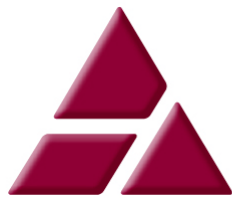




# Energy Wholesale Market Review

Week Ending 12<sup>th</sup> September 2023



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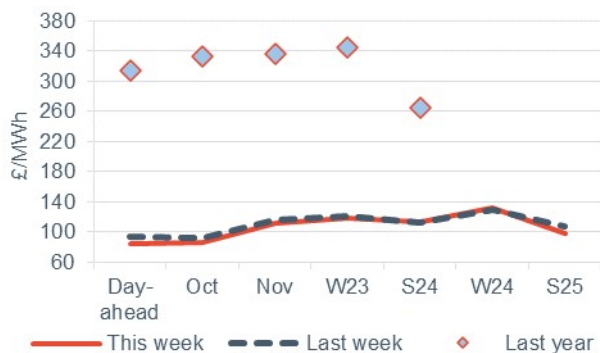
## Headlines 01/09/2023

This week, gas and power prices saw bullish sentiment further along the forward curve, as uncertainty surrounding gas supply during the winter period remains elevated. As of September 01, planned work stoppages across Australian LNG terminals are anticipated as workers at Chevron rejected the company's pay offer, impacting output from the Gorgon and Wheatstone terminals. Similarly, the potential for a colder-than-anticipated winter period bakes risk into these contracts. However, across most short-term contracts, bearish prices trends were captured as day-ahead gas fell 7.0% to 80.00p/th, amid expectations of higher wind generation decreasing demand from gas-fired assets to support power generation. Likewise, day-ahead power fell 9.7% to £84.00/MWh, following the bearish momentum seen in its equivalent gas contract, as rising temperatures and increased renewable generation act to loosen system margins. October 23 gas was down 8.2% at 85.00p/th, and November 23 gas decreased 3.7% to 112.00p/th. Most seasonal gas contracts boosted this week, with summer 24 gas increasing 0.6% and winter 24 growing 2.1% to 128.75p/th, and 145.00p/th respectively. Summer 25 experienced the largest gain of 16.7% to average 112.00p/th, whereas winter 23 recorded a 1.6% loss to 124.00p/th. This led to an overall gain of 4.4% across seasonal gas contracts. A mixed sentiment was observed across individual seasonal power contracts as winter 23 and summer 25 decreased 2.4% and 9.3% respectively, dropping to £118.00/MWh and £98.00/MWh – and summer 24 and winter 24 rose 0.7% and 1.5% respectively to 114.00/MWh and 132.00/MWh. This led to an overall 2.4% decrease across seasonal power contracts this week.

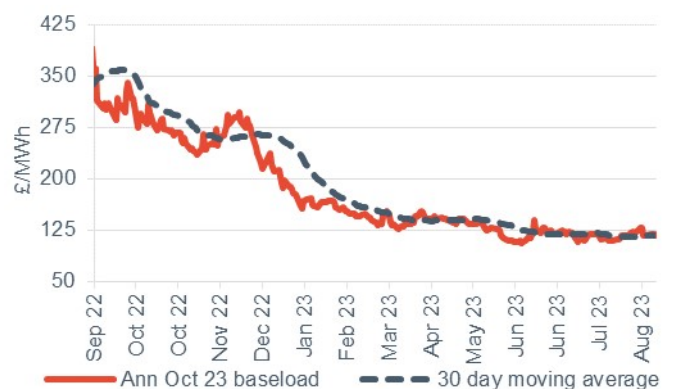
### Baseload electricity

- Day-ahead power fell 9.7% to £84.00/MWh, following its gas counterpart lower, weighed upon by rising temperatures and renewable output
- October 23 power slipped 6.5% at £86.00/MWh and November 23 power decreased 4.8% to £111.00/MWh.
- Q423 power moved 3.6% lower to £107.00/MWh.
- The annual October 23 contract lost 0.9% to £116.00/MWh, 62.0% lower than the same time last year (£305.00/MWh).

