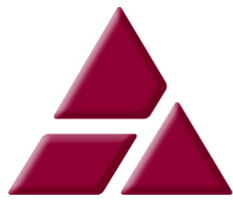




Energy Wholesale Market Review

Week Ending 22nd September 2023



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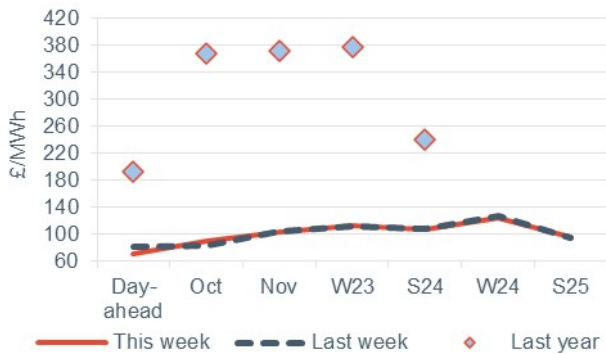
Headlines 22/09/2023

This week, gas prices saw bullish sentiment across shorter-term contracts, despite improving pipeline supply as major maintenance across Norwegian gas fields subsides, and a resolution being reached at LNG facilities in Australia – ending industrial strike action. Upwards price trends were showcased as day-ahead gas rose 18.3% to 101.00p/th, amid an undersupplied GB system in periods across the reporting week. Conversely, day-ahead power dropped 11.8% to £71.00/MWh, opposing the rising momentum seen in its equivalent gas contract, despite low wind generation forecasts typically tightening system margins. October 23 gas was up 16.9% at 102.00p/th, and November 23 gas increased 3.0% to 112.20p/th. Overall seasonal gas contracts remained relatively unchanged this week, as the 2.1% gain to winter 23 gas (124.00p/th) was offset – with summer 24 and winter 24 gas decreasing 0.4% and 0.7%, falling to 125.50p/th and 141.00p/th respectively and summer 25 and winter 25 also registering losses. The majority of seasonal power contracts traded lower this week, down on average by 1.0%, as winter 23 and summer 24 fell 0.2% and 1.9% respectively, dropping to £111.50/MWh and £106.00/MWh.

Baseload electricity

- Day-ahead power fell 11.8% to £71.00/MWh, despite decreased wind generation projections for Monday acting to ordinarily tighten system margins, in tandem with gains shown from its gas counterpart.
- Similarly, October 23 power climbed 8.8% at £90.00/MWh whereas November 23 power decreased 0.5% to £103.00/MWh.
- Q423 power moved 1.5% higher to £102.50/MWh.
- The annual October 23 contract lost 1.0% to £108.75/MWh, 64.8% lower than the same time last year (£309.00/MWh).

Forward curve comparison



Annual October contract



Peak electricity

- Day-ahead peak power was up 18.7% to £90.50/MWh, opposing the trend registered across its baseload counterpart
- October 23 peak power gained 4.4% at £99.39/MWh, and November 23 peak power decreased 3.0% to £125.65/MWh.
- The annual October 23 peak power fell 2.4% to £122.00/MWh
- This is 72.8% lower than the same time last year (448.25/MWh).

Forward curve comparison



Annual October contract





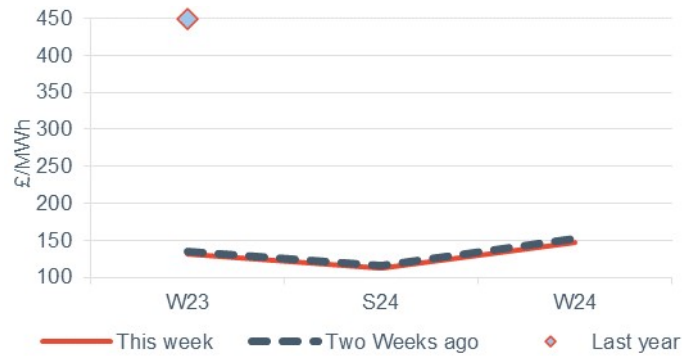
Seasonal power prices

Seasonal baseload power contracts



- Most seasonal power contracts declined this week, down on average by 1.0%.
- Winter 23 power decreased 0.2% to £111.50/MWh, while summer 24 fell 1.9% to £106.00/MWh.

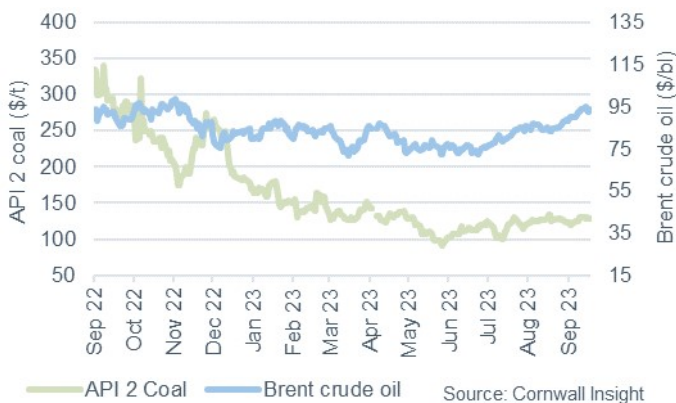
Seasonal peak power curve



- All Seasonal peak power contracts declined this week, down 2.4% on average.
- Winter 23 and summer 24 peak power dropped 2.2% and 2.6% respectively, falling to £131.75/MWh and £112.25/MWh.

