



# Energy Wholesale Market Review

Week Ending 8<sup>th</sup> December 2023



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## Headlines 08/12/2023

This week saw the continuation of bearish price movements across most gas and power wholesale contracts. Subsequently, we saw the majority of gas and power contracts drop week-on-week. Day-ahead gas fell 7.9% to 96.75p/th, as higher levels of wind generation on the system led to less demand for gas-fired assets, acting to outweigh the continuation of colder temperatures across the week. Likewise, day-ahead power fell 19.2% to £86.50/MWh, mirroring trends set from its gas equivalent contract and driven further by the aforementioned higher levels of wind generation acting to loosen system margins. Furthermore, January 24 gas was down 7.2% at 99.30p/th, and February 24 gas decreased 7.7% to 100.60p/th. All seasonal gas contracts saw losses this week, down by 4.1% on average, while both summer 24 and winter 24 gas decreased 6.3% and 5.0% respectively, falling to 97.50p/th and 113.25p/th. Like gas, all seasonal power contracts fell this week, down on average by 6.8%, as summer 24 power decreased 7.7% to £84.50/MWh, while winter 24 fell 6.5% to £101.50/MWh.

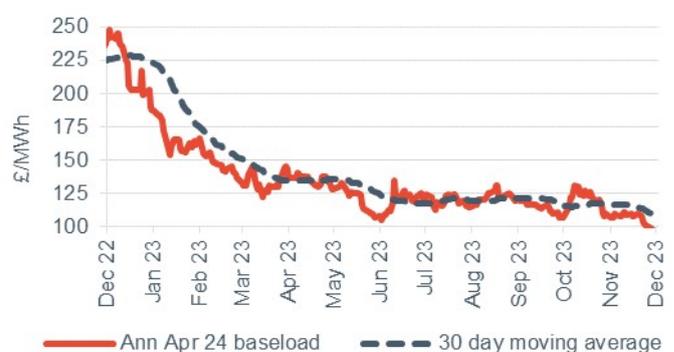
### Baseload electricity

- Day-ahead power fell 19.2% to £86.50/MWh, with increased wind generation projections and falling consumption forecasts for Monday acting to loosen system margins.
- January 24 power slipped 7.9% at £92.30/MWh and February 24 power decreased 8.7% to £94.00/MWh.
- Q124 power moved 1.5% higher to £101.50/MWh.
- The annual April 24 contract lost 7.0% to £93.00/MWh, 61.6% lower than the same time last year (£242.50/MWh).

#### Forward curve comparison



#### Annual April contract



### Peak electricity

- Day-ahead peak power was down 6.8% to £115.00/MWh, following its baseload counterpart lower.
- January 24 peak power declined 7.3% at £113.21/MWh, and February 24 peak power decreased 7.0% to £117.81/MWh.
- The annual April 24 peak power dropped 5.9% to £105.25/MWh.
- This is 59.5% lower than the same time last year (£260.00/MWh).

#### Forward curve comparison



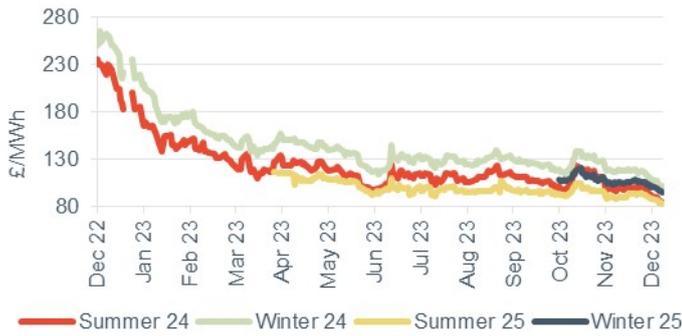
#### Annual April contract





## Seasonal power prices

### Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 6.8%.
- Summer 24 power decreased 7.7% to £84.50/MWh, while winter 24 fell 6.5% to £101.50/MWh.

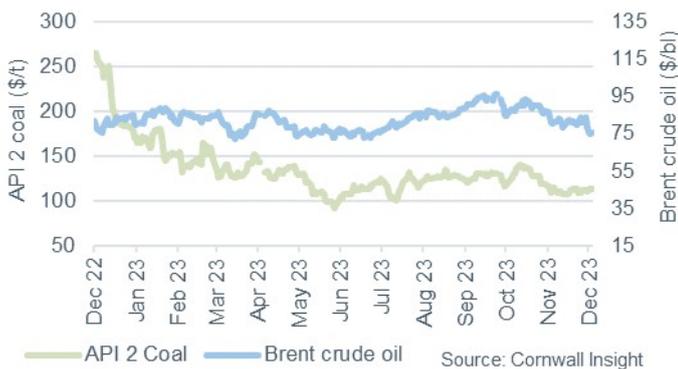
### Seasonal peak power curve



- All Seasonal peak power contracts declined this week, down 6.0% on average.
- Summer 24 and winter 24 peak power dropped 6.8% and 5.3% respectively, falling to £90.75/MWh and £119.75/MWh.