#### Forward curve comparison



#### Annual October contract



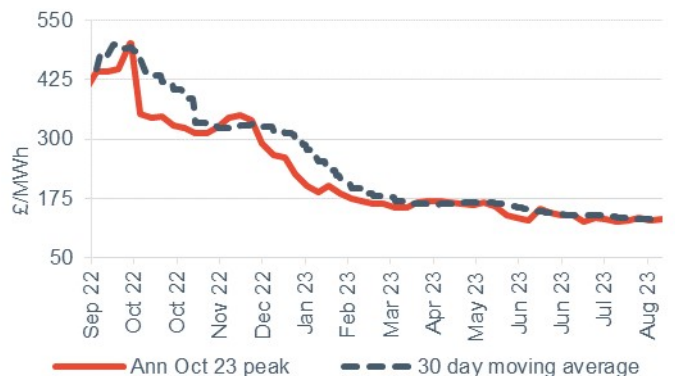
### Peak electricity

- Day-ahead peak power was down 0.9% to £86.75/MWh, following its baseload counterpart lower
- October 23 peak power declined 3.3% at £96.16/MWh, and November 23 peak power decreased 1.5% to £144.52/MWh
- The annual October 23 peak power rose 0.7% to £131.49/MWh
- This is 67.3% lower than the same time last year (402.00/MWh).

#### Forward curve comparison



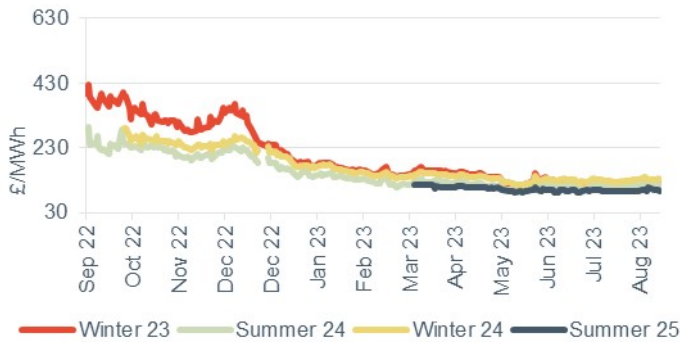
#### Annual October contract





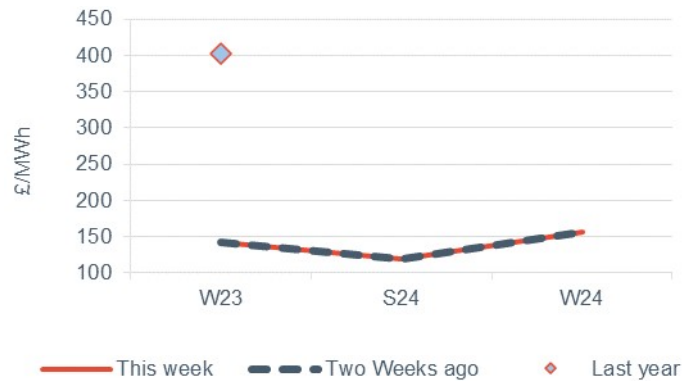
## Seasonal power prices

### Seasonal baseload power contracts



- A mixed sentiment was observed across individual seasonal power contracts this week with winter 23 and summer 25 decreasing, and summer 24 and winter 24 growing. However, overall, seasonal baseload power contracts were down on average by 2.4%.
- Winter 23 power decreased 2.4% to £118.00/MWh, while winter 24 expanded 1.5% to £132.00/MWh

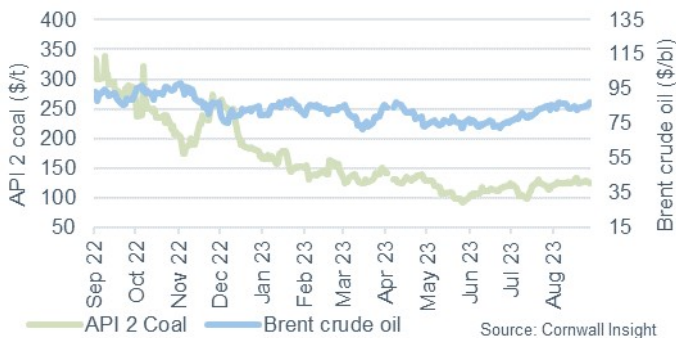
### Seasonal peak power curve



- All Seasonal peak power contracts boosted this week, up 0.7% on average.
- Winter 23 and summer 24 peak power increased 0.5% and 0.8% respectively, rising to £143.00/MWh and £119.98/MWh

