



# Energy Wholesale Market Review

Week Ending 3<sup>rd</sup> November 2023



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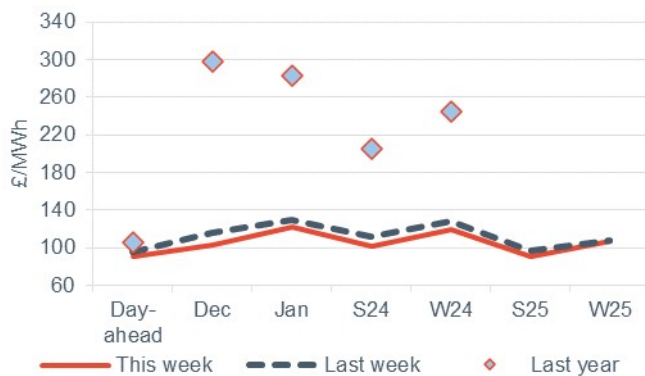
## Headlines 03/11/2023

Predominantly bearish gas price movements continued this week with strong EU gas storage levels likely influencing these losses across most tracked contracts. Day-ahead gas fell 17.6% to 98.00p/th, following increased wind outturn forecasts reducing gas-for-power demand, coupled with healthy levels of gas supply circulating in the European gas markets. Similarly, day-ahead power fell 5.3% to £90.00/MWh, with increased wind generation projections due to Storm Ciaran outweighing rising consumption forecasts into the weekend and early next week. December 23 gas was down 10.8% at 124.50p/th, and January 24 gas decreased 8.8% to 132.00p/th. All seasonal gas contracts declined last week, down by 5.4% on average, while both summer 24 and winter 24 gas dropped 8.9% and 8.3% respectively, subsiding to 123.50p/th and 137.50p/th. All seasonal power contracts declined this week, down on average by 5.7%, as summer 24 power decreased 9.0% to £101.00/MWh, while winter 24 fell 7.2% to £119.00/MWh.

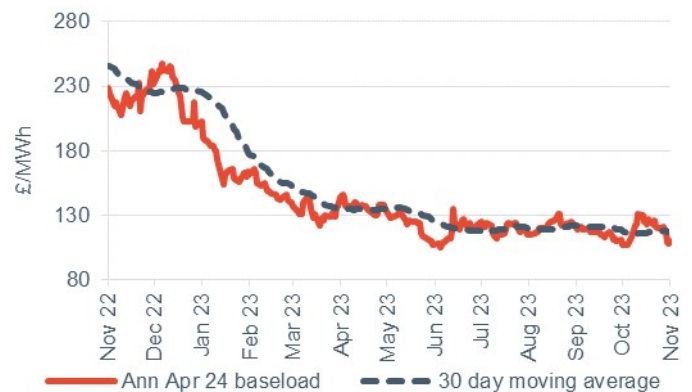
## Baseload electricity

- Day-ahead power fell 5.3% to £90.00/MWh, weighed, at least in part, by increased wind generation levels due to Storm Ciaran – softening system margins.
- December 23 power slipped 11.5% at £102.25/MWh, and January 24 power decreased 6.7% to £121.25/MWh.
- Q124 power moved 8.6% lower to £117.00/MWh.
- The annual April 24 contract lost 8.0% to £110.00/MWh, which was 51.1% lower than the same time last year (£225.00/MWh).

### Forward curve comparison



### Annual April contract



## Peak electricity

- Following its baseload counterpart, day-ahead peak power was down 7.5% to £98.00/MWh.
- December 23 peak power declined 8.1% at £121.04/MWh, and January 24 peak power decreased 3.9% to £151.29/MWh.
- The annual April 24 peak power rose 5.6% to £121.68/MWh.
- This is 48.9% lower than the same time last year (238.00/MWh).

