Energy Wholesale Market Review

Week Ending 12th January 2024

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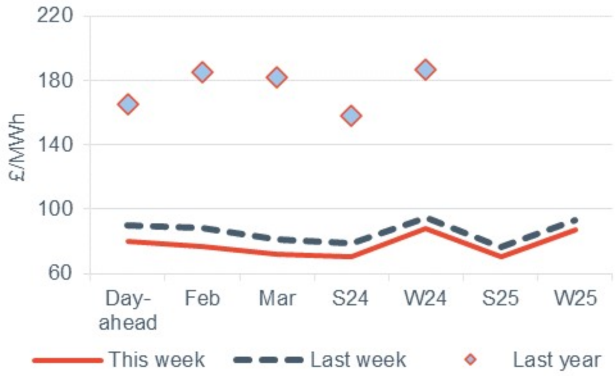
Headlines 12/01/2024

We observed consistent bearish gas price movements across all tracked contracts this week, a likely consequence of the continued strong EU gas storage levels, at approximately 82% full at the time of writing. As a result, day-ahead gas fell 8.6% to 80.00p/th, despite below-average temperatures increasing domestic heating demand. Similarly, February 24 gas was down 8.6% at 78.30p/th, and March 24 gas decreased 8.6% to 77.50p/th. All seasonal gas contracts declined this week, down by 4.1% on average, as both summer 24 and winter 24 gas dropped 7.4% and 4.8% respectively, subsiding to 77.50p/th and 93.75p/th. Experiencing a trend similar to its gas counterpart, day-ahead power fell 11.1% to £80.00/MWh, finding bearish direction from increased wind generation levels, reducing gas-for-power demand and easing system margins in tandem. Moreover, all seasonal power contracts declined this week, down on average by 7.9%, as summer 24 power decreased 10.3% to £70.40/MWh, and winter 24 fell 6.9% to £88.00/MWh.

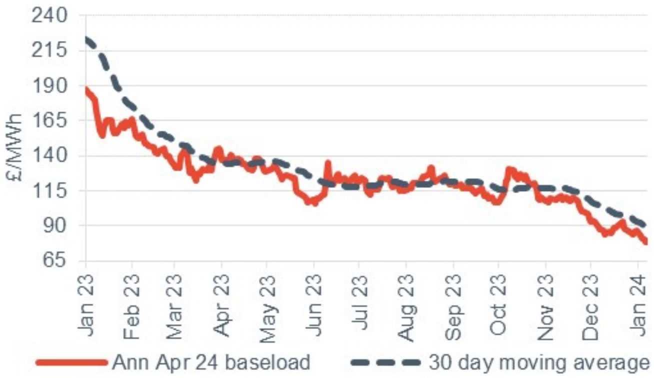
Baseload electricity

- Day-ahead power fell 11.1% to £80.00/MWh, with higher forecast wind output for Monday, easing system margins.
- February 24 power slipped 12.5% at £77.00/MWh and March 24 power decreased 11.7% to £72.00/MWh.
- Q224 power moved 11.1% lower to £69.75/MWh.
- The annual April 24 contract lost 8.4% to £79.20/MWh, but 54.1% lower than the same time last year (£172.50/MWh).

Forward curve comparison



Annual April contract

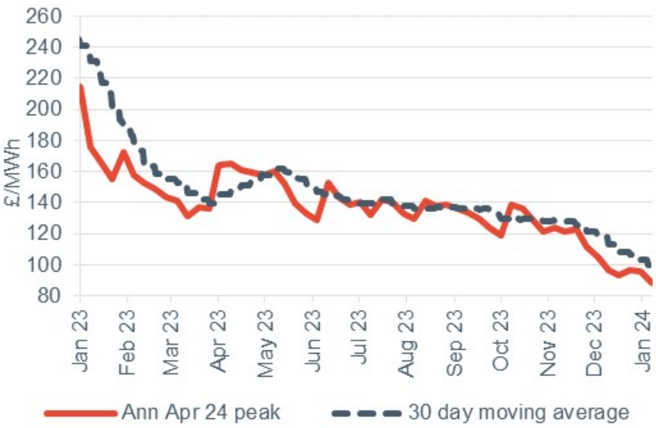


Peak electricity

- Day-ahead peak power was down 6.5% to £114.75/MWh, following its baseload counterpart lower.
- February 24 peak power declined 13.0% at £92.44/MWh, and March 24 peak power decreased 11.1% to £79.40/MWh.
- The annual April 24 peak power fell 8.0% to £88.50/MWh
- This is 49.7% lower than the same time last year (176.00/MWh).

