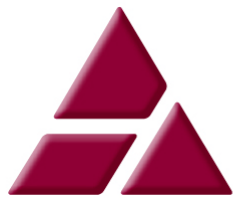




Energy Wholesale Market Review

Week Ending 15th September 2023



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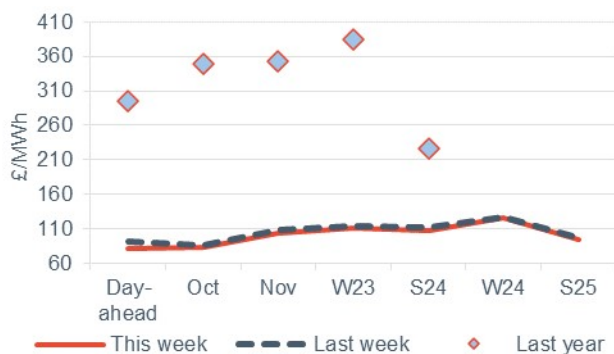
Headlines 15/09/2023

It was a largely 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 1.9% to 85.35p/th, following periods of above-average temperature during the week. However, losses were limited by extended maintenance works across the Norwegian Continental Shelf, limiting flows into GB from Norway. Likewise, day-ahead power dropped 12.5% to £80.50/MWh, taking direction from losses made in near-term gas markets and increased wind output during the week – loosening system margins. October 23 gas was down 1.7% at 87.25p/th, and November 23 gas decreased 3.2% to 108.90p/th. Most seasonal gas contracts fell this week too, down by 1.7% on average, with winter 25 the exception – seeing a 0.4% gain. Winter 23 and summer 24 gas dropped 2.0% and 1.9% respectively, subsiding to 121.50p/th and 126.00p/th. All seasonal power contracts traded lower this week, down on average by 1.9%. Winter 23 and summer 24 power went down 2.4% and 2.7% respectively, falling to £111.75/MWh and £108.00/MWh. Brent crude oil reached a 10 month high this week, following OPEC+ supply cuts anticipated to last until the end of the year. Subsequently, prices were 3.0% higher at \$93.90/bl. Meanwhile, UK ETS prices dropped to the lowest level since the scheme opened in May 2021, at £38.75/t.

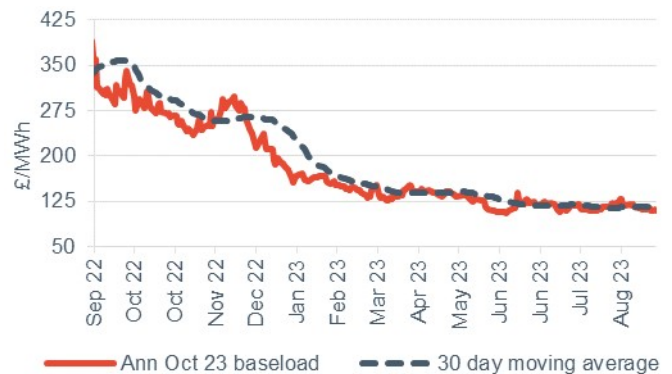
Baseload electricity

- Day-ahead power fell 12.5% to £80.50/MWh, following its gas counterpart, with further losses supported by a spike in forecast wind output, loosening system margins.
- October 23 power slipped 3.8% at £82.75/MWh and November 23 power decreased 4.2% to £103.50/MWh.
- Q423 power moved 2.9% lower to £101.00/MWh.
- The annual October 23 contract lost 2.5% to £109.88/MWh, 64.0% lower than the same time last year (£305.00/MWh)

