



Energy Wholesale Market Review

Week Ending 20th October 2023



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Headlines 20/10/2023

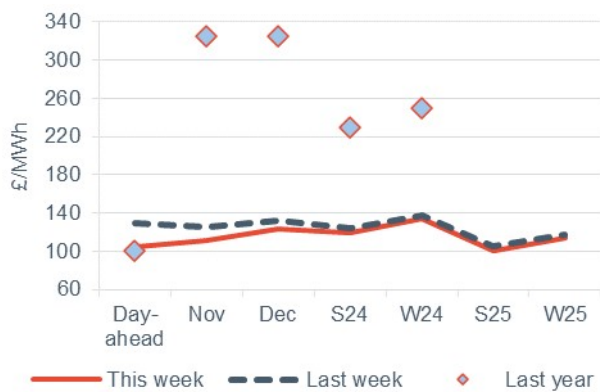
This week power and gas contracts broadly continued to follow the bearish trend seen across much of 2023 to date, inclusive of longer-term contracts. We observed above average wind generation for large periods across the reporting window – acting to suppress gas-fired generation demand, and the announcement that strike action across Australian LNG terminals will not go ahead, acting to loosen constraints on global supply. Subsequently, day-ahead gas fell 15.6% to 114.00p/th, despite the expectation of both higher heating demand as well as forecast increases in gas-for-power demand, as we progress into next week. Following its gas counterpart lower, day-ahead power fell 20.0% to £104.00/MWh, despite tightened system margins projections for early next week. November 23 gas was down 7.7% at 128.25p/th, and December 23 gas decreased 1.7% to 145.00p/th. Most seasonal gas contracts declined last week, down by 0.1% on average, as summer 24 gas dropped 0.6% to 141.80p/th, whereas winter 24 gas increased 0.7% to 154.00p/th. All seasonal power contracts declined this week, down on average by 3.5%, as summer 24 power decreased 3.6% to £119.00/MWh, and winter 24 fell 2.5% to £134.50/MWh.

Baseload electricity

Baseload electricity

- Day-ahead power fell 20.0% to £104.00/MWh, despite decreasing wind outturn forecasts for early next week, but taking direction from lowering NBP gas prices
- November 23 power slipped 10.8% at £111.50/MWh and December 23 power decreased 7.2% to £123.00/MWh
- Q124 power moved 2.9% lower to £134.50/MWh.
- The annual April 24 contract lost 3.1% to £126.75/MWh, 47.2% lower than the same time last year (£240.00/MWh)

Forward curve comparison



Annual April contract



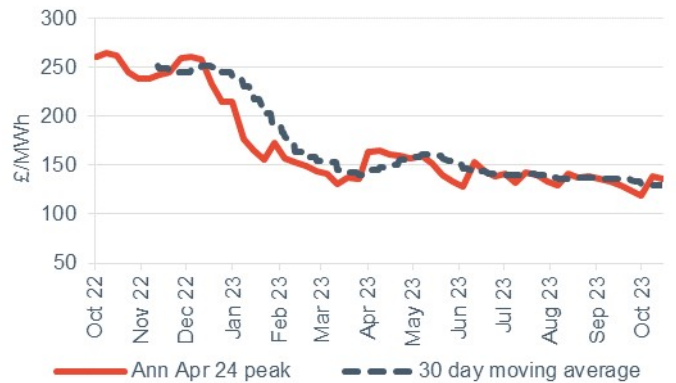
Peak electricity

- Day-ahead peak power was down 3.7% to £104.40/MWh, following its baseload counterpart lower
- November 23 peak power declined 8.1% at £129.00/MWh, and December 23 peak power decreased 3.6% to £139.50/MWh
- The annual April 24 peak power fell 1.6% to £136.25/MWh
- This is 47.8% lower than the same time last year (£261.25/MWh)