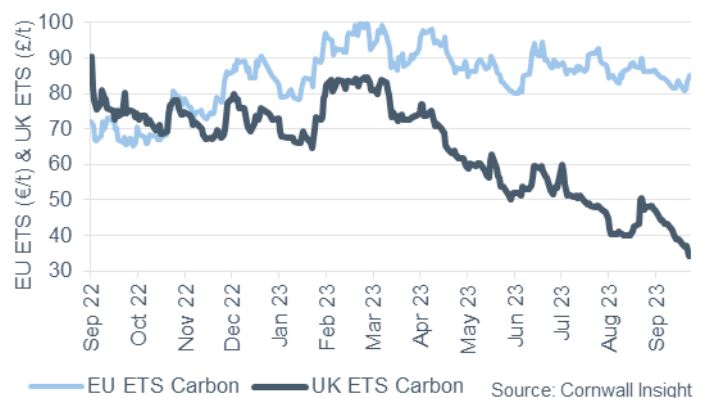
Commodity price movements

Oil and coal



- Brent crude reached a 10-month high of \$94.95/bl on 19 September with multiple bullish factors impacting the commodity.
- Brent crude registered gains when compared to the previous reporting period, rising 1.6% to \$93.74/bl.
- Upwards price movements were influenced by decreasing US shale output, prompting further concern over a growing supply deficit due to extended production cuts from Russia and Saudi Arabia, and the Russian announcement surrounding a ban on most fuel exports.
- Positive price movements were diminished ahead of the US Federal Reserve releasing a decision surrounding interest rates.
- Volatility in Brent crude oil is likely to continue into the foreseeable future, as it remains tied to volatile situations around the world such as Chinese economic recovery.

Carbon (UK and EU ETS)



- The UK ETS experienced its lowest price since the scheme opened in May 2021, as the disparity between scheme prices remains at an all-time high, due to recent policy adjustments across both schemes.
- UK ETS prices fell to a record low of £34.25/t on 22 September, averaging £36.23/t across the week, representing a 9.0% drop.
- On the back of continued high wind outturn and seasonally above-average temperatures, last week presented itself to be another bearish period for UK carbon markets – marking a third consecutive week of losses across the scheme.
- Similarly, EU ETS carbon saw its lowest value since January, with prices dropping to €80.75/t on 19 September, registering minimal gains to average €82.26/t.
- Over the coming weeks, carbon prices across both schemes will continue to be heavily correlated to the amount of wind generation across both geographies.

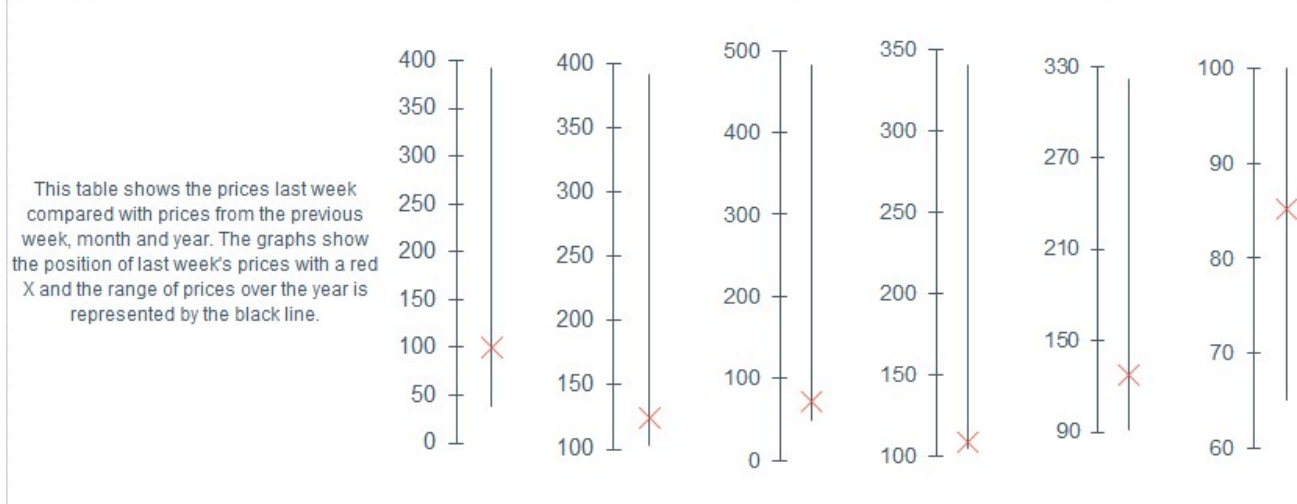


Supplier tariff movements

Shell Energy continued to offer the cheapest fixed tariff available to all customers as of 16 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 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 (\$/t)	EUA carb (€/t)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead		
This week	22 Sep 23	101.00	124.75	71.00	108.75	128.00	85.12
Last week	15 Sep 23	85.35	123.75	80.50	109.88	130.00	83.62
Four weeks ago	25 Aug 23	86.00	127.00	93.00	117.05	126.00	86.15
Last year	22 Sep 22	255.00	338.38	251.75	305.00	280.00	70.30
Year-on-year % change		-60.4%	-63.1%	-71.8%	-64.3%	-54.3%	21.1%
12-month high		392.00	392.10	483.00	340.00	322.00	100.00
12-month low		38.75	103.15	49.25	105.10	91.50	65.09





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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