



Energy Wholesale Market Review

Week Ending 6th October 2023



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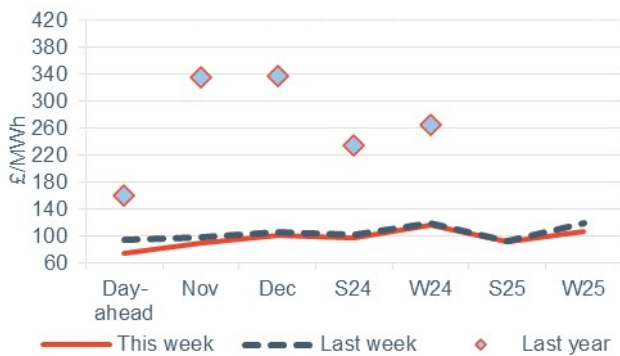
Headlines 06/10/2023

This week, most tracked contracts registered losses, as strong EU gas storage levels continue to remain a prominent driver of prices ahead of the winter period. Similarly, LNG prices are likely to remain stable over the coming winter amid ample gas inventories in both Europe and Asia. Due to LNG's status as the marginal price setter for the UK, stability across supply may act to keep prices down. As a result, day-ahead gas dropped 29.4% to 68.50p/th, and all seasonal gas prices fell, down by 5.1% on average with both summer 24 and winter 24 gas shrinking 6.2% and 4.9% respectively, subsiding to 109.75p/th and 126.25p/th. Following its gas counterpart, day-ahead power dropped 22.1% to £74.00/MWh, despite lower wind generation projections and rising demand forecasts for Monday. November 23 gas was down 13.0% at 93.30p/th, and December 23 gas decreased 8.9% to 109.50p/th. All seasonal gas contracts reduced this week, by an average of 5.1%. Summer 24 and winter 24 gas fell 6.2% and 4.9% to 109.75p/th and 126.25p/th, respectively. All seasonal power contracts traded lower this week, down on average by 4.2%, as summer 24 power declined 3.2% to £98.00/MWh, while winter 24 power fell 2.5% to £115.50/MWh.

Baseload electricity

- Day-ahead power fell 22.1% to £74.00/MWh, following its gas counterpart lower.
- Similarly, November 23 power slipped 9.6% to £89.00/MWh, and December 23 power decreased 4.0% to £101.35/MWh.
- Q124 power moved 10.7% higher to £109.00/MWh.
- The annual April 24 contract lost 2.8% to £106.75/MWh, 57.3% lower than the same time last year (£250.00/MWh).

Forward curve comparison



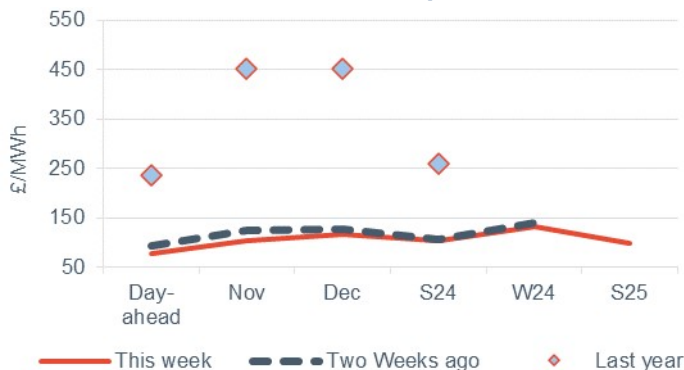
Annual April contract



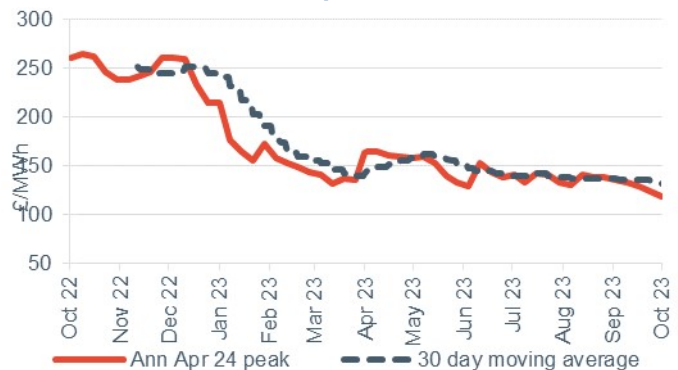
Peak electricity

- Day-ahead peak power was down 16.6% to £77.60/MWh, following the trend registered across its baseload counterpart.
- November 23 peak power declined 16.8% to £102.78/MWh, and December 23 peak power decreased 9.7% to £115.98/MWh.
- The annual April 24 peak power contract rose 4.0% to £118.70/MWh.
- This is 54.3% lower than the same time last year (£260.00/MWh).

