



Energy Wholesale Market Review

Week Ending 29th September 2023



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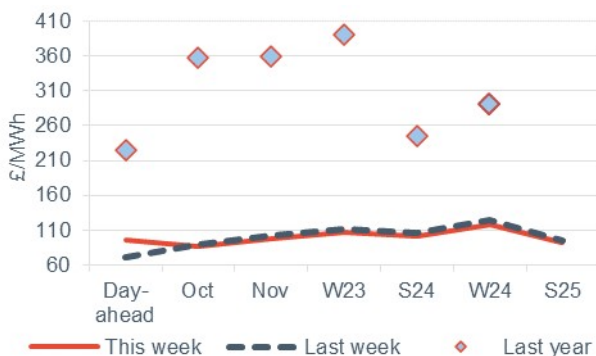
Headlines 29/09/2023

This week, gas and power prices saw bearish sentiment further along the forward curve, as uncertainty surrounding Australian LNG supply lowered following a resolution to strike action at the Wheatstone and Gorgon gas terminals, in tandem with strong EU gas storage levels providing a solid foundation for winter energy security. Similar bearish price trends were captured on short-term gas contracts as day-ahead gas fell 4.0% to 97.00p/th, amid bolstered Norwegian flows as maintenance works at select Norwegian gas fields ended. Conversely, day-ahead power rose 33.8% to £95.00/MWh, opposing the bearish momentum seen in its equivalent gas contract, amid lower wind generation forecasts for Monday acting to tighten system margins. October 23 gas was down 3.4% at 98.50p/th, and November 23 gas decreased 4.5% to 107.20p/th. Seasonal gas contracts reduced by an average of 4.9% this week, with winter 23 and summer 24 gas falling 5.3% and 6.8% respectively, subsiding to 117.45p/th and 117.00p/th. All seasonal power contracts traded lower this week, down on average by 3.8%, as both winter 23 and summer 24 declined 4.5% to £106.50/MWh and £101.25/MWh respectively.

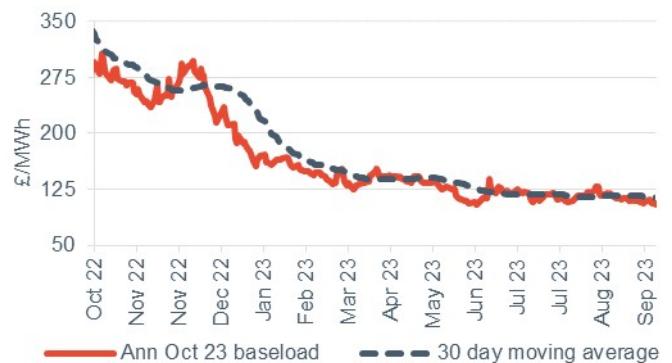
Baseload electricity

- Day-ahead power rose 33.8% to £95.00/MWh, as lower wind generation forecasts for Monday tighten system margins.
- Conversely, October 23 power slipped 4.2% at £86.25/MWh, and November 23 power decreased 4.4% to £98.50/MWh.
- Q423 power moved 3.9% lower to £98.50/MWh.
- The annual October 23 contract lost 4.5% to £103.88/MWh, 67.3% lower than the same time last year (£317.50/MWh).

Forward curve comparison



Annual October contract



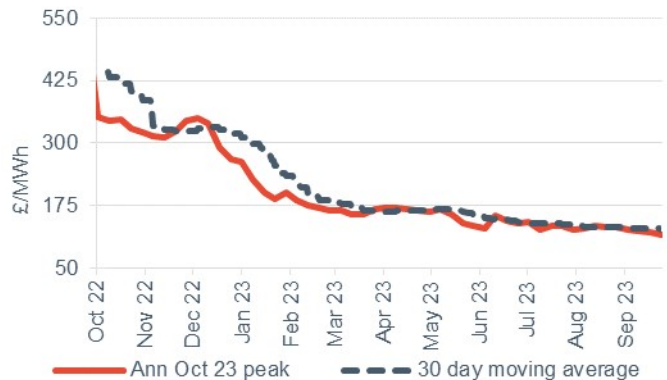
Peak electricity

- Day-ahead peak power was up 2.8% to £93.00/MWh, following the trend registered across its baseload counterpart.
- October 23 peak power declined 1.4% at £98.00/MWh, and November 23 peak power decreased 1.7% to £123.50/MWh.
- The annual October 23 peak power fell 4.3% to £116.75/MWh
- This is 76.7% lower than the same time last year (500.25/MWh).

