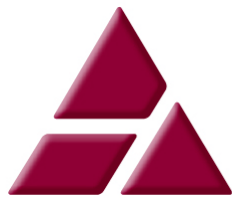




Energy Wholesale Market Review

Week Ending 5th January 2024



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Headlines 05/01/2024

This week saw a reversal of recent bearish price movements across most gas and power wholesale contracts. Subsequently, we saw the majority of gas and power contracts increase week-on-week. Day-ahead gas rose 9.4% to 87.50p/th, due to lowering temperatures seen during the week, boosting gas demand for heating. Current forecasts also point towards an upcoming cold weather spell in north-west Europe which could extend towards the UK in the coming week – likely to play a role in shaping the near-term wholesale pricing environment. Day-ahead power rose 36.4% to £90.00/MWh, following low wind output throughout the week, increasing gas for power demand, coupled with rising demand projections for Monday. February 24 gas was down 2.2% at 85.70p/th, and March 24 gas increased 4.9% to 84.80p/th. Most seasonal gas contracts boosted last week, up by 0.1% on average, while summer 24 gas increased 1.9% to 83.70p/th, whereas winter 24 gas dropped 1.3% to 98.50p/th. Similarly, most seasonal power contracts declined this week, down on average by 1.5%. Summer 24 power was static at £78.50/MWh, while winter 24 fell 2.1% to £94.50/MWh.

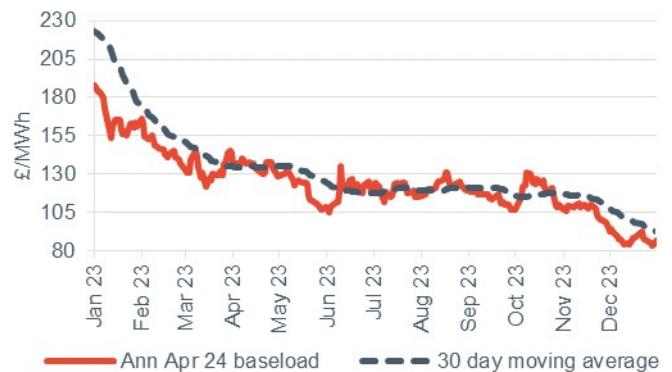
Baseload electricity

- Day-ahead power rose 36.4% to £90.00/MWh, following its gas counterpart and UK ETS prices higher, paired with rising demand forecasts.
- February 24 power increased 0.9% at £88.00/MWh and March 24 power grew 0.7% to £81.5/MWh.
- Q224 power moved 8.5% lower to £78.5/MWh.
- The annual April 24 contract lost 1.1% to £86.5/MWh, 53.9% lower than the same time last year (£187.5/MWh).

Forward curve comparison



Annual April contract



Peak electricity

- Day-ahead peak power was up 14.2% to £122.75/MWh, following its baseload counterpart.
- February 24 peak power gained 1.2% at £106.2/MWh, and March 24 peak power decreased 1.7% to £89.35/MWh.
- The annual April 24 peak power rose 0.3% to £96.20/MWh
- This is 55.1% lower than the same time last year (£214.45/MWh).