Forward curve comparison



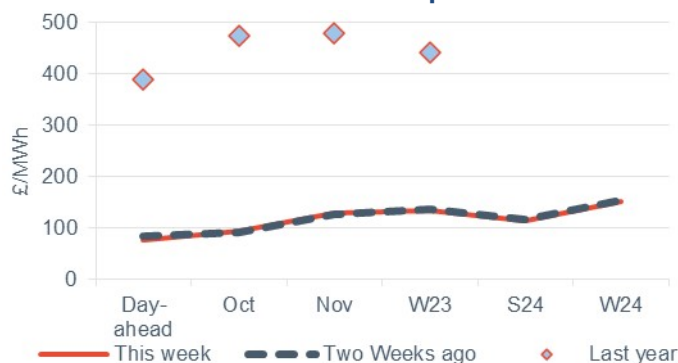
Annual October contract



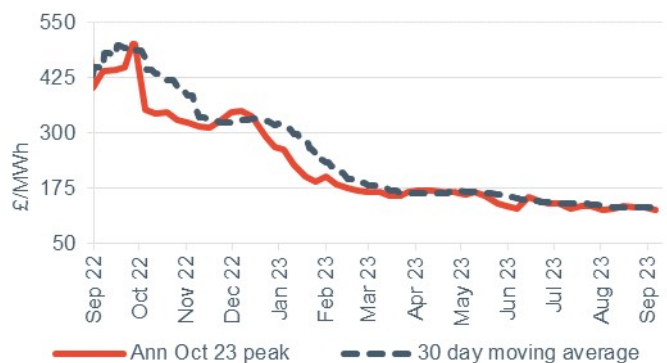
Peak electricity

- Day-ahead peak power was down 9.2% to £76.25/MWh, following its baseload counterpart lower.
- However, October 23 peak power gained 4.8% at £95.18/MWh, and November 23 peak power increased 2.0% to £129.58/MWh.
- The annual October 23 peak power fell 1.4% to £125.00/MWh
- This is 71.7% lower than the same time last year (£442.25/MWh).

Forward curve comparison



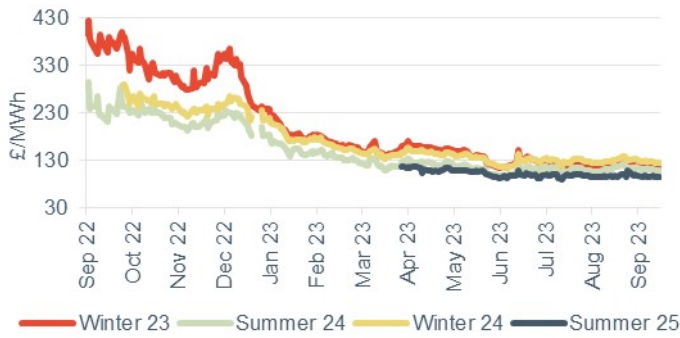
Annual October contract





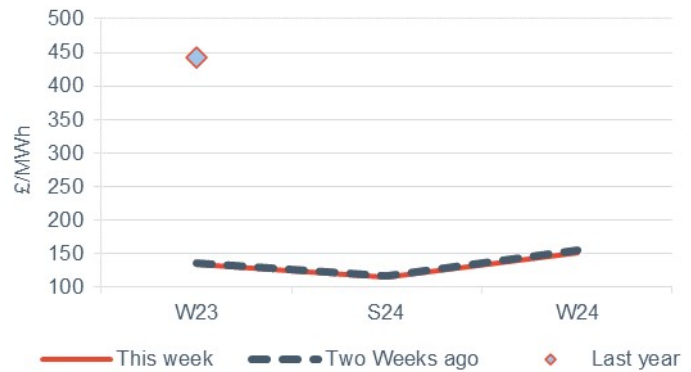
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 1.9%.
- Winter 23 power decreased 2.4% to £111.75/MWh, while summer 24 fell 2.7% to £108.00/MWh.

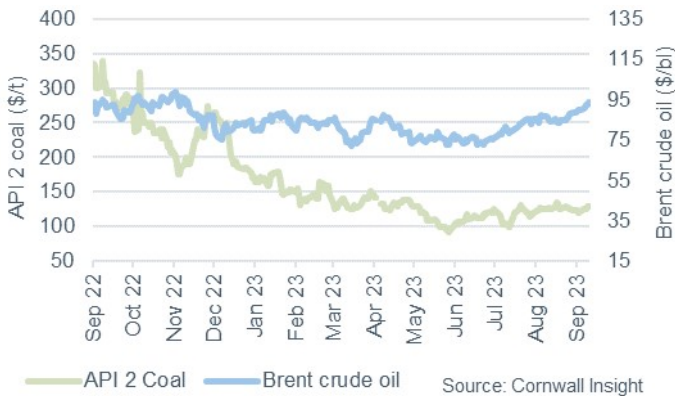
Seasonal peak power curve



- All Seasonal peak power contracts declined this week, down 1.4% on average.
- Winter 23 and summer 24 peak power dropped 0.9% and 1.9% respectively, falling to £134.74/MWh and £115.25/MWh.

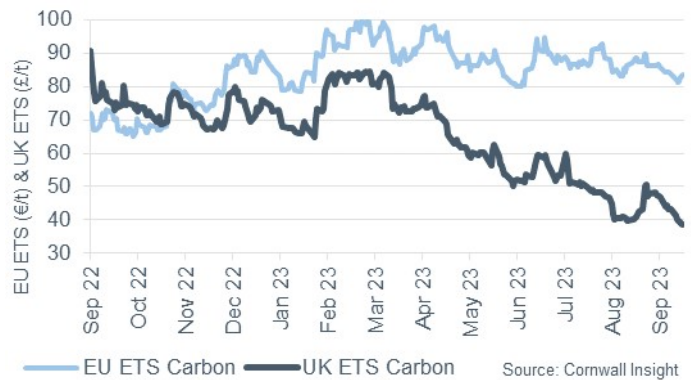
Commodity price movements

Oil and coal



- Brent crude reached a 10-month high of \$93.90/bl on 15 September with multiple bullish factors impacting the commodity.
- Brent crude continued to register a week-on-week gains, up 3.0% to \$92.07/bl this week, following extensions to output cuts by Saudi Arabia and Russia, acting to tighten global supply.
- Similarly, reports of a boost in Chinese industrial demand further strengthened the bullish sentiment.
- Chinese economic growth is set to resurge according to some economists as the year progresses, further tightening the global supply/demand balance.
- Similarly, OPEC+ output cuts, anticipated to last until 2024, and growing tensions between Russia and Ukraine – with the potential to threaten Russian oil shipments, provide a bullish pricing landscape into the future.

