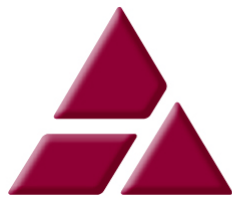




Energy Wholesale Market Review

Week Ending 15th December 2023



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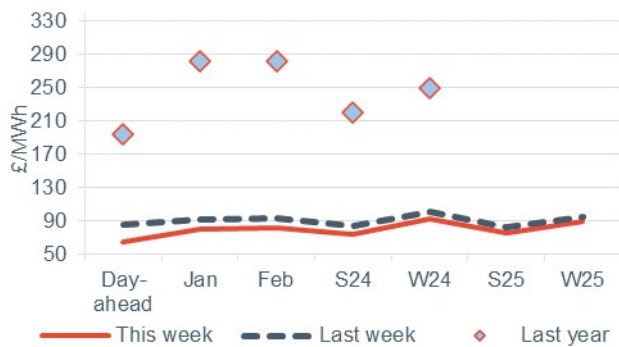
Headlines 15/12/2023

This week, all power and gas wholesale contracts fell, continuing the overall bearish movement seen across contracts throughout 2023 to date. Day-ahead gas fell 22.2% to 75.25p/th, following increased temperature forecasts acting to soften gas-for-heating demand, providing bearish support. Day-ahead power fell 24.9% to £65.00/MWh, with a rise in wind generation projections, alongside a reduction in consumption forecasts, acting to loosen system margins. January 24 gas was down 16.0% to 83.40p/th, February 24 gas decreased 16.1% to 84.40p/th. All seasonal gas contracts declined last week, down by 8.6% on average, while both summer 24 and winter 24 gas dropped 13.8% and 9.5% respectively, subsiding to 84.00p/th and 102.50p/th. All seasonal power contracts declined this week, down on average by 8.4%, as summer 24 power decreased 11.4% to £74.90/MWh, while winter 24 fell 8.1% to £93.30/MWh.

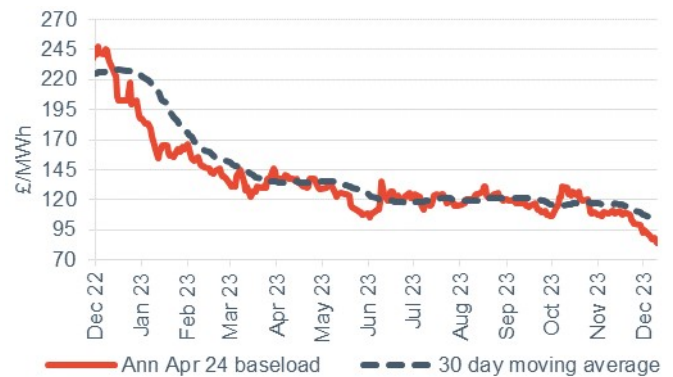
Baseload electricity

- Day-ahead power fell 24.9% to £65.00/MWh, following an increase in wind outturn forecasts and a drop in consumption projections acting to loosen system margins.
- January 24 power slipped 13.6% at £79.75/MWh and February 24 power decreased 12.5% to £82.25/MWh.
- Q124 power moved 20.4% lower to £80.75/MWh.
- The annual April 24 contract lost 9.6% to £84.1/MWh, 64.2% lower than the same time last year (£235/MWh).

Forward curve comparison



Annual April contract

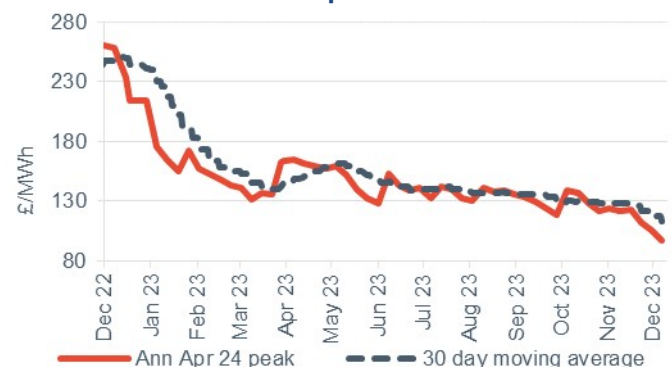


- Peak electricity Day-ahead peak power was down 20.4% to £91.50/MWh, following its baseload counterpart lower.
- January 24 peak power declined 12.2% at £99.40/MWh, and February 24 peak power decreased 10.7% to £105.25/MWh.
- The annual April 24 peak power declining 8.3% to £96.55/MWh.
- This is 62.6% lower than the same time last year (258.40/MWh).