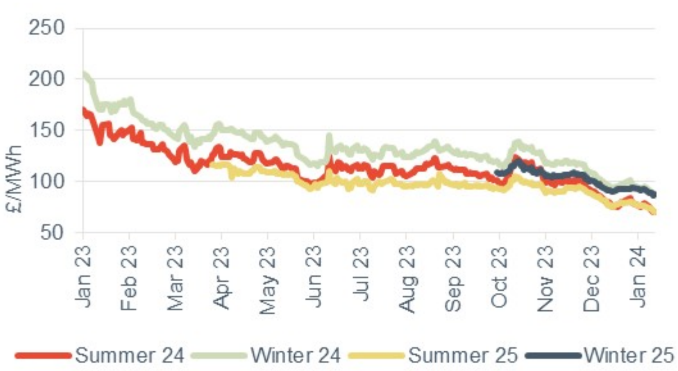
Forward curve comparison

Annual April contract



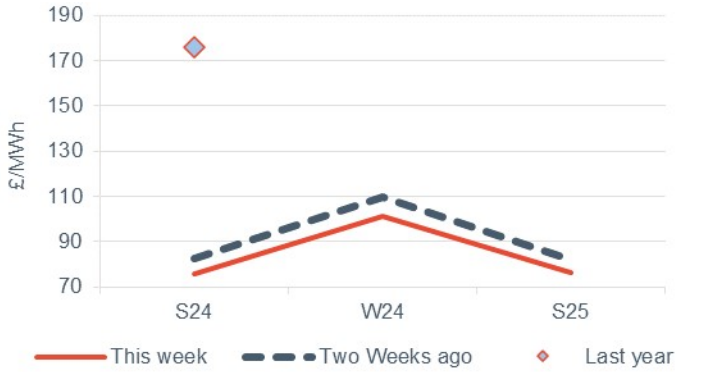
Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 7.9%.
- summer 24 power decreased 10.3% to £70.40/MWh, while winter 24 fell 6.9% to £88.00/MWh.

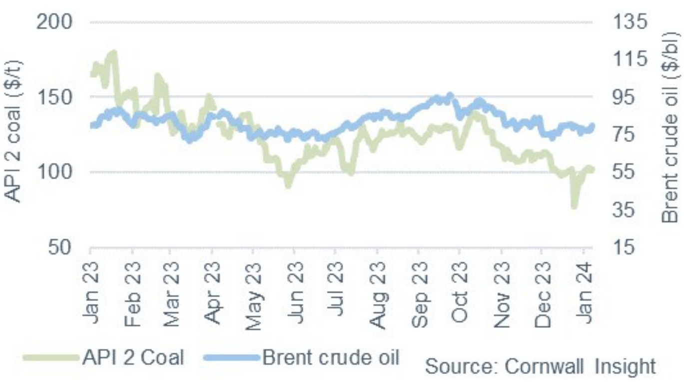
Seasonal peak power curve



- All Seasonal peak power contracts declined this week, down 8.0% on average.
- Summer 24 and winter 24 peak power dropped 8.2% and 7.9% respectively, falling to £75.75/MWh and £101.25/MWh

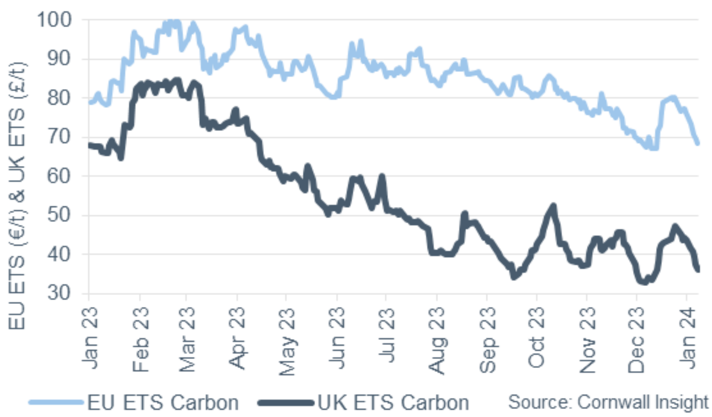
Commodity price movements

Oil and coal



- Brent crude registered a slight upward movement across the recorded week, opposing recent bearish trends seen across the commodity - rising 0.6% week-on-week to average $78.05/bl.
- We observed the weight of some stronger bullish factors transpire this week, with prices finding support from conflict across the Middle East following the seizure of an oil tanker by Iran and strikes from the UK and US.
- Furthermore, Libya's National Oil Corporation (NOC) declared a force majeure at the Sharara oilfield following protests, disrupting flows from the country.
- However, stronger gains across the commodity were limited by record US oil output acting to offset reduced supply from the Middle East and the further OPEC+ group.