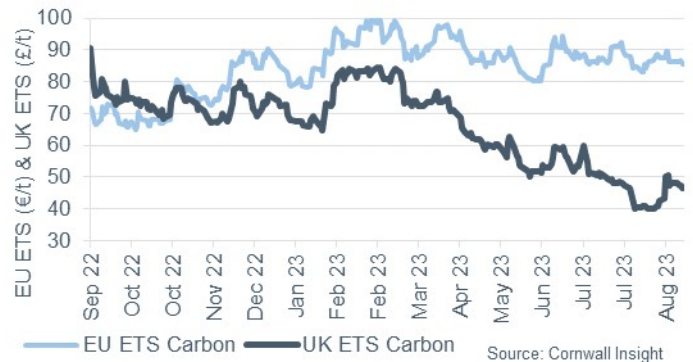
## Commodity price movements

### Oil and coal



- Opposing the trend experienced over the last reporting period, Brent crude registered a 2.4% gain week-on-week to average \$86.22/b
- The bullish price trend arose from slowing US inflation, paired with a sustained 1 million barrel per day supply cut by OPEC+, tightening global supply.
- This sentiment was strengthened due to concerns surrounding supply disruption on the Gulf Coast as hurricane Idalia hit the US
- It is likely that Saudi Arabia will extend the supply cut into October after the weakness experienced across the oil market in the first half of 2023.
- This further tightens global supply, during an anticipated uptick in Chinese demand, and may lead to price spikes across the commodity.

### Carbon (UK and EU ETS)



- Opposing the week-on-week gains registered across the previous reporting period, the EU ETS dropped 1.7% to average €86.30/t, and the UK ETS fell 0.9% to average £47.45/t
- EU ETS registered a week-on-week loss due to falling gas prices as fears surrounding larger Australian LNG strike action reduced. Likewise, European carbon prices fell across August for the first time since 2019
- UK ETS carbon found bearish support from the reduction in gas prices, in tandem with a continued decline in industrial demand. Losses were limited by periods of reduced wind generation however, acting to tighten system margins and bolster reliance on more expensive forms of power generation.

## Supplier tariff movements

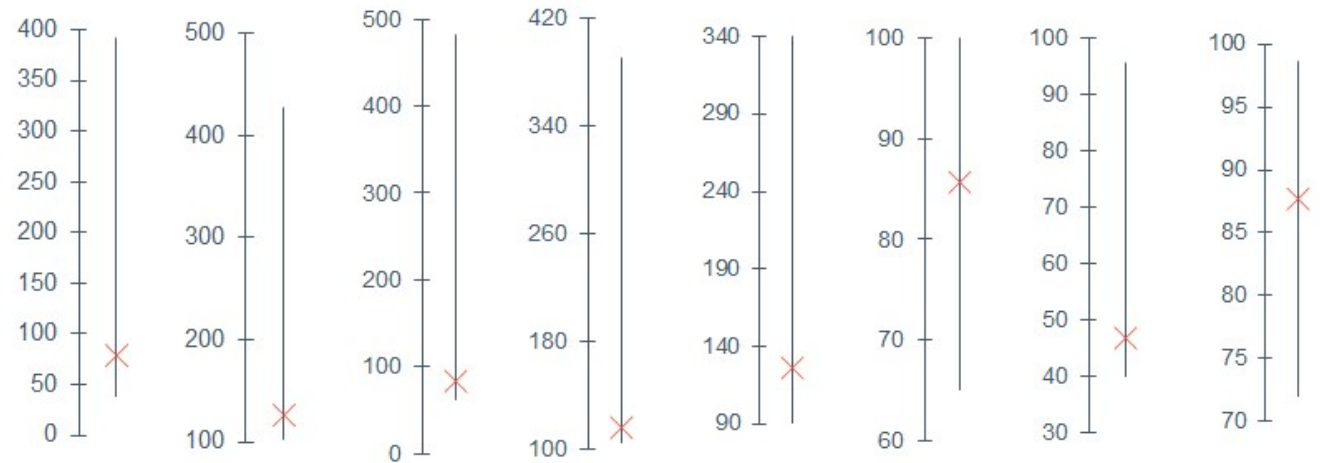
So Energy continued to offer the cheapest fixed tariff available to all customers in our dataset at 26 August with its So Juniper One Year Green tariff priced at £2,047/year on average. On 25 August, Ofgem announced that the Default Tariff Cap will fall by 7.3% to £1,923 from 1 October for a typical dual fuel household paying by direct debit.



## 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	1 Sep 23	80.00	126.38	84.00	116.00	126.00	85.70	46.70	87.70
Last week	25 Aug 23	86.00	127.00	93.00	117.05	126.00	86.15	48.00	84.50
Four weeks ago	4 Aug 23	70.25	117.75	76.00	108.75	120.50	84.91	40.50	85.75
Last year	1 Sep 22	336.00	362.24	355.00	347.50	310.00	78.30	95.70	94.15
Year-on-year % change		-76.2%	-65.1%	-76.3%	-66.6%	-59.4%	9.5%	-51.2%	-6.9%
12-month high		392.00	426.50	483.00	390.00	340.00	100.00	95.70	98.70
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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