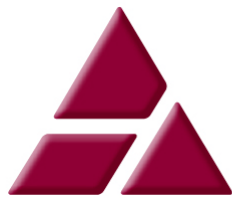




Energy Wholesale Market Review

Week Ending 27th October 2023



edw technology

EDW House, Radian Court, Knowlhill, Milton Keynes, MK5 8PJ.

Phone: +44 (0)8448 802 489
Email: info@edwtech.com
Website: edwtech.com



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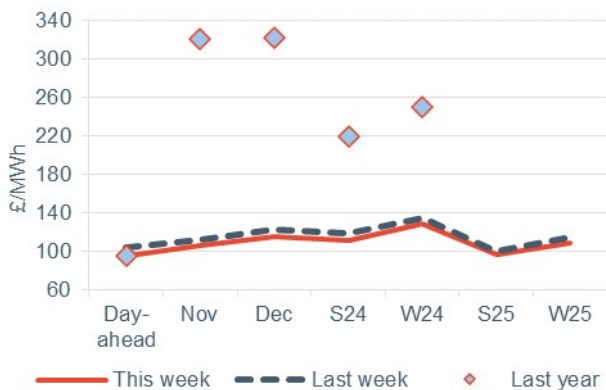
Headlines 27/10/2023

Predominantly bearish gas price movements continued this week – with consistent losses seen across most tracked contracts, a likely consequence of the continued strong EU gas storage levels, at approximately 99% full at the time of writing. However, day-ahead gas was one exception to this bearish trend, rising 4.3% to 118.95p/th, despite falling demand forecasts and rising wind outturn projections, lowering gas-for-power demand. November 23 gas was down 0.2% at 128.00p/th, and December 23 gas decreased 3.8% to 139.50p/th. Most seasonal gas contracts declined last week, down by 1.8% on average, as both summer 24 and winter 24 gas dropped 4.4% and 2.6% respectively, subsiding to 135.50p/th and 150.00p/th, whereas summer 26 gas rose 0.4% to 93.33p/th. Opposing its gas counterpart, Day-ahead power fell 8.7% to £95/MWh, finding bearish support from increased wind generation levels, further reducing gas-for-power demand. All seasonal power contracts declined this week, down on average by 5.2%, as summer 24 power decreased 6.7% to £111.00/MWh, and winter 24 fell 4.6% to £128.25/MWh.

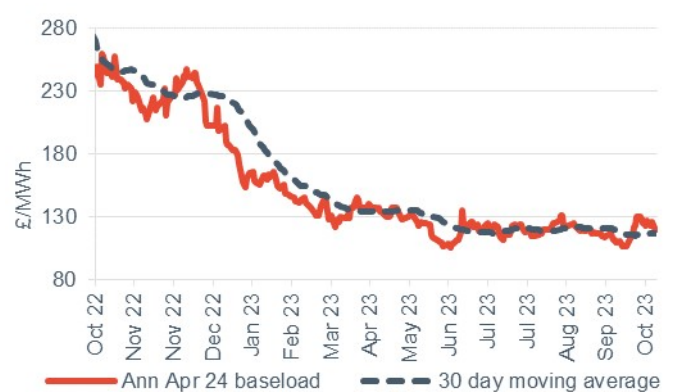
Baseload electricity

- Day-ahead power fell 8.7% to £95.00/MWh, finding bearish support from its gas counterpart, and increased wind generation levels, reducing gas-for-power demand
- November 23 power slipped 4.9% at £106.00/MWh and December 23 power decreased 6.1% to £115.50/MWh
- Q124 power moved 4.8% lower to £128.00/MWh
- The annual April 24 contract lost 5.6% to £119.63/MWh, 49.1% lower than the same time last year (£235.00/MWh)