Carbon (UK and EU ETS)



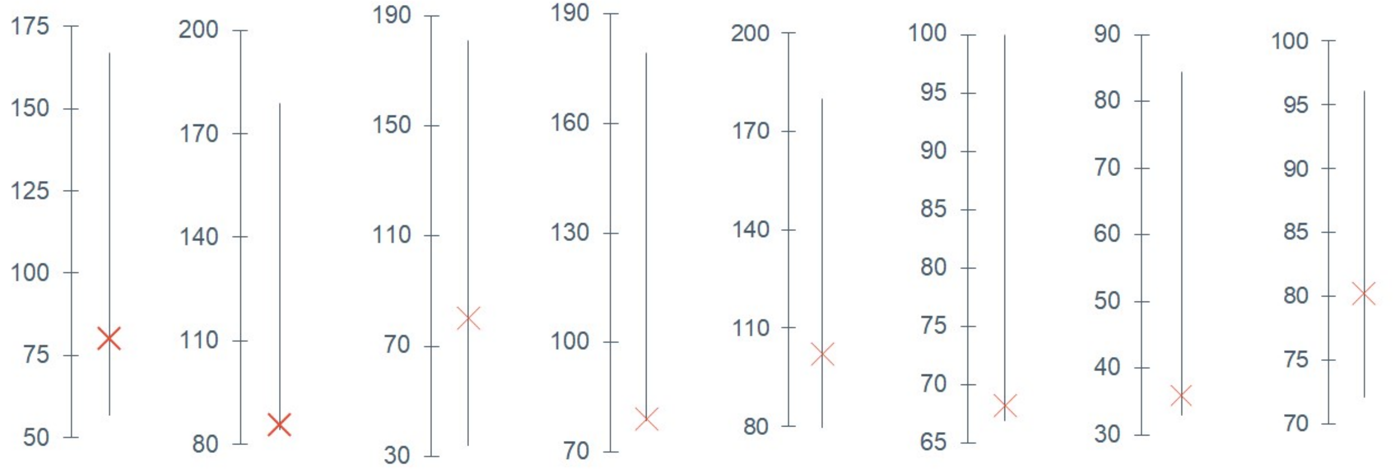
- During the reporting period, price decreases were registered across both ETS markets, with the EU ETS recording losses ahead of the restart of auctions on 15 January.
- As a result, EU ETS carbon dropped 7.9% to average €70.79/t and UK ETS carbon fell 11.5% to average £39.07/t.
- These losses seen across both schemes were compounded by higher week-on-week wind generation, acting to loosen system margins and decrease reliance on more expensive forms of power generation.
- The EU ETS carbon price is anticipated to be supported by the reduced EU ETS Cap in 2024, and the introduction of the maritime sector.
- Carbon prices will continue to be driven by wind generation and temperatures across the UK and Europe.

Supplier tariff movements

Home Energy continued to offer the cheapest fixed tariff in our dataset on 6 January with its Home FIXED December 2023 v1a tariff, priced at £1,804/year on average. Outfox the Market offered the cheapest variable tariff at 6 January with its Fox Standard Dual tariff, priced at £1,850/year on average, £78/year below the January price cap level.

		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	12 Jan 24	80.00	85.63	80.00	79.20	102.00	68.28	36.00	80.20
Last week	5 Jan 24	87.50	91.10	90.00	86.50	99.75	76.35	43.75	77.75
Four weeks ago	15 Dec 23	75.25	93.25	65.00	84.10	102.00	66.95	33.60	76.84
Last year	12 Jan 23	158.00	178.75	99.00	179.50	167.50	80.00	67.50	83.60
Year-on-year % change		-49.4%	-52.1%	-19.2%	-55.9%	-39.1%	-14.7%	-46.7%	-4.1%
12-month high		167.00	178.75	181.00	179.50	180.00	100.00	84.50	96.05
12-month low		57.00	84.35	34.00	78.70	77.30	66.95	32.95	72.05

This table shows the prices last v
compared with prices from the previou
month and year. The graphs show the
of last week's prices with a red X a
range of prices over the year is repres
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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