Forward curve comparison



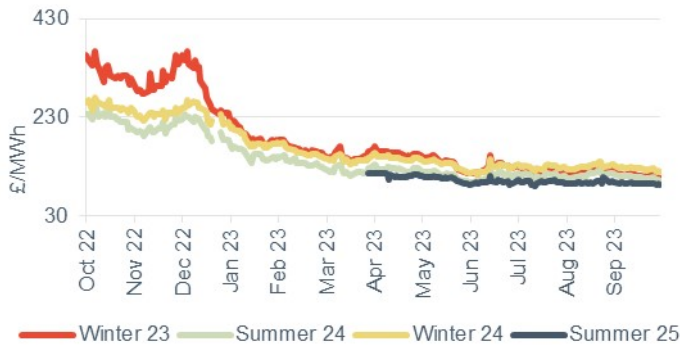
Annual October contract





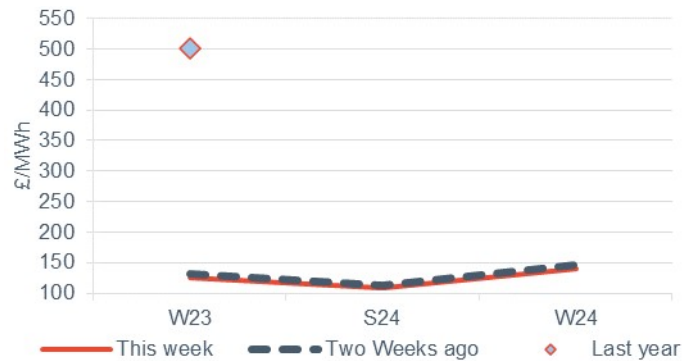
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 3.8%.
- Winter 23 power decreased 4.5% to £106.50/MWh, similarly summer 24 also fell 4.5% to £101.25/MWh.

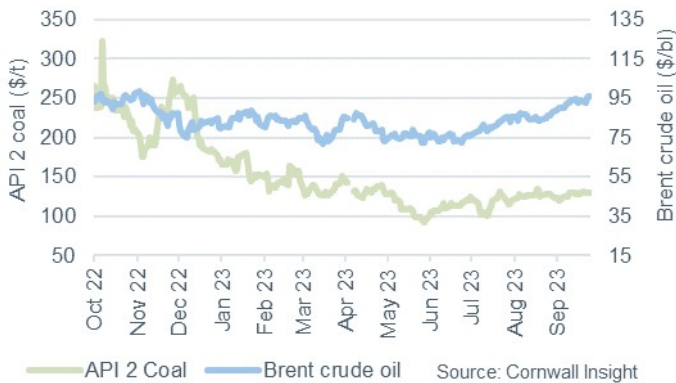
Seasonal peak power curve



- All Seasonal peak power contracts declined this week, down 4.3% on average.
- Winter 23 and summer 24 peak power dropped 4.5% and 4.2% respectively, falling to £126.00/MWh and £107.50/MWh.

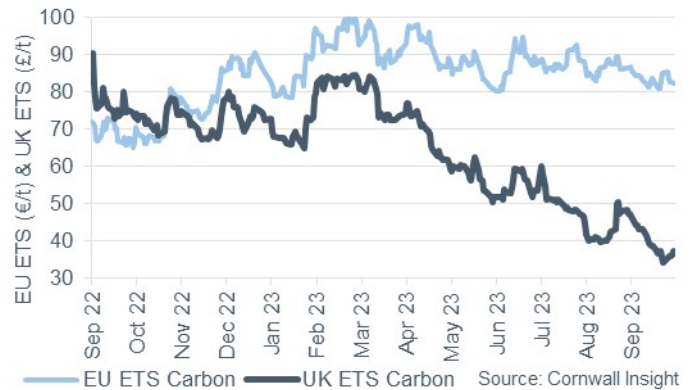
Commodity price movements

Oil and coal



- Brent crude prices lifted 0.9% last week to average \$94.55/bl, continuing price gains seen in the previous week.
- Oil prices continue to be buoyed by the tight supply landscape.
- News that OPEC+ supply cuts are set to last until the end of the year, and a temporary ban on Russian fuel exports supported prices this week.
- Similarly, expectations of increased fuel demand in China stemming from the Golden Week Holiday period, and tight US supply also provided price support last week.
- However, concerns over further Chinese demand for the remainder of the year acts as a bearish driver, limiting price gains recorded.