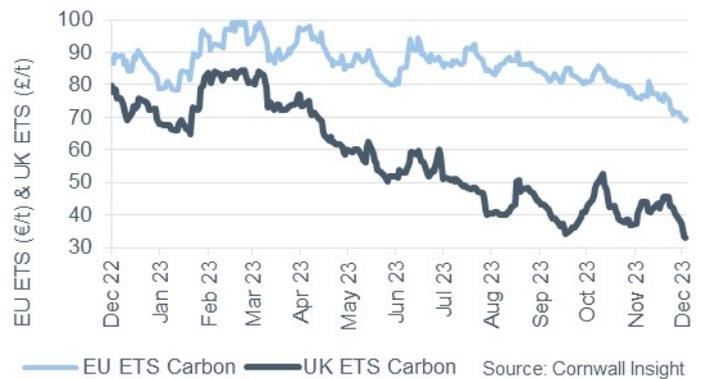
## Commodity price movements

### Oil and coal



- Brent crude continued to register a downward movement across the last week, falling 4.6% week-on-week to average \$77.76/bbl.
- This decrease can be mainly attributed to lower demand from the world's largest crude importer, China, as the country experiences slower-than-anticipated economic growth.
- Moreover, gains were stunted by record high US output levels acting to outweigh the impacts of OPEC+ supply cuts in part.
- As a global commodity, oil will remain volatile as geopolitical events play out around the world. Prices are likely to remain stable in the near-term as reduced demand from China counterbalances the reduced supply from OPEC+ countries.
- However, Russia has stated that OPEC+ could deliver more production cuts in the first quarter of 2024, if existing cuts have little impact on the oil market.

### Carbon (UK and EU ETS)



- Last week was once again a bearish week across the carbon markets, as higher levels of wind generation affected the amount of fossil fuelled power generation needed to meet demand, acting to offset the impact of below-average temperatures in the UK specifically.
- EU ETS carbon dropped 3.7% to average €69.87/t, and UK ETS carbon fell 16.6% to average £35.49/t.
- Prices continue to be supported by an upcoming closure of the December auctions over the Christmas period – running from 13 December 2023 to 10 January 2024 for the UK ETS, with the last auction date for the EU ETS happening on 18 December.
- EU ETS carbon prices dropped to the lowest level seen since October 2022 on 7 December, at €69.00/t and UK ETS carbon prices dropped to the lowest level recorded since the inception of the scheme in 2021, at £33.15/t on 8 December.

## Supplier tariff movements

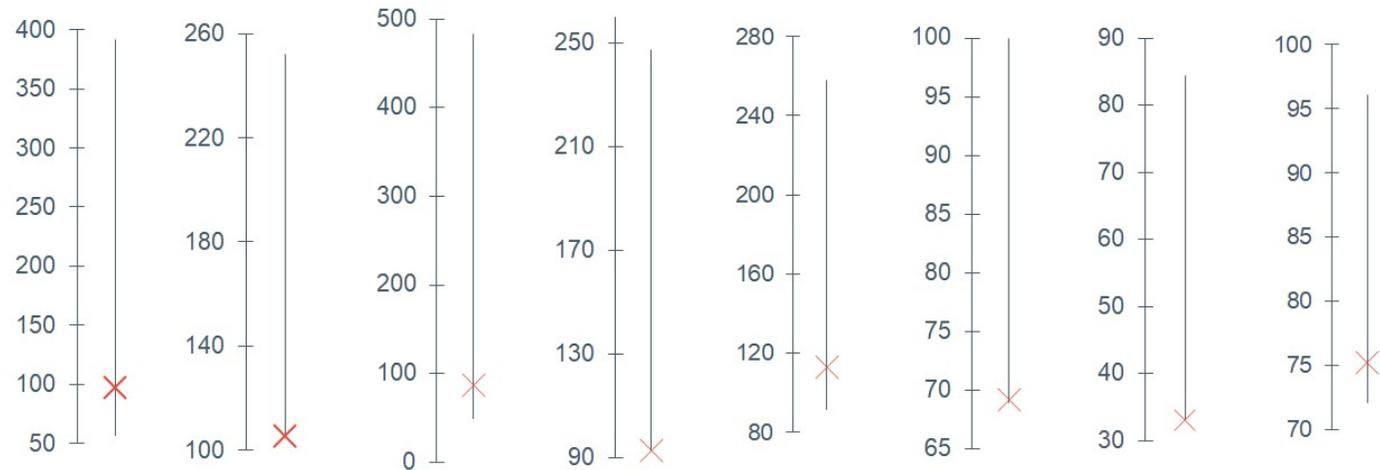
So Energy offered the cheapest fixed tariff in our dataset on 2 December with its So Lavender tariff, priced at £1,868/year on average. Home Energy continued to offer the cheapest variable tariff on the market with its Home SVT tariff, priced at £1,763/year in average, £71/year below the price cap.



## 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	8 Dec 23	96.75	105.38	86.50	93.00	113.00	69.25	33.15	75.22
Last week	1 Dec 23	105.00	111.60	107.00	100.00	112.00	71.80	40.45	81.06
Four weeks ago	10 Nov 23	100.00	125.35	93.00	109.25	115.00	77.00	43.97	80.84
Last year	8 Dec 22	392.00	247.50	394.00	247.50	258.00	89.40	78.50	77.41
Year-on-year % change		-75.3%	-57.4%	-78.0%	-62.4%	-56.2%	-22.5%	-57.8%	-2.8%
12-month high		392.00	252.00	483.00	247.50	258.00	100.00	84.50	96.05
12-month low		57.00	105.23	49.25	93.00	91.50	69.00	33.15	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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