Forward curve comparison



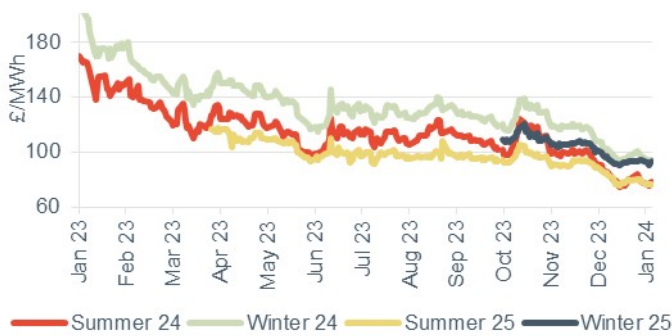
Annual April contract





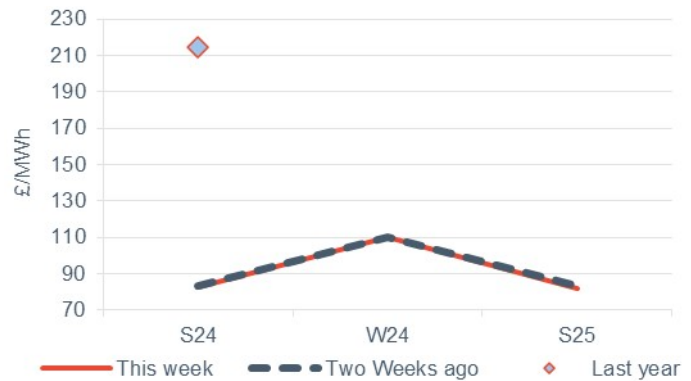
Seasonal power prices

Seasonal baseload power contracts



- Most seasonal power contracts declined this week, down on average by 1.5%.
- Summer 24 power was static at £78.50/MWh, while winter 24 fell 2.1% to £94.50/MWh.

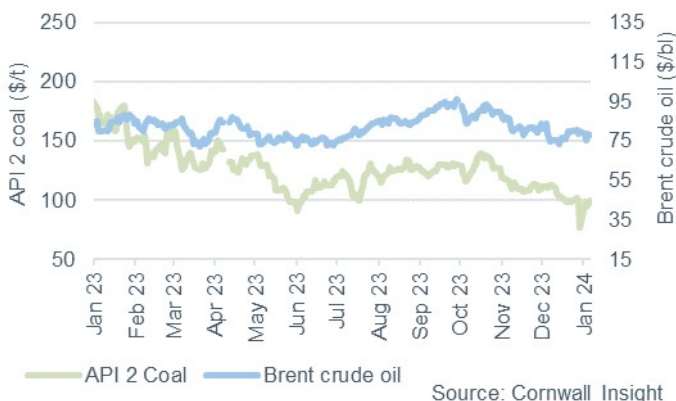
Seasonal peak power curve



- All seasonal peak power contracts declined this week, down 0.3% on average.
- Summer 24 and winter 24 peak power dropped 0.6% and 0.1% respectively, falling to £82.50/MWh and £109.90/MWh.

Commodity price movements

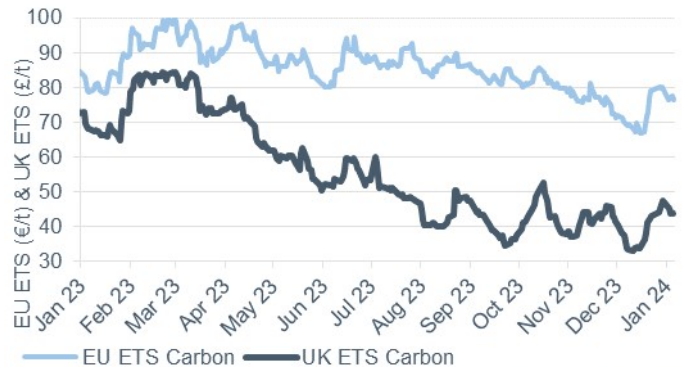
Oil and coal



Source: Cornwall Insight

- Brent crude registered a downward movement across the previous week, falling 2.6% week-on-week to average \$77.59/bl.
- Price losses were supported by news of a larger-than-expected increase in gasoline and diesel inventories in the US, in tandem with weak economic and inflation data in the Eurozone.
- Price gains were limited however, by on-going supply concerns from the Middle East following the shutdown of Libya's Sharara oilfield by local protestors – compounding on-going wider market supply concerns related to attacks on vessels in the Red Sea.
- Brent crude oil is anticipated to register gains in the upcoming months, with strong demand expectations arising due to China's upcoming holiday period, paired with continued global supply concerns subject to geopolitical events.

