



# Energy Wholesale Market Review

Week Ending 14<sup>th</sup> October 2023



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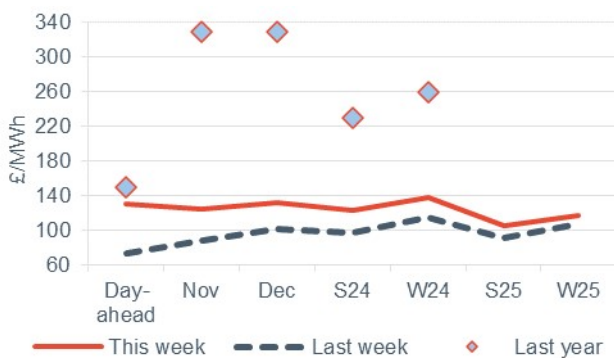
## Headlines 13/10/2023

All gas and power contracts increased this week, with the most prominent gains registered across the day-ahead and shorter-term power and gas contracts. Gas contracts were pushed higher following supply concerns amid persistent strike action at LNG facilities in Australia, alongside fears over the security of key European gas infrastructure following the damage to the Baltic Connector gas pipeline. Wider geopolitical concerns linked to the Israel-Hamas conflict have also aided bullishness. This fuelled concerns of potential tight supply margins with prices driven further still by rising demand amid forecast colder temperatures into the weekend. As a result day-ahead, gas rose 97.1% to 135.00p/th, November 23 gas was up 49.0% at 139.00p/th, and December 23 gas increased 34.7% to 147.50p/th. All seasonal gas contracts boosted last week, up by 17.5% on average, while both summer 24 and winter 24 gas increased 30.0% and 21.2% respectively, lifting to 142.70p/th and 153.00p/th. Power prices followed the gas market higher, with day-ahead power rising 75.7% to £130.00/MWh, driven by strike action at several French nuclear power stations and low wind forecasts in parallel. All seasonal power contracts boosted this week, up on average by 17.4%, as summer 24 and winter 24 expanded 26.0% and 19.5% respectively, rising to £123.50/MWh and £138.00/MWh.

## Baseload electricity

- Day-ahead power rose 75.7% to £130.00/MWh, following notable volatility across its gas counterpart contract, in tandem with strike action at several French nuclear power stations coupled with low wind forecasts
- November 23 power climbed 40.4% at £125.00/MWh and December 23 power increased 30.7% to £132.50/MWh
- Q124 power moved 27.1% higher to £138.50/MWh
- The annual April 24 contract rose 22.5% to £130.75/MWh, 46.6% lower than the same time last year (£245.00/MWh)

### Forward curve comparison



### Annual April contract



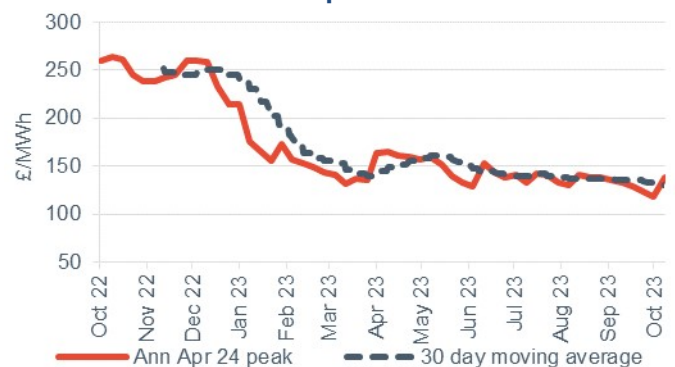
## Peak electricity

- Day-ahead peak power was up 39.7% to £108.40/MWh, following its baseload counterpart higher
- November 23 peak power gained 36.5% at £140.31/MWh, and December 23 peak power increased 24.7% to £144.65/MWh
- The annual April 24 peak power rose 16.6% to £138.40/MWh
- However, this is 47.6% lower than the same time last year (£264.00/MWh)