Carbon (UK and EU ETS)



- As the disparity between scheme prices remains at an all-time high, due to recent policy adjustments across both schemes, the UK ETS experienced its lowest price since the scheme opened in May 2021
- UK ETS prices fell to a record low of £38.75/t on 15 September, averaging £39.82/t across the week, representing an 8.8% drop. Drivers of decline were formed from a large drop in carbon-intensive power generation and lowering demand from industry.
- Similarly, EU ETS carbon saw its lowest value in three months, with prices dropping to €81.33/t on 12 September, while registering a 2.2% drop to average €82.25/t.
- Carbon prices across both the EU and UK ETS schemes are likely to remain volatile; given the level of unpredictability attached to gas supply into Europe for the remainder of 2023 and into 2024.

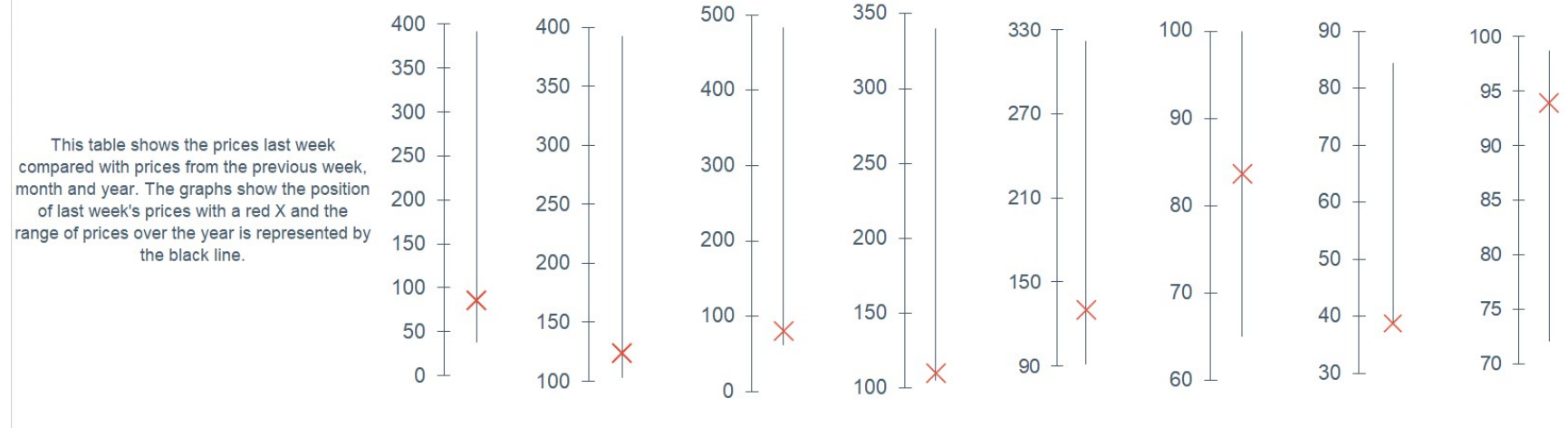
Supplier tariff movements

Shell Energy offered the cheapest fixed tariff available to all customers in our dataset at 9 September with its new Energy November 2024 v2 tariff, a one-year fixed deal priced at £2,040/year on average. Tulo Energy continued to offer 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 – Friday-on-Friday

		Gas (p/th)		Electricity (£/MWh)		Coal	EUA carbon	UKA carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(€/t)	(\$/bl)
Last week	15 Sep 23	85.35	123.75	80.50	109.88	130.00	83.62	38.75	93.90
Two weeks ago	8 Sep 23	87.00	126.25	92.00	112.75	121.00	83.40	43.20	90.20
Four weeks ago	18 Aug 23	82.00	136.00	88.00	120.50	126.00	87.50	42.50	84.00
Last year	15 Sep 22	350.00	359.55	295.00	310.50	309.00	70.49	78.25	93.65
Year-on-year % change		-75.6%	-65.6%	-72.7%	-64.6%	-57.9%	18.6%	-50.5%	0.3%
12-month high		392.00	392.10	483.00	340.00	322.00	100.00	84.50	98.70
12-month low		38.75	103.15	62.50	105.10	91.50	65.09	38.75	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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