Carbon (UK and EU ETS)



Source: Cornwall Insight

- During the reporting period, price decreases were registered across both ETS markets following increased selling activity from traders.
- However, stronger gains were limited by decreased week-on-week wind generation, acting to tighten system margins and increase reliance on more expensive forms of power generation
- The beginning of a new trading year will continue to buoy prices across the short-term, increased further by projections of below-average temperatures in the week ahead acting to bolster both domestic demand and demand across the continent.
- Similarly, 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 significant proportion of the generation mix.

Supplier tariff movements

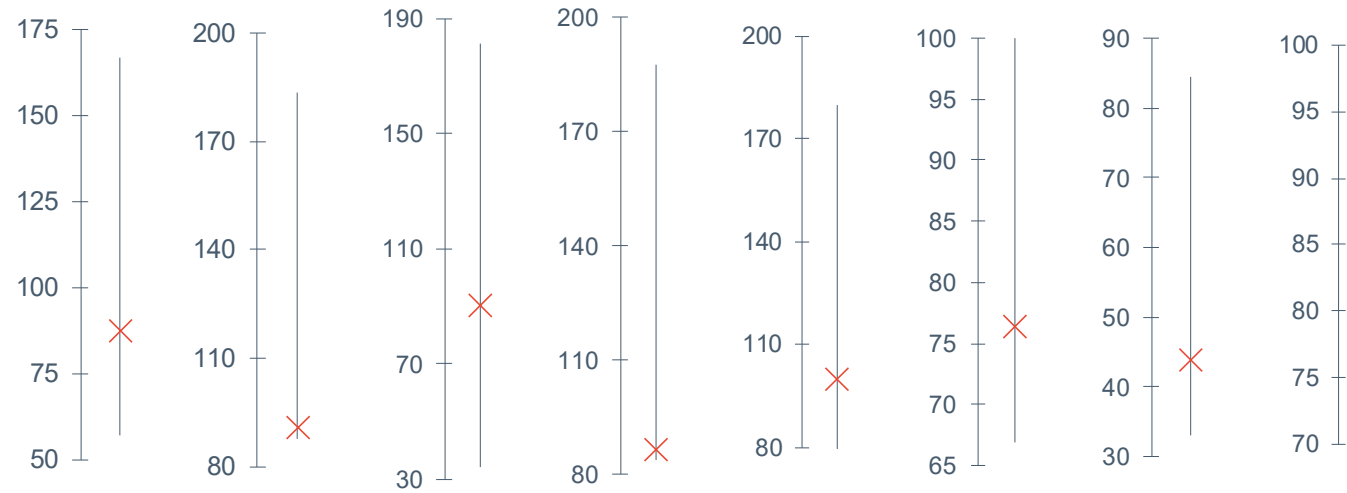
Home Energy continued to offer the cheapest fixed tariff in our dataset on 16 December with its Home FIXED December 2023 v1a tariff, priced at £1,804/year on average. Home Energy also continued to offer the cheapest variable tariff on the market with its Home SVT tariff, priced at £1,763/year in average, £71/year below the price cap.



Wholesale price snapshot– Friday-on-Friday

		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	5 Jan 24	87.50	91.10	90.00	86.50	99.75	76.35	43.75	77.75
Last week	29 Dec 23	80.00	90.95	66.00	87.50	77.30	80.30	47.20	79.85
Four weeks ago	8 Dec 23	96.75	105.38	86.50	93.00	113.00	69.25	33.15	75.22
Last year	5 Jan 23	130.00	174.50	107.50	187.50	172.00	78.89	68.00	79.82
Year-on-year % change		-32.7%	-47.8%	-16.3%	-53.9%	-42.0%	-3.2%	-35.7%	-2.6%
12-month high		167.00	183.50	181.00	187.50	180.00	100.00	84.50	96.05
12-month low		57.00	87.40	34.00	83.63	77.30	66.95	32.95	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 23 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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