### Forward curve comparison



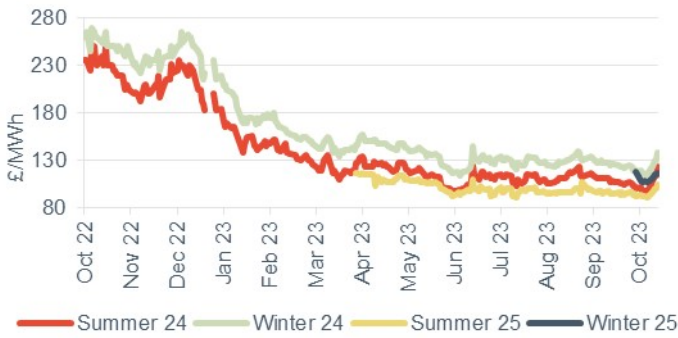
### Annual April contract





## Seasonal power prices

### Seasonal baseload power contracts



- All seasonal power contracts boosted this week, up on average by 17.4%
- Summer 24 and winter 24 expanded 26.0% and 19.5% respectively, rising to £123.50/MWh and £138.00/MWh

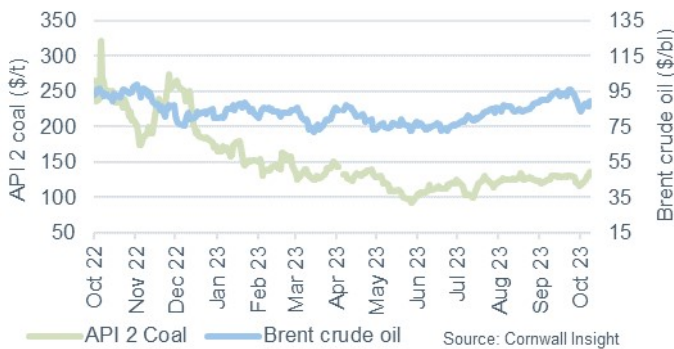
### Seasonal peak power curve



- All seasonal peak power contracts boosted this week, up 16.9% on average
- Summer 24 and winter 24 peak power increased 19.7% and 14.2% respectively, rising to £124.40/MWh and £152.40/MWh

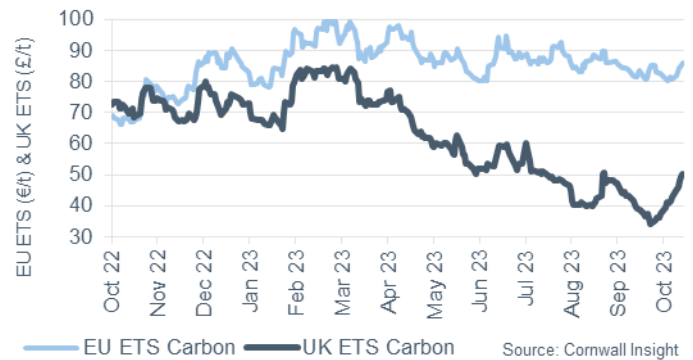
## Commodity price movements

### Oil and coal



- Brent crude continued its recent bearish week-on-week price adjustments again during this reporting period, although registering a much smaller drop when compared to the week previous, down 0.8% to average \$87.85/bl
- A volatile sentiment has been primarily driven by market caution amid potential supply disruption from the Middle East oil-producing regions, due to the on-going conflict between Israel and Palestine
- As a result, Saudi Arabia is reportedly pledging to stabilise the market from potential supply disruptions by increasing the volume of supply in the market
- Elsewhere, US crude inventories surpassed forecasts indicating reduced demand for the commodity
- As the pricing environment remains correlated to geopolitical affairs, we could expect further price fluctuation into the remainder of 2023