Forward curve comparison



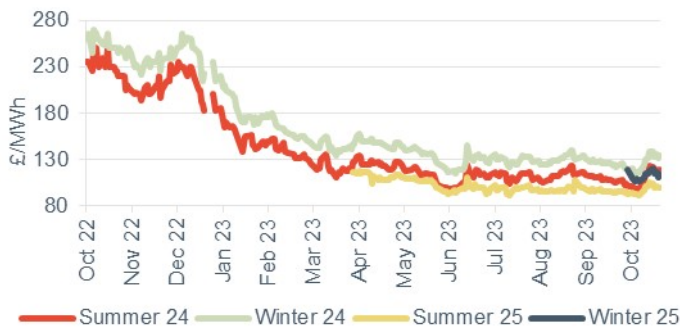
Annual April contract





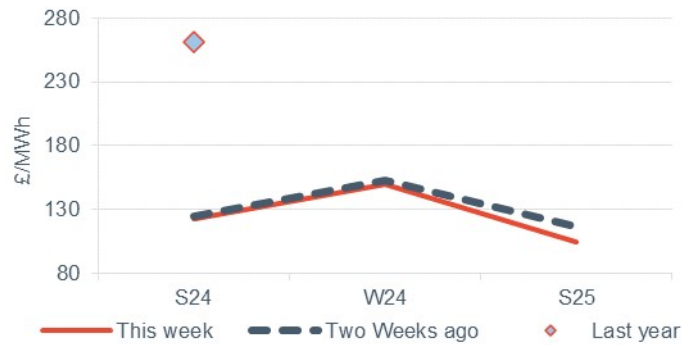
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 3.5%
- Summer 24 power decreased 3.6% to £119.00/MWh, while winter 24 fell 2.5% to £134.50/MWh

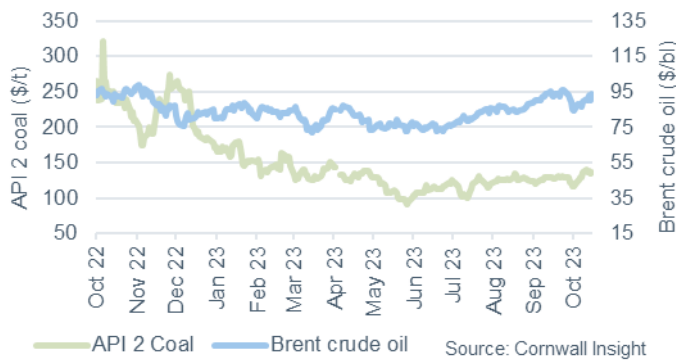
Seasonal peak power curve



- All Seasonal peak power contracts declined this week, down 1.5% on average
- Summer 24 and winter 24 peak power dropped 1.3% and 1.7% respectively, falling to £122.75/MWh and £149.75/MWh

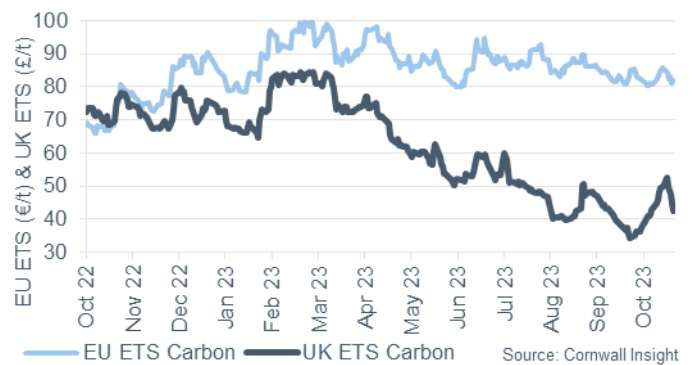
Commodity price movements

Oil and coal



- Contrary to the price adjustment registered across the previous reporting period, Brent crude experienced an upward movement this week, rising 4.1% to \$91.43/bl
- This bullish sentiment was supported amid concerns around a potential regional escalation of the Israel-Hamas conflict, acting to tighten global supply, with further support arising from a decrease in US crude stocks
- Further price increases were provided through recent policy adjustments across China, supporting economic growth across the country
- However, higher price gains were limited as the U.S. agreed to ease sanctions on Venezuela's oil industry, with an approximate 25% increase in production from the country, aiding in supporting global supply levels
- Through the remainder of 2023, price gains are likely as Chinese economic growth is set to resurge and uncertainty surrounding the Israel-Hamas conflict continues to grow, potentially impacting oil producing regions across the Middle East

