



# Energy Wholesale Market Review

Week Ending 1<sup>st</sup> December 2023



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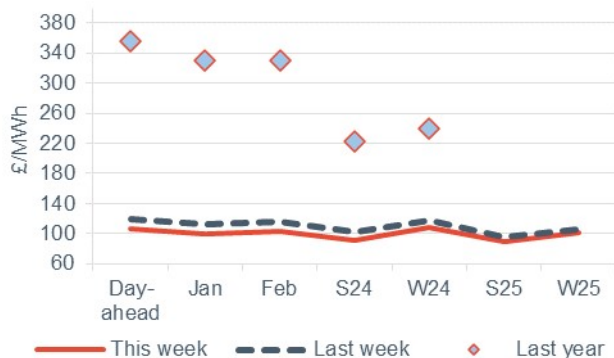
## Headlines 01/12/2023

It was a bearish week across all tracked gas and power contracts this week, continuing the trend of decreasing wholesale prices observed across much of 2023. Day-ahead gas fell 15.0% to 105.00p/th, despite below-average temperatures during the week, as gains were outweighed by notably reduced levels of maintenance across the UK and Norwegian Continental Shelf, bolstering flows into GB from Norway. Likewise, day-ahead power dropped 10.1% to £107.00/MWh, taking direction from losses made in near-term gas markets, despite decreased wind output during the week. January 24 gas was down 12.7% at 107.00p/th, and February 24 gas decreased 12.4% to 109.00p/th. Likewise, all seasonal gas contracts fell this week, down by 7.9% on average, with summer 24 and winter 24 gas dropping 11.1% and 9.0% respectively, subsiding to 104.00p/th and 119.20p/th. Moreover, all seasonal power contracts traded lower this week, down on average by 7.1%. Summer 24 and winter 24 power went down 10.3% and 8.1% respectively, falling to £91.50/MWh and £108.50/MWh.

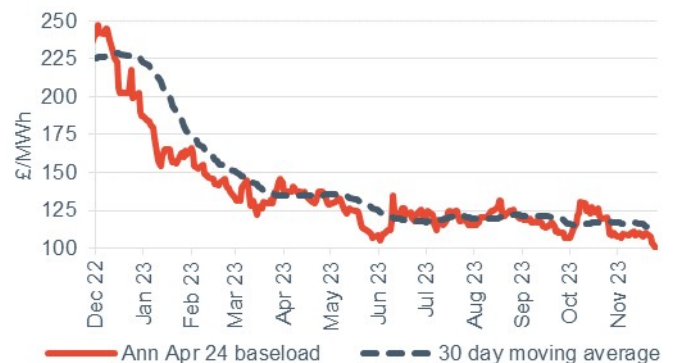
## Baseload electricity

- Day-ahead power fell 10.1% to £107.00/MWh, following rising wind generation projections and falling consumption forecasts for Monday.
- January 24 power slipped 10.3% to £100.25/MWh and February 24 power decreased 11.3% to £103.00/MWh.
- Q124 power moved 9.5% lower to £100.00/MWh.
- The annual April 24 contract lost 9.1% to £100.00/MWh, 56.8% lower than the same time last year (£231.25/MWh).

### Forward curve comparison



### Annual April contract



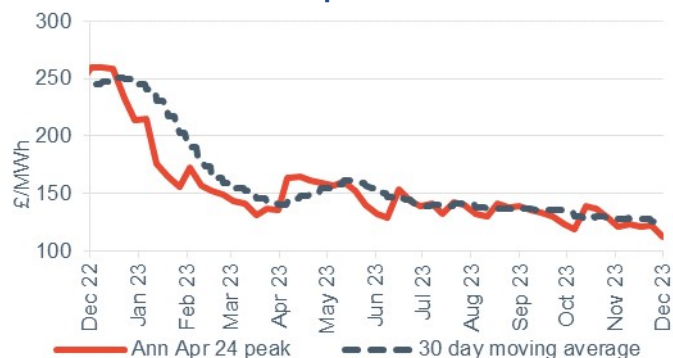
## Peak electricity

- Day-ahead peak power was down 8.2% to £123.40/MWh, following its baseload counterpart lower.
- January 24 peak power declined 10.3% to £122.10/MWh, and February 24 peak power decreased 8.6% to £126.73/MWh.
- The annual April 24 peak power contract dropped 8.8% to £111.88/MWh.
- This is 56.9% lower than the same time last year (£259.75/MWh).