Carbon (UK and EU ETS)



- The EU and UK ETS saw opposing price movements during this reporting period. The EU ETS rose 1.2% to average €83.20/t whilst the UK ETS lost 0.1% to average £36.19/t.
- For the EU ETS, gains were underpinned by a strengthening link to gas prices, amid gas supply interruptions in the North Sea.
- UKA prices opposed their European counterpart, following periods of increased renewable generation in the electricity mix, reducing the requirement for gas-fired stations to meet demand.
- A transitional period will apply for EU CBAM from 1 October 2023 to 31 December 2025, with solely quarterly reporting obligations; from 2026 onward, purchasing CBAM certificates will be required.
- The EU ETS will be extended in the aviation and maritime sectors; new ETS II will cover fuels for transportation and heating.

Supplier tariff movements

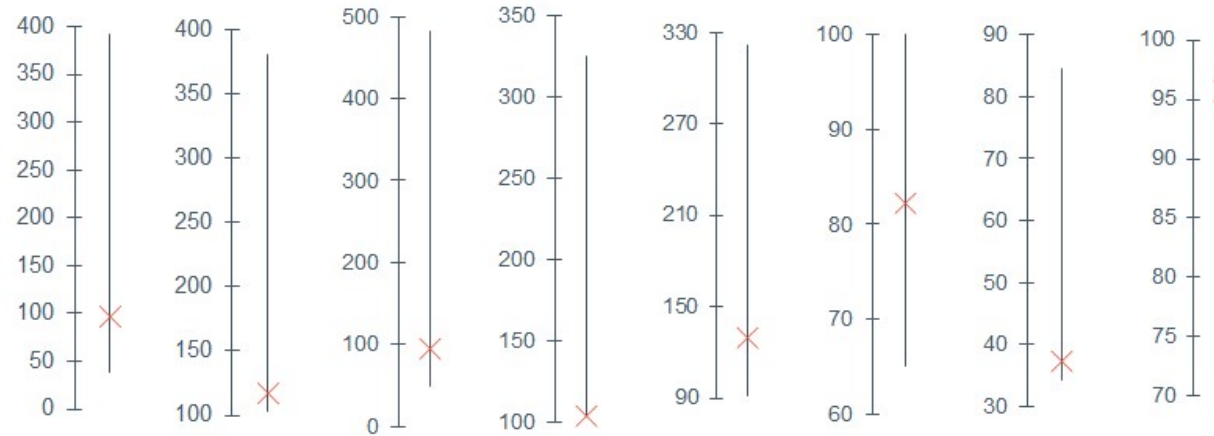
Shell Energy continued to offer the cheapest fixed tariff available to all customers at 23 September, with its new Energy November 2024 v2 tariff, a one-year fixed deal priced at £2,040/year on average. Outfox the Market reduced the price of its Fox Standard Dual variable tariff between 16 and 23 September, from £1,985/year on average to £1,873/year on average, replacing Tulo Energy's Tulo Vari-One tariff as the cheapest available variable tariff.



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	29 Sep 23	97.00	117.23	95.00	103.88	130.00	82.19	37.30	95.78
Last week	22 Sep 23	101.00	124.75	71.00	108.75	128.00	85.12	34.25	93.80
Four weeks ago	1 Sep 23	80.00	126.38	84.00	116.00	126.00	85.70	46.70	87.70
Last year	29 Sep 22	189.00	380.63	185.00	325.00	275.00	65.90	74.75	89.66
Year-on-year % change		-48.7%	-69.2%	-48.6%	-68.0%	-52.7%	24.7%	-50.1%	6.8%
12-month high		392.00	380.63	483.00	325.00	322.00	100.00	84.50	98.70
12-month low		38.75	103.15	49.25	103.88	91.50	65.09	34.25	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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