### Carbon (UK and EU ETS)



- Both the EU and UK ETS registered an upwards adjustment across the reporting period, with the EU ETS carbon growing 4.1% to average €84.06/t and the UK ETS carbon experiencing a larger growth of 16.1% to average £47.71/t
- This continues the trend of large increases to UK ETS carbon prices after falling to the lowest recorded values on our records in the latter half of September
- UK ETS carbon prices breached the £50.00/t mark on 13 October, at £50.05/t, the first time since August 2023
- These gains were supported by similar upwards adjustments across wholesale gas prices, in tandem with reduced wind generation across the reporting period
- Power demand is set to rise across the coming months, as temperatures fall and increased demand for heating is applied.
- As a result, more expensive forms of power generation may be required, leading to increased ETS prices

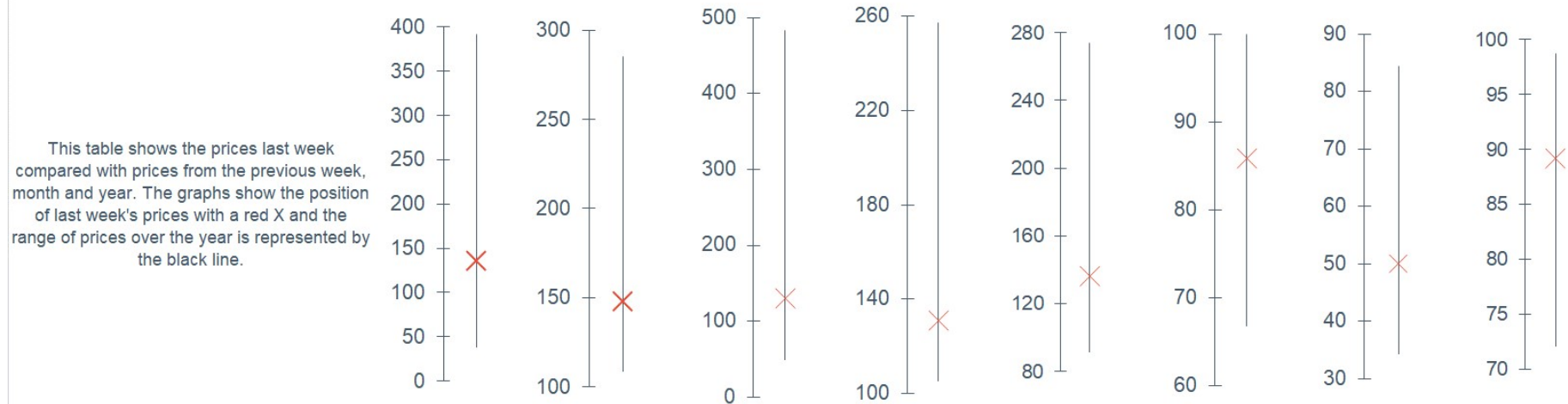
## Supplier tariff movements

Shell Energy continued to offer the cheapest fixed tariff available to all customers at 07 October, with its new Energy November 2024 v4 tariff, a one-year fixed deal priced at £1,897/year on average. Home Energy offered the cheapest variable tariff on the market with its Home SVT tariff, priced at £1,763/year in average, £71/year below the October price cap.



## 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	13 Oct 23	135.00	147.85	130.00	130.75	136.00	85.85	50.05	89.20
Last week	6 Oct 23	68.50	118.00	74.00	106.75	117.00	80.70	42.80	84.01
Four weeks ago	15 Sep 23	85.35	134.00	80.50	117.00	130.00	83.62	38.75	93.90
Last year	13 Oct 22	163.00	278.50	181.00	247.50	265.00	68.31	72.50	92.64
Year-on-year % change		-17.2%	-46.9%	-28.2%	-47.2%	-48.7%	25.7%	-31.0%	-3.7%
12-month high		392.00	285.00	483.00	257.50	274.00	100.00	84.50	98.70
12-month low		38.75	108.80	49.25	105.48	91.50	66.86	34.25	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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