Forward curve comparison



Annual April contract



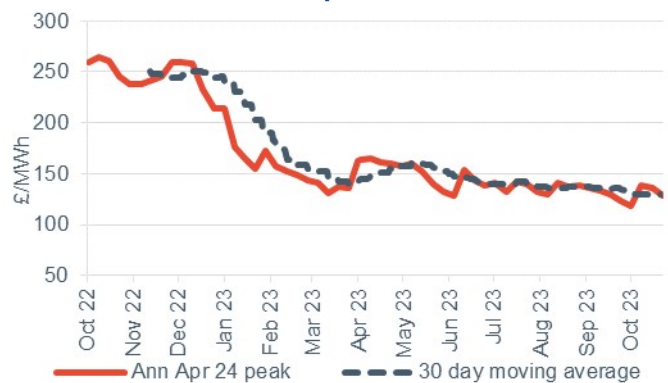
Peak electricity

- Day-ahead peak power was up 1.5% to £106.00/MWh, opposing its baseload counterpart
- November 23 peak power declined 6.0% at £121.25/MWh, and December 23 peak power decreased 5.6% to £131.7/MWh
- The annual April 24 peak power fell 5.6% to £128.68/MWh
- This is 47.5% lower than the same time last year (245.25/MWh)

Forward curve comparison



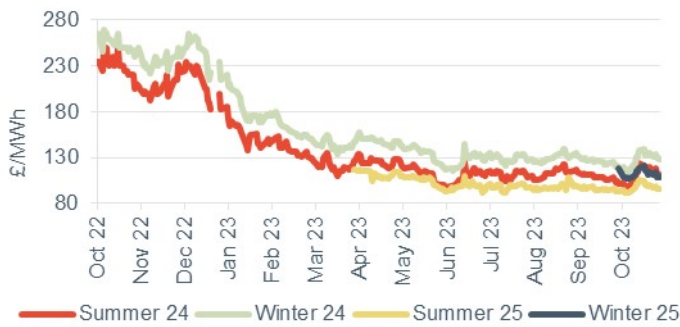
Annual April contract





Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 5.2%
- Summer 24 power decreased 6.7% to £111.00/MWh, and winter 24 fell 4.6% to £128.25/MWh

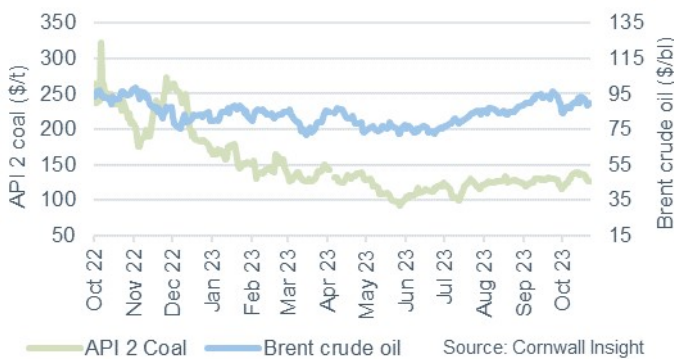
Seasonal peak power curve



- All Seasonal peak power contracts declined this week, down 5.7% on average
- Summer 24 and winter 24 peak power dropped 7.6% and 3.9% respectively, falling to £113.40/MWh and £143.95/MWh

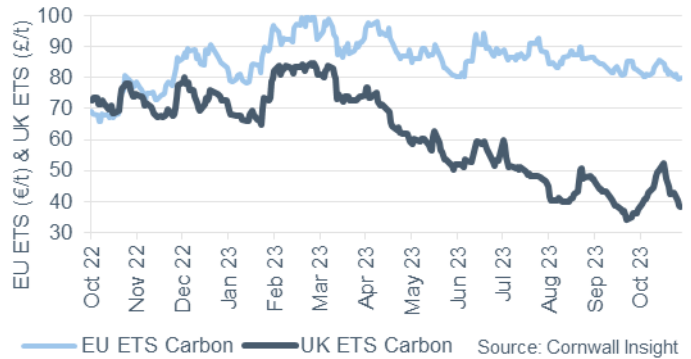
Commodity price movements

Oil and coal



- Contrary to the sentiment experienced during the last reporting period, Brent crude oil registered an overall bearish trend, resulting in a 1.6% loss week-on-week to average \$89.98/bbl
- As focus on the Middle East shifts to intensifying diplomatic efforts, with trader confidence in the potential containment of the Israel-Hamas conflict has aided in easing prices
- Similarly, economic outlooks released in GB, Germany and other major European economies highlight lower trending demand levels
- The outlook for oil prices remains heavily dependent on the Israel-Hamas conflict, and as it has the potential to grow into the future – prices remain sensitive against any indication of further tightening of supplies across the Middle East oil producing region
- As such, it remains a volatile period for Brent crude, impacted strongly by current geopolitical affairs