Forward curve comparison



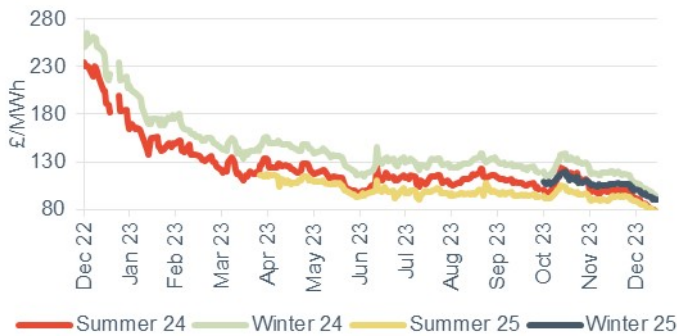
Annual April contract





Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 8.4%.
- Summer 24 power decreased 11.4% to £74.90/MWh, while winter 24 fell 8.1% to £93.30/MWh.

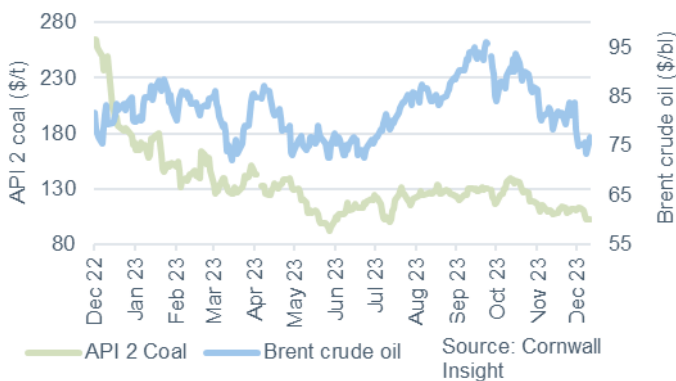
Seasonal peak power curve



- All Seasonal peak power contracts declined this week, down 8.3% on average.
- Summer 24 and winter 24 peak power dropped 8.9% and 7.8% respectively, falling to £82.70/MWh and £110.40/MWh.

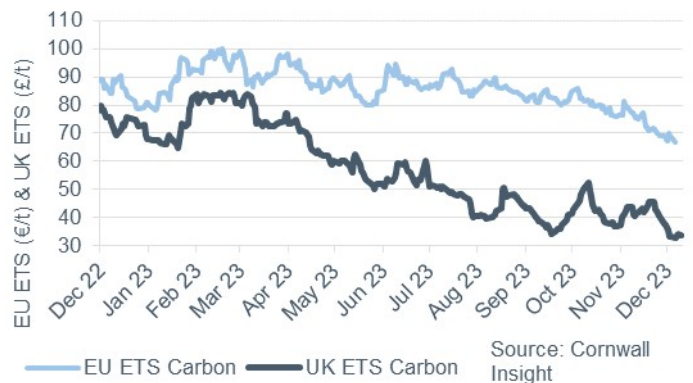
Commodity price movements

Oil and coal



- Brent crude continued to register a downward movement across the last week, falling 3.2% week-on-week to average \$75.31/bbl.
- This decrease can be mainly attributed to lower demand from the world's largest crude importer, as data released by China's statistics bureau on Friday showed refinery runs in November dropped to their lowest level since the beginning of the year.
- Moreover, gains were stunted by the International Energy Agency forecasting that world oil consumption will rise by 1.1mn barrels per day in 2024, an increase of 130,000 bpd from its previous forecast.
- 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 decreased demand from China offsets supply cuts from OPEC+ countries.

