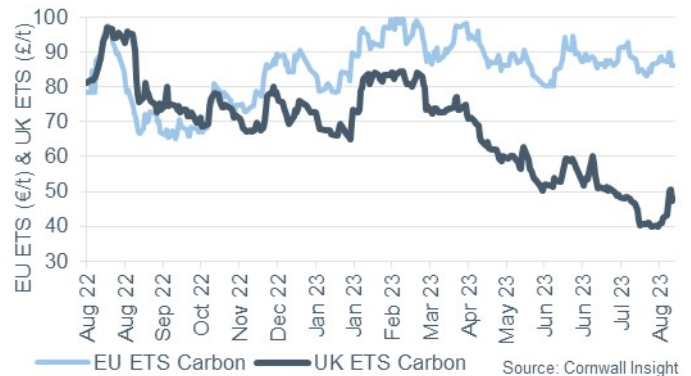
## Commodity price movements

### Oil and coal



- Brent crude continued to experience the bearish price adjustment started during the last reporting period, registering a drop of 1.0% to average \$84.17/b
- The commodity registered a loss amid concern over further U.S. interest rate increases acting against tightening global supply. Higher borrowing costs can impede economic growth and in turn reduce overall demand for oil
- This sentiment was strengthened after poor Chinese post-COVID economic performance dampens demand
- However, it is important to highlight the impact of OPEC+ supply cuts as global supply remains constricted, limiting losses registered
- It is anticipated that Saudi Arabia will extend the one million barrels per day supply cut into October after the weakness experienced across the oil market in the first half of 2023

### Carbon (UK and EU ETS)



- Opposing the recent strong bearish trend, UK ETS carbon prices recorded a notable 17.1% gain to average £47.86/t – the highest level in four weeks.
- This follows bullish energy prices, arising due to uncertainty surrounding Australian LNG strikes in the first half of the reporting period.
- Despite this, gains are currently being limited by industrial demand trending below average
- EU ETS carbon also registered a week-on-week gain, although notably lower than UK ETS carbon, experiencing a 0.1% rise to average €87.81/t, finding notable bearish support in the latter half of the reporting period due to announcements that the strike action at Australian LNG facilities had been averted.
- The disparity between UK ETS and EU ETS carbon is anticipated to shrink as the UK Emissions Trading System Authority is set to reform the scheme next year to include new sectors in 2026 – tightening limits on CO2 pollution

## Supplier tariff movements

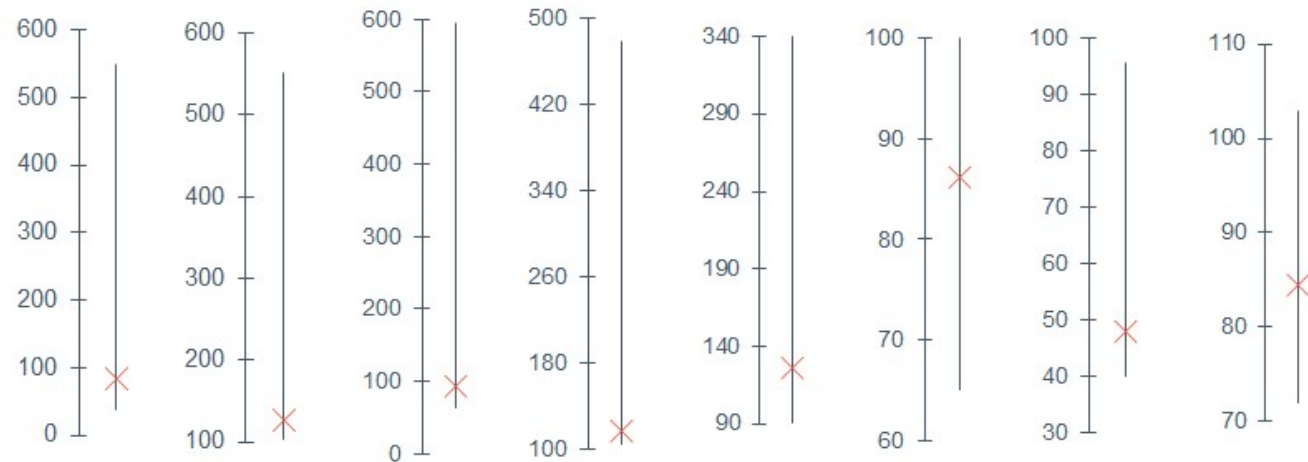
So Energy continued to offer the cheapest fixed tariff available to all customers in our dataset at 19 August with its So Juniper One Year Green tariff priced at £2,047/year on average. Tulo Energy offered the cheapest variable tariff in our dataset with its Tulo Vari-One tariff, priced at £1,984/year on average, £90/year below the default tariff 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	25 Aug 23	86.00	127.00	93.00	117.05	126.00	86.15	48.00	84.50
Last week	18 Aug 23	82.00	136.00	88.00	120.50	126.00	87.50	42.50	84.00
Four weeks ago	28 Jul 23	64.00	119.60	70.00	110.75	126.00	88.55	47.25	83.87
Last year	25 Aug 22	548.00	536.78	595.00	477.50	312.00	89.46	94.20	101.67
Year-on-year % change		-84.3%	-76.3%	-84.4%	-75.5%	-59.6%	-3.7%	-49.0%	-16.9%
12-month high		548.00	551.78	595.00	477.50	340.00	100.00	95.70	102.96
12-month low		38.75	103.15	62.50	105.10	91.50	65.09	39.90	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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