Carbon (UK and EU ETS)



- Despite wind generation levels registering week-on-week losses, acting to increase reliance on more expensive forms of power generation, the trend of decreasing prices continued this week
- Both ETS schemes registered losses week-on-week as the EU ETS fell 2.8% to average €89.98/t, and the UK ETS dropped 14.9% down to £40.36/t
- Prices dropped sharply as plunging gas prices triggered renewed selling of carbon allowances. The UK ETS recorded a price of €38.30/t on 27 October – reaching a monthly low after establishing a downward trend following one of the most bearish UKA auctions of the year last week
- The EU ETS experienced its lowest price since January 2023 on 26 October, at €79.65/t due to low demand outlook
- The cumulative surplus in the UK ETS will continue to grow through 2026, acting to limit the upwards momentum in the market. Due to this, the UK ETS is likely to remain below the EU ETS price without further market reform

Supplier tariff movements

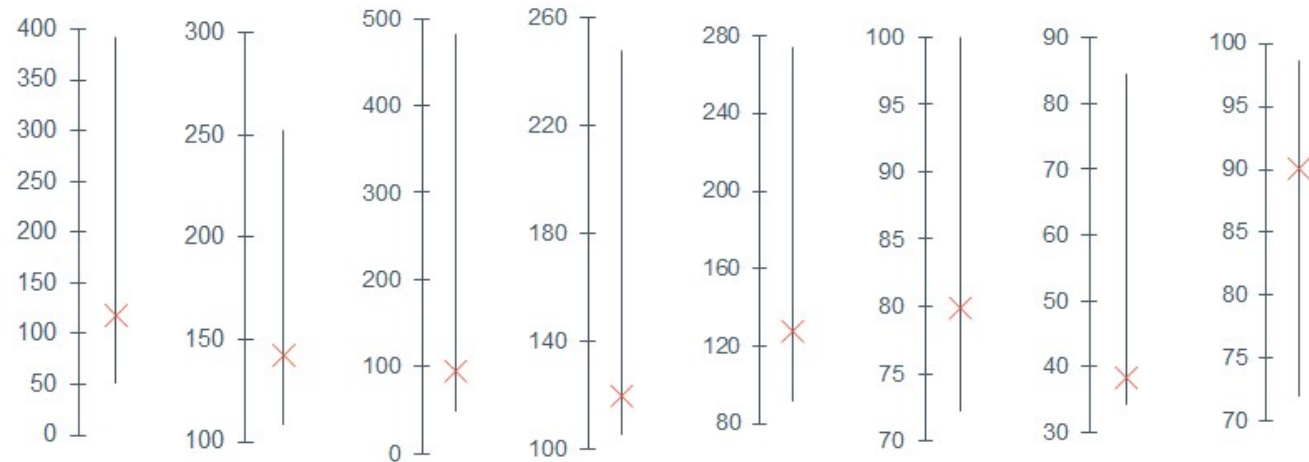
So Energy offered the cheapest fixed tariff with no additional requirements in our dataset on 21 October with its newly introduced So Lavender tariff, priced at £1,868/year on average. Home Energy continued to offer the cheapest variable tariff on the market with its Home SVT tariff, priced at £1,763/year 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	27 Oct 23	118.95	142.75	95.00	119.63	127.50	79.90	38.30	90.05
Two weeks ago	20 Oct 23	114.00	147.90	104.00	126.75	137.25	81.80	42.50	93.55
Four weeks ago	29 Sep 23	97.00	124.90	95.00	109.88	130.00	82.19	37.30	95.78
Last year	27 Oct 22	51.00	247.00	78.00	232.50	227.00	75.82	77.00	96.07
Year-on-year % change		133.2%	-42.2%	21.8%	-48.5%	-43.8%	5.4%	-50.3%	-6.3%
12-month high		392.00	252.50	483.00	247.50	274.00	100.00	84.50	98.70
12-month low		51.00	108.80	49.25	105.48	91.50	72.25	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.

EDW Technology Limited

EDW House

Radian Court

Knowlhill

Milton Keynes

MK5 8PJ

UK

Tel: +44 (0) 8448 802 489

Fax: +44 (0) 8448 802 487

Website: www.edwtech.com

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