Carbon (UK and EU ETS)



- Last week we saw a continued bearish trend across the both carbon markets, as higher levels of wind generation affected the amount of fossil fuelled power generation needed to meet demand, in tandem with rising temperatures in the UK specifically, easing heating demand.
- EU ETS carbon dropped 2.4% to average €68.20/t, and UK ETS carbon fell 5.3% to average £33.60/t.
- Prices continue to fall, despite the upcoming expiry of the December auctions over the Christmas period – running from 13 December 2023 to 10 January 2024 for the UK ETS, and the last auction date for the EU ETS happening on 18 December – highlighting lower demand
- EU ETS carbon prices dropped to the lowest level seen since October 2022 on 14 December, at €68.95/t and UK ETS carbon prices dropped to the lowest level recorded since the inception of the scheme in 2021, at £32.95/t on 11 December.



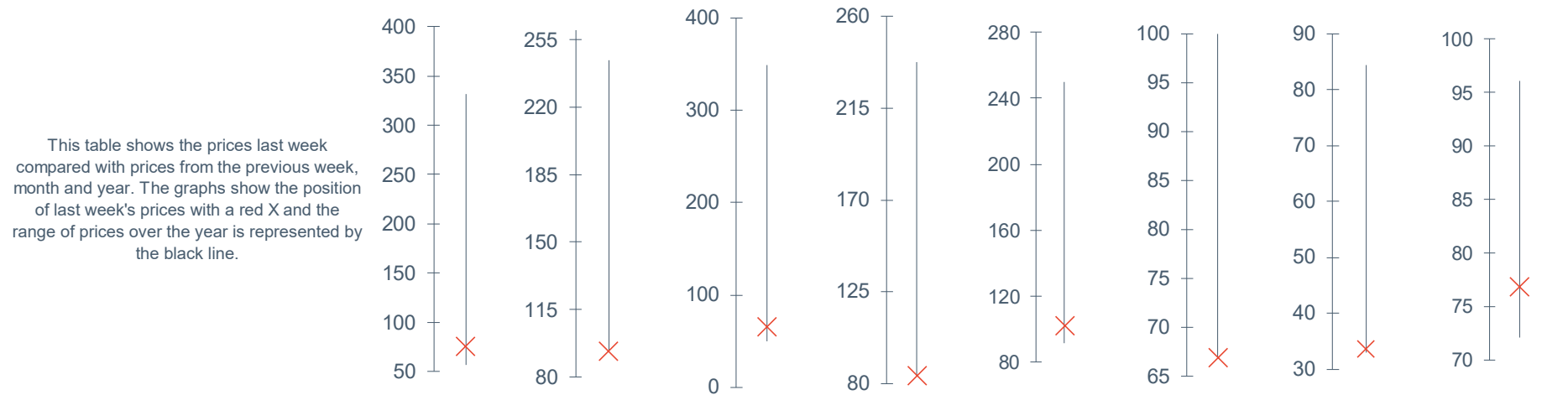
Supplier tariff movements

Home Energy offered the cheapest fixed tariff in our dataset on 9 December with its Home FIXED December 2023 v1a tariff, priced at £1,804/year on average. Home Energy also 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 (\$/t)	EUA carbon (€/t)	UKA carbon (£/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead				
This week	15 Dec 23	75.25	93.25	65.00	84.10	102.00	66.95	33.60	76.84
Last week	8 Dec 23	96.75	105.38	86.50	93.00	113.00	69.25	33.15	75.22
Four weeks ago	17 Nov 23	104.50	123.40	90.00	108.50	107.00	77.13	42.20	78.25
Last year	15 Dec 22	332.00	244.00	349.00	237.50	241.00	87.35	70.35	83.11
Year-on-year % change		-77.3%	-61.8%	-81.4%	-64.6%	-57.7%	-23.4%	-52.2%	-7.5%
12-month high		332.00	244.00	349.00	237.50	250.00	100.00	84.50	96.05
12-month low		57.00	93.25	49.25	84.10	91.50	66.95	32.95	72.05





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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