### Forward curve comparison



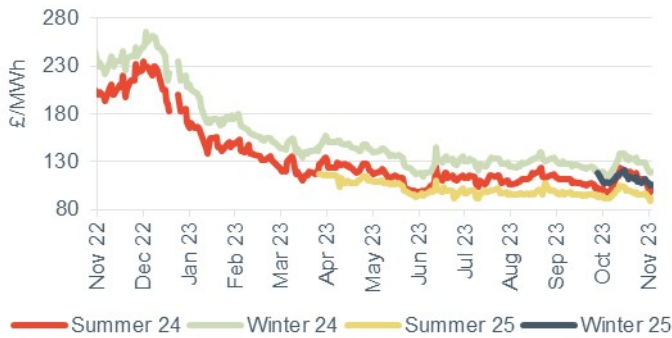
### Annual April contract





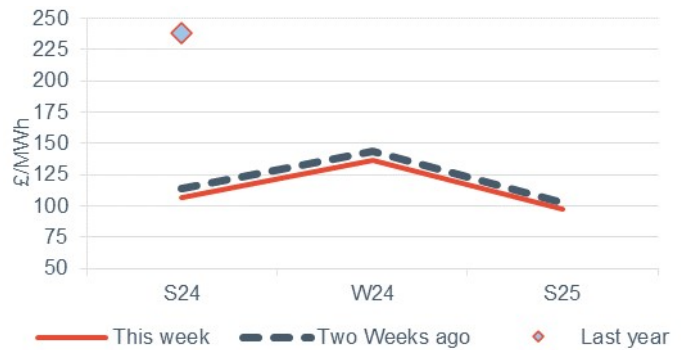
## Seasonal power prices

### Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 5.7%
- Summer 24 power decreased 9.0% to £101.00/MWh, and winter 24 fell 7.2% to £119.00/MWh

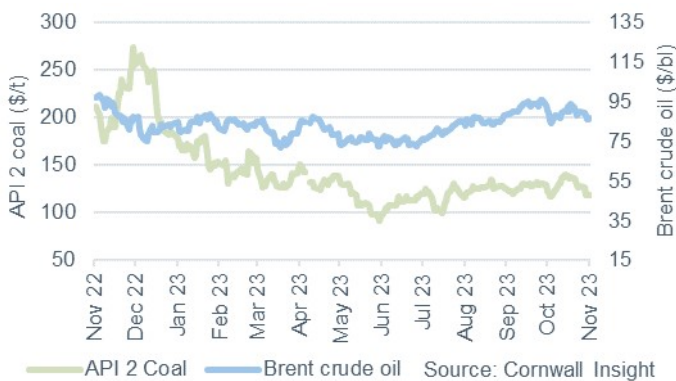
### Seasonal peak power curve



- All seasonal peak power contracts declined this week, down 5.6% on average
- Summer 24 and winter 24 peak power dropped 6.1% and 5.2% respectively, falling to £106.50/MWh and £136.50/MWh

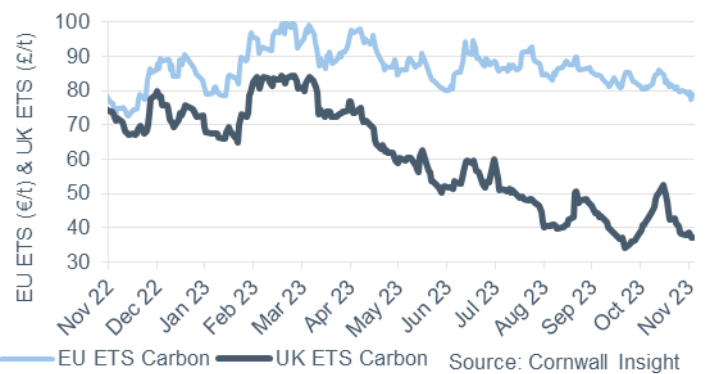
## Commodity price movements

### Oil and coal



- Overall, Brent crude prices fell 2.9% last week to average \$87.36/bl, as on-going volatility remains prevalent, amid competing market fundamentals.
- A reported rise in OPEC production output in October led to a softening prices, however supply remains reduced amid extended supply cuts in place until the end of the year.
- Likewise, weak Chinese manufacturing and non-manufacturing activity data released caused concern around slowing demand from the major consumer, acting to limit price gains across the reporting period.
- Despite this, bullish fundamentals are currently driven by supply concern amid the Israel-Hamas conflict
- For the remainder of 2023, price gains are likely as uncertainty surrounding the Israel-Hamas conflict continues to grow, potentially impacting oil producing regions across the Middle East

