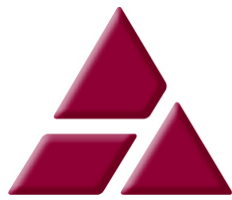




# Energy Wholesale Market Review

Week Ending 19<sup>th</sup> January 2024



**edw** technology

**EDW House, Radian Court, Knowlhill, Milton Keynes, MK5 8PJ.**

**Phone:** +44 (0)8448 802 489  
**Email:** [info@edwtech.com](mailto:info@edwtech.com)  
**Website:** [edwtech.com](http://edwtech.com)



## Contents

|   |          |
|---|----------|
| <b>Baseload electricity.....</b>                        | <b>3</b> |
| <b>Peak electricity.....</b>                            | <b>3</b> |
| <b>Seasonal power prices.....</b>                       | <b>4</b> |
| <b>Commodity price movements .....</b>                  | <b>4</b> |
| <b>Supplier tariff movements .....</b>                  | <b>4</b> |
| <b>Wholesale price snapshot– Friday-on-Friday .....</b> | <b>5</b> |
| <b>About EDW Technology Limited .....</b>               | <b>6</b> |



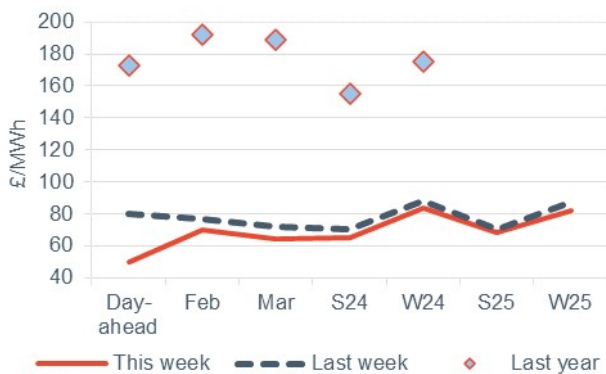
## Headlines 19/01/2024

Wholesale gas and power prices saw downward price movements throughout the week in GB, with strong European gas storage levels and stable Norwegian and UK Continental Shelf flows acting to soften margins, resulting in most power and gas contracts falling, with the one exception to this downward trend coming from the summer 25 contract for peak power. Day-ahead gas fell 12.5% to 70.00p/th, following continued strong LNG arrivals to GB terminals. Similarly, day-ahead power fell 38.1% to £49.50/MWh, following its gas counterpart in tandem with forecasts of high wind outturn next week upon the arrival of Storm Isha. February 24 gas was down 8.9% at 71.30p/th, and March 24 gas decreased 9.7% to 70.00p/th. All seasonal gas contracts declined this week, down by 5.4% on average, with both summer 24 and winter 24 gas dropping 8.0% and 5.3% respectively, subsiding to 71.30p/th and 88.80p/th. All seasonal baseload power contracts declined this week too, down on average by 5.6%, as summer 24 power decreased 8.0% to £64.75/MWh, and winter 24 fell 5.4% to £83.25/MWh.

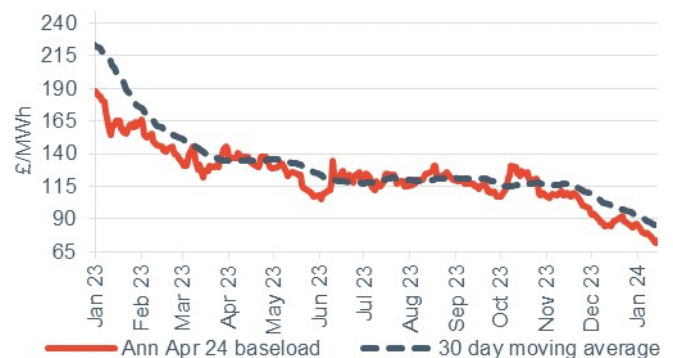
## Baseload electricity

- Day-ahead power fell 38.1% to £49.50/MWh, following strong wind outturn projections coupled with a correlated drop in demand expected to soften system margins on Monday.
- February 24 power slipped 9.7% at £69.50/MWh and March 24 power decreased 10.8% to £64.25/MWh.
- Q224 power moved 8.6% lower to £63.75/MWh.
- The annual April 24 contract lost 6.6% to £74.00/MWh, 55.2% lower than the same time last year (£165.00/MWh).