Carbon (UK and EU ETS)



- Both EU and UK ETS schemes registered losses across this reporting period, as EU ETS carbon dropped 1.9% to average €82.50/t, and UK ETS carbon fell 0.6% to £47.42/t
- However, UK ETS carbon started the reporting period at £52.55/t, the highest seen since July, as wind generation remained below-average acting to tighten system margins
- Wind generation rose notably in the latter half of the week, leading to day-on-day losses across UK ETS prices, ending the week at £42.50/t
- The average price forecast for UK carbon allowances out to 2030 has been significantly reduced following bearish demand pressure and softening policy ambition from market reform efforts acting to bolster supply over the coming years
- The outlook for EU carbon prices has been reduced until 2030 by some market forecasts, as stagnant industrial productivity, reduced demand from the power sector, and increased EUA auction supply provide a bearish sentiment

Supplier tariff movements

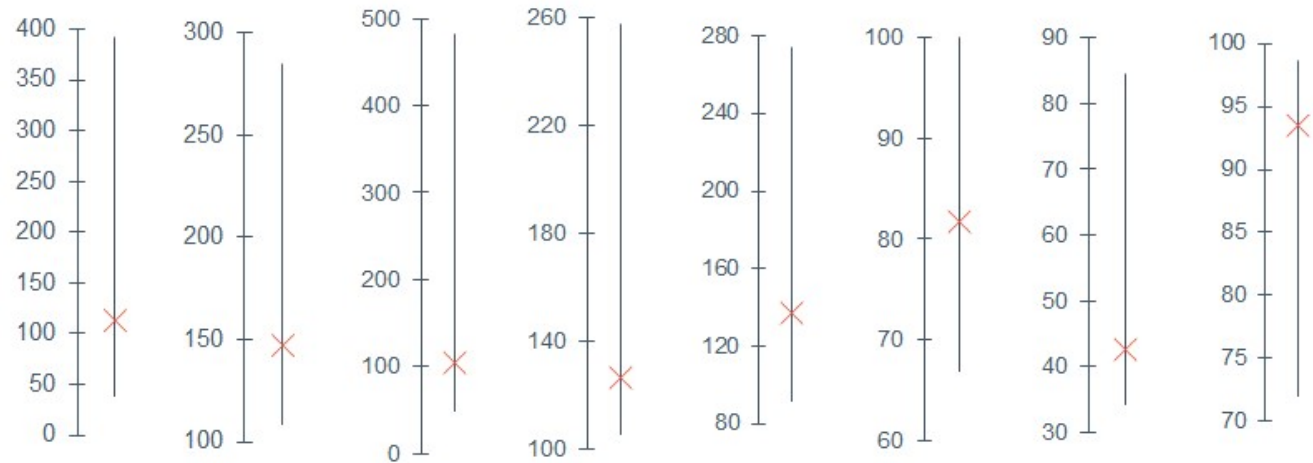
So Energy offered the cheapest fixed tariff with no additional requirements in our dataset at 14 October with its newly introduced So Lavender tariff, priced at £1,868/year on average. Home Energy continued to offer the cheapest variable tariff on the market with its Home SVT tariff, priced at £1,763/year in average, £71/year below the 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)
Last week	20 Oct 23	114.00	147.90	104.00	126.75	137.25	81.80	42.50	93.55
Two weeks ago	13 Oct 23	135.00	147.85	130.00	130.75	136.00	85.85	50.05	89.20
Four weeks ago	22 Sep 23	101.00	133.25	71.00	114.75	128.00	85.12	34.25	93.80
Last year	20 Oct 22	84.00	285.00	90.50	257.50	245.00	66.94	68.50	93.62
Year-on-year % change		35.7%	-48.1%	14.9%	-50.8%	-44.0%	22.2%	-38.0%	-0.1%
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	66.94	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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