### Carbon (UK and EU ETS)



- Like many other global commodity markets, carbon prices continue to respond sensitively to wider geopolitical uncertainty surrounding gas markets, with EU ETS prices falling 1.6% to average €78.90/t and UK ETS prices declining 6.5% to average £37.75/t.
- For the UK more specifically, higher levels of wind generation seen as the week progressed eased demand from fossil fuel fired assets to meet demand.
- However, a certain amount of price support will still remain from colder seasonal temperatures acting to increase demand for more expensive forms of power generation like gas.
- Both EU and UK carbon prices are likely to see price support in the coming weeks, as more carbon intensive means of power generation are used to match supply and demand as temperatures fall to below-average.

## Supplier tariff movements

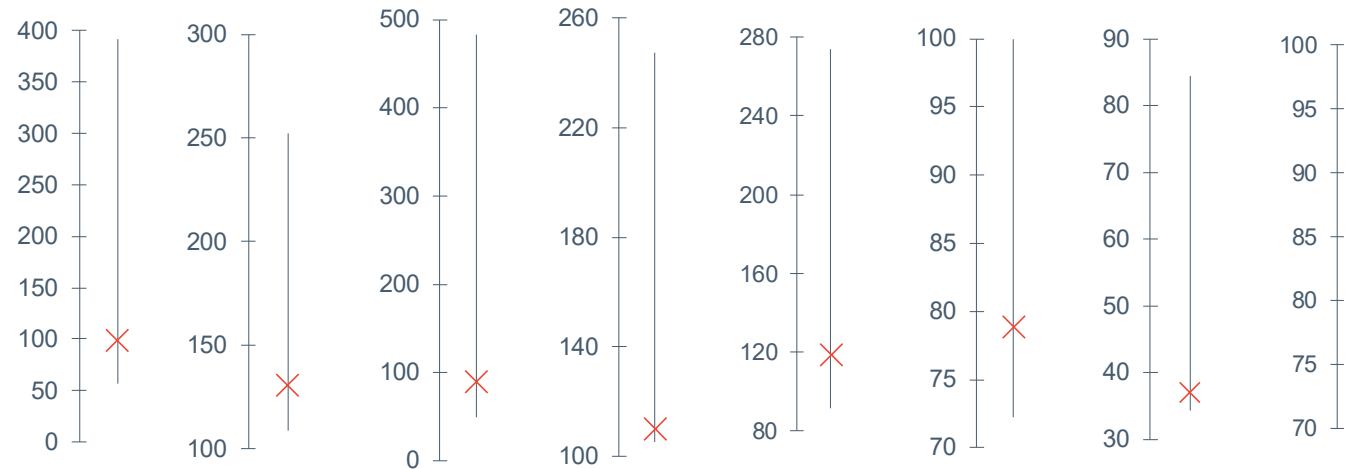
So Energy offered the cheapest fixed tariff with no additional requirements in our dataset on 28 October with its newly introduced So Lavender tariff, priced at £1,868/year on average. Home Energy continued to offer the cheapest variable tariff on the market with its Home SVT tariff, priced at £1,763/year 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	3 Nov 23	98.00	130.50	90.00	110.00	118.55	78.90	37.00	86.99
Two weeks ago	27 Oct 23	118.95	142.75	95.00	119.63	127.50	79.90	38.30	90.05
Four weeks ago	6 Oct 23	68.50	118.00	74.00	106.75	117.00	80.70	42.80	84.01
Last year	3 Nov 22	160.00	247.50	161.00	229.00	208.00	76.86	74.00	94.85
Year-on-year % change		-38.8%	-47.3%	-44.1%	-52.0%	-43.0%	2.7%	-50.0%	-8.3%
12-month high		392.00	252.00	483.00	247.50	274.00	100.00	84.50	98.70
12-month low		57.00	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.

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