### Forward curve comparison



### Annual April contract



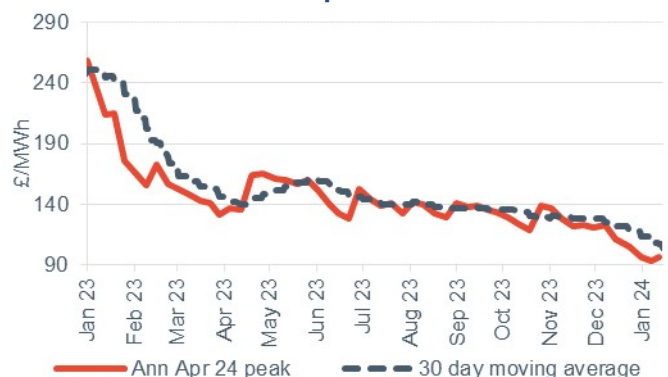
## Peak electricity

- Day-ahead peak power was down 20.3% to £91.50/MWh, following its baseload counterpart lower.
- February 24 peak power declined 14.8% at £78.80/MWh, and March 24 peak power decreased 9.0% to £72.25/MWh.
- The annual April 24 peak power fell 11.6% to £78.27/MWh
- This is 52.6% lower than the same time last year (165.00/MWh).

### Forward curve comparison



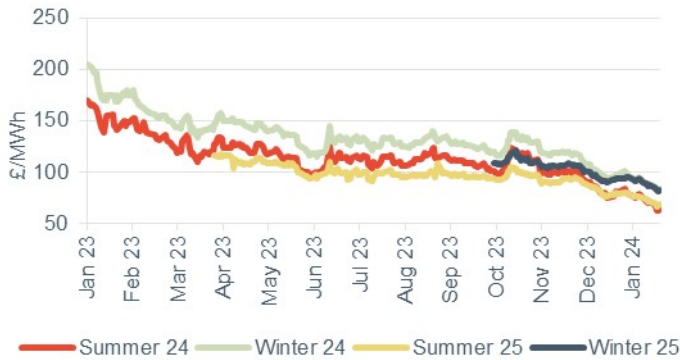
### Annual April contract





## Seasonal power prices

### Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 5.6%.
- Summer 24 power decreased 8.0% to £64.75/MWh, while winter 24 fell 5.4% to £83.25/MWh.

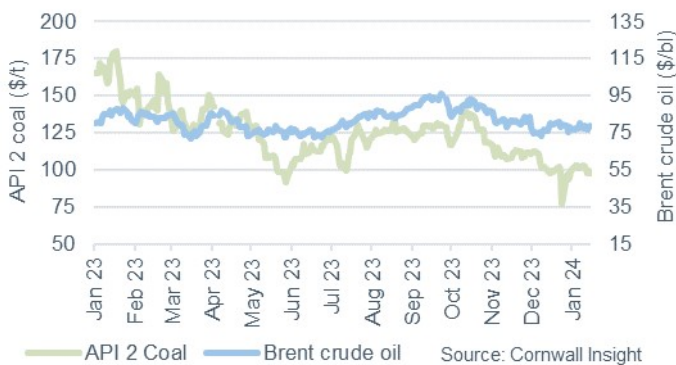
### Seasonal peak power curve



- Most seasonal peak power contracts declined this week, down 11.1% on average.
- Summer 24 and winter 24 peak power dropped 8.2% and 14.1% respectively, falling to £69.53/MWh and £87.00/MWh.

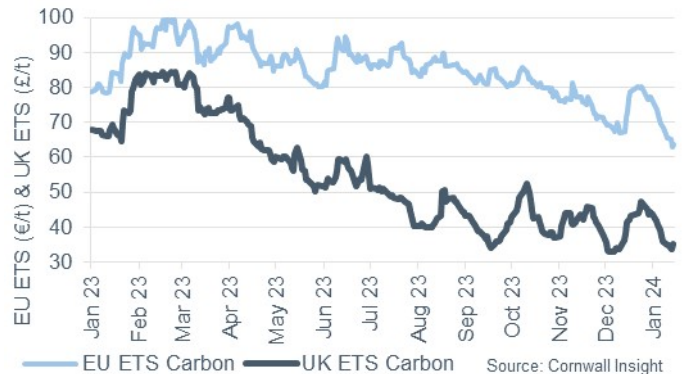
## Commodity price movements

### Oil and coal



- Similar to the movement registered across the previous reporting period, Brent crude observed a marginal upward gain this week – rising 0.1% to average \$78.11/b.
- We continue to see various bullish factors take hold of oil markets, with upwards price support found from on-going supply disruptions in the Red Sea due to the conflicts in the Middle East.
- Likewise, disruption to US oil production and forecasted growth in global oil demand provides further support to the price of the commodity.
- However, stronger gains across the commodity were limited by weaker-than-anticipated economic growth from China, impacting global demand levels.
- Brent crude prices may experience growth in the future following recent projections from OPEC outlining that global oil demand is set to increase by 2.25 million barrels per day in 2024.