### Forward curve comparison



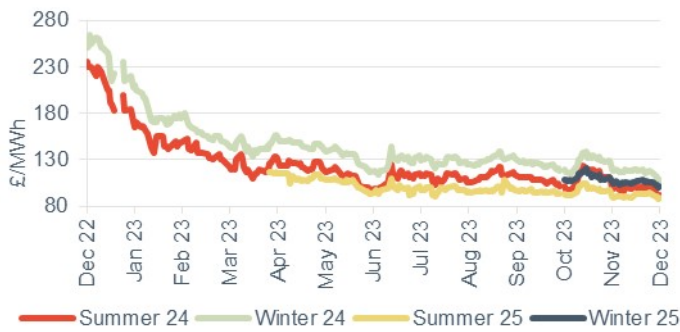
### Annual April contract





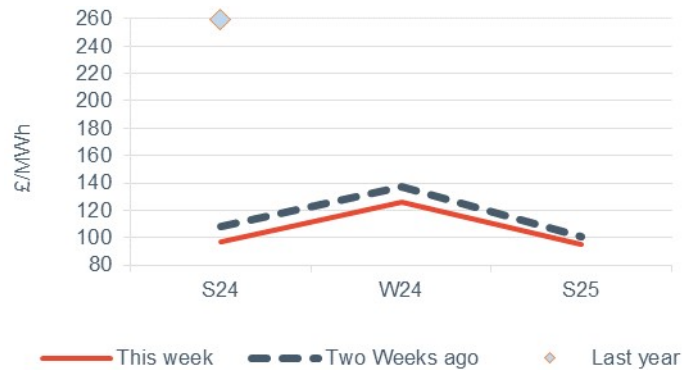
## Seasonal power prices

### Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 7.1%.
- Summer 24 power decreased 10.3% to £91.50/MWh, while winter 24 power fell 8.1% to £108.50/MWh.

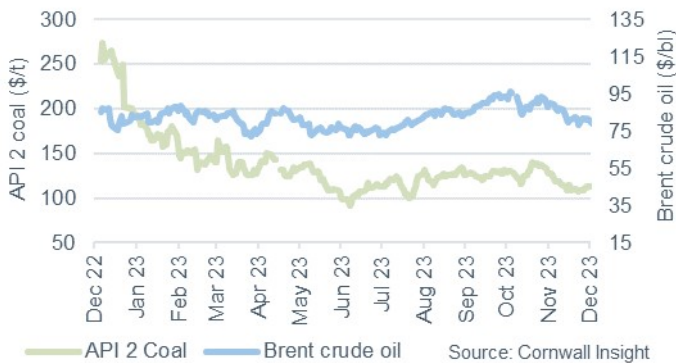
### Seasonal peak power curve



- All seasonal peak power contracts declined this week, down 9.0% on average.
- Summer 24 and winter 24 peak power dropped 10.2% and 7.7% respectively, falling to £97.35/MWh and £126.40/MWh.

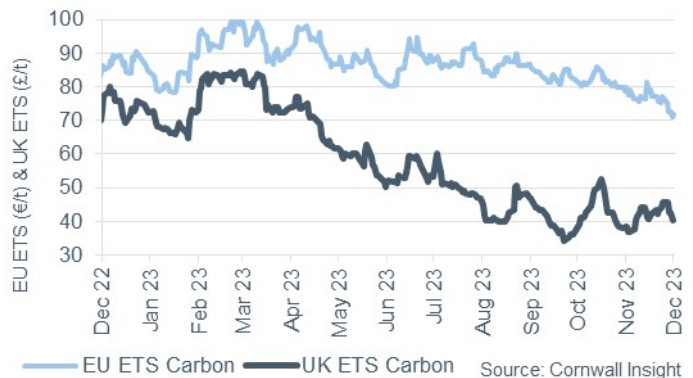
## Commodity price movements

### Oil and coal



- Last week was a relatively stable week for Brent crude, as it experienced a marginal week-on-week decrease of 0.1% to average \$81.50/bl.
- Across the week, downwards price movements were influenced mainly by market anticipation ahead of the delayed OPEC+ meeting, as the organisation continued to deliberate over production rates for 2024.
- Upon the arrival of this meeting on 30 November, market participants believe that the voluntary output cuts of around 2.2 million barrels per day for early next year will not be enough to increase prices adequately from their recent decline.
- Volatility in the Brent crude market is likely to continue into the foreseeable future, as it remains tied to ever-changing and unpredictable situations around the world, like Chinese economic growth; OPEC+ supply cuts; and global economic slowdown.