Forward curve comparison



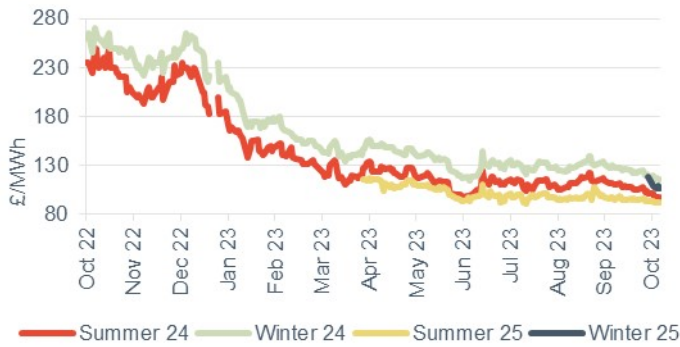
Annual April contract





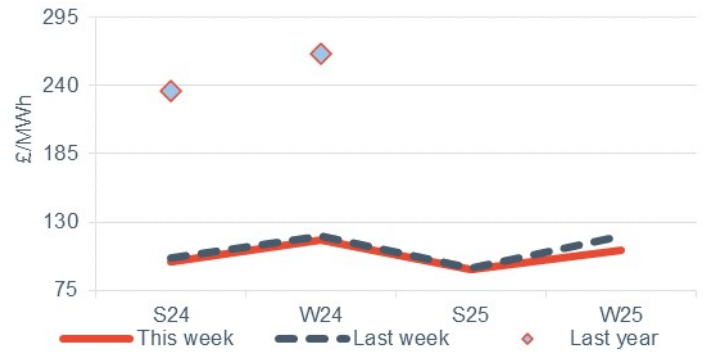
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 4.2%.
- Summer 24 power fell 3.2% to £98.00/MWh, similarly, winter 24 power decreased 2.5% to £115.50/MWh.

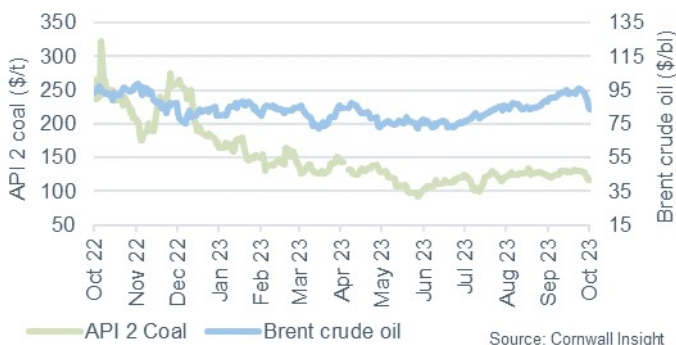
Seasonal peak power curve



- All seasonal peak power contracts declined this week, down 3.9% on average.
- Summer 24 and winter 24 peak power dropped 3.3% and 4.5% respectively, falling to £103.90/MWh and £133.50/MWh.

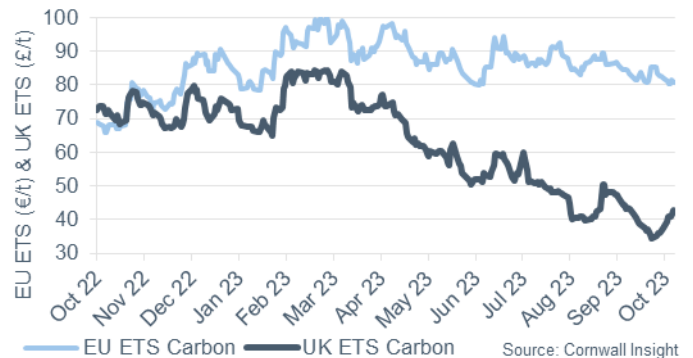
Commodity price movements

Oil and coal



- Brent crude oil prices fell 6.4% last week to average \$88.51/bl, registering the lowest price seen in a month on 06 October at \$84.01/bl.
- Contrasting last week, Brent crude saw bearish movements, as concerns surrounding global demand growth prospects weighed on prices.
- Similarly, demand issues were exacerbated due to the potential for an extended period of globally high interest rates, acting to offset OPEC+ supply cuts.
- Further bearishness was found from increased oil output from Nigeria and Turkey, with the latter restarting operations on the Iraq-Turkiye pipeline that has been suspended for the past six months, and decreased Euro Zone manufacturing data.
- The uncertainty around predicting the future of oil comes from the complex geopolitical situations surrounding the resource, influencing prices.

Carbon (UK and EU ETS)



- The EU and UK ETS continued to register opposing price movements over the previous seven days. The EU ETS fell 3.0% to average €80.75/t whilst the UK ETS gained 13.5% to average £41.10/t, with the highest price in a month registered on 06 October at £42.80/t.
- UK ETS carbon rose due to decreased projected wind power generation across the continent leading to increased reliance on fossil-fueled forms of power generation to make up for the loss.
- EU ETS prices opposed their UK counterpart, with the EU ETS recording a price of €80.22/t on 03 October – the lowest in four months.
- The British government released the auction calendar for UK Allowances for next year, outlining that the UK will release 69m carbon allowances for its ETS auction, the lowest level to date and 12% fewer than this year.
- This reflects that the new net zero consistent cap for the scheme, announced in July 2023, is being implemented, while prices may rise following reduced UKA volumes.

Supplier tariff movements

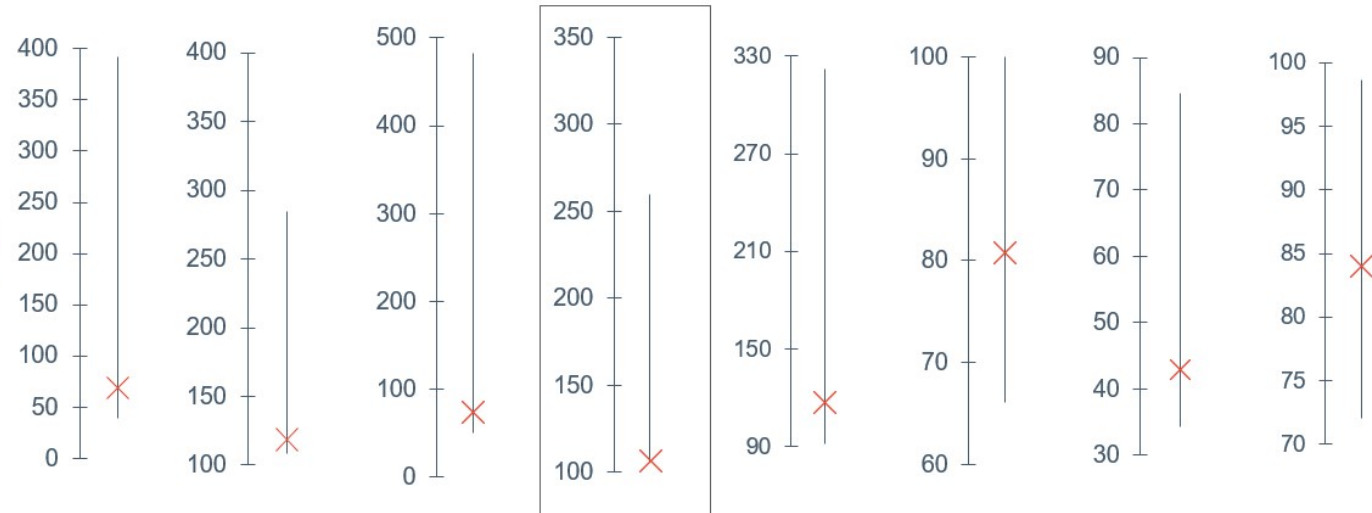
Shell Energy continued to offer the cheapest fixed tariff available to all customers at 30 September, with its new Energy November 2024 v2 tariff, a one-year fixed deal priced at £2,040/year on average. Outfox the Market continued to offer the cheapest variable tariff at 30 September, with its Fox Standard Deal variable tariff, priced at £1,873/year on average.



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	6 Oct 23	68.50	118.00	74.00	106.75	117.00	80.70	42.80	84.01
Two weeks ago	29 Sep 23	97.00	124.90	95.00	109.88	130.00	82.19	37.30	95.78
Four weeks ago	8 Sep 23	87.00	136.13	92.00	119.00	121.00	83.40	43.20	90.20
Last year	6 Oct 22	145.00	274.32	115.00	247.50	265.00	69.07	72.55	93.27
Year-on-year % change		-52.8%	-57.0%	-35.7%	-56.9%	-55.8%	16.8%	-41.0%	-9.9%
12-month high		392.00	285.00	483.00	260.00	322.00	100.00	84.50	98.70
12-month low		38.75	108.80	49.25	105.48	91.50	66.02	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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