### Carbon (UK and EU ETS)



- Despite low wind outturn over the reporting period, and significantly reduced temperatures acting to bolster heating demand, last week presented itself to be a bearish period for both UK and EU ETS carbon markets.
- UK ETS carbon prices dropped 2.9% to average £42.56/t, and EU ETS carbon prices fell 4.7% to average €72.56/t.
- Across EU ETS carbon specifically, prices fell to the lowest point seen since October 2022 on 30 November, at €71.10/t.
- This follows ongoing volatility ahead of next month's contract expiry and reduced gas prices providing a bearish sentiment for carbon prices.
- Over the coming weeks, carbon prices across both schemes will continue to be heavily related to the amount of wind generation on their respective grid – especially in GB where wind accounts for a higher proportion of the generation mix.

## Supplier tariff movements

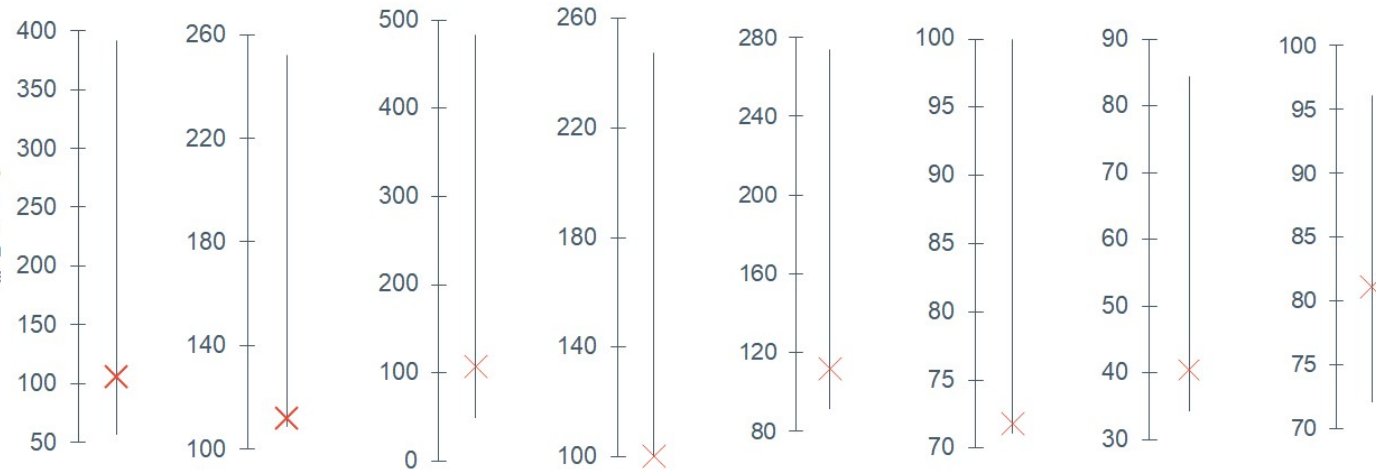
So Energy offered the cheapest fixed tariff in our dataset on 25 November with its So Lavender tariff, priced at £1,868/year on average. Home Energy continued to offer the cheapest variable tariff on the market with its Home SVT tariff, priced at £1,763/year in average, £71/year below the price cap.



## 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)
This week	1 Dec 23	105.00	111.60	107.00	100.00	112.00	71.80	40.45	81.06
Last week	24 Nov 23	123.50	124.00	119.00	110.00	113.50	77.10	45.75	81.70
Four weeks ago	3 Nov 23	98.00	130.50	90.00	110.00	118.55	78.90	37.00	86.99
Last year	1 Dec 22	370.00	250.00	336.00	241.00	274.00	86.30	73.30	87.45
Year-on-year % change		-71.6%	-55.4%	-68.2%	-58.5%	-59.1%	-16.8%	-44.8%	-7.3%
12-month high		392.00	252.00	483.00	247.50	274.00	100.00	84.50	96.05
12-month low		57.00	108.80	49.25	100.00	91.50	71.10	34.25	72.05

This table shows the prices last week compared with prices from the previous month and year. The graphs show the range of prices over the year is represented by the black line. The red X shows last week's price.





## 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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