### Carbon (UK and EU ETS)



- This week represented a continued decrease across both UK and EU ETS carbon prices, driven down by continued strong selling by traders and low power demand, with the UK ETS carbon price falling 11.6% to £34.54/t and EU ETS carbon price dropping 8.8%/t to €64.57/t
- We also saw EU ETS carbon prices fall to the lowest price seen since November 2021 on 18 January at €63.05/t, and UK ETS carbon prices drop to the lowest in a month also on 18 January at £33.75/t
- The losses across both schemes found further bearish sentiment arising from stronger week-on-week wind generation acting to increase the contribution of renewable generation to the grid, in tandem with weaker gas prices as EU gas storage stocks remain well supplied
- Carbon prices, the EU ETS in particular, are anticipated to decrease across 2024 following the expected downward trend across both the power and gas markets.

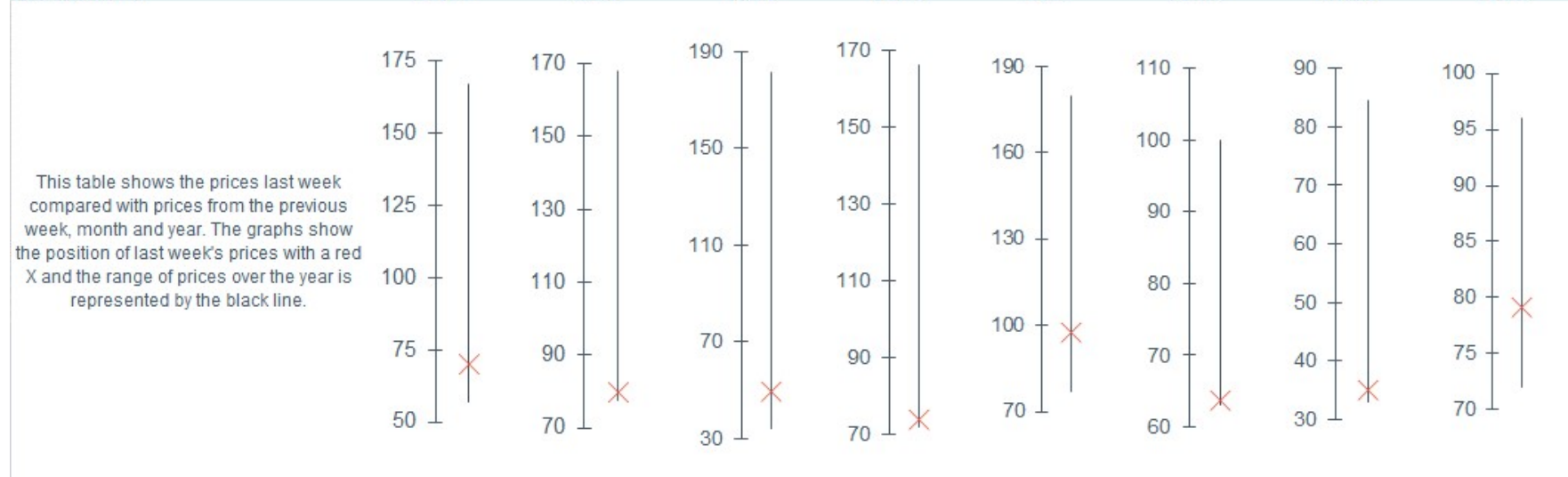
## Supplier tariff movements

Home Energy continued to offer the cheapest fixed tariff in our dataset on 13 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 13 January with its Fox Standard Dual tariff, priced at £1,850/year on average, £78/year below the January price cap level.



## 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             | 19 Jan 24 | 70.00      | 80.05      | 49.50               | 74.00      | 97.50  | 63.65      | 35.10      | 79.10       |
| Last week             | 12 Jan 24 | 80.00      | 85.63      | 80.00               | 79.20      | 102.00 | 68.28      | 36.00      | 80.20       |
| Four weeks ago        | 22 Dec 23 | 77.00      | 94.80      | 70.00               | 88.55      | 98.70  | 78.85      | 43.10      | 79.85       |
| Last year             | 19 Jan 23 | 152.00     | 160.00     | 163.50              | 162.50     | 174.00 | 84.05      | 69.35      | 84.35       |
| Year-on-year % change |           | -53.9%     | -50.0%     | -69.7%              | -54.5%     | -44.0% | -24.3%     | -49.4%     | -6.2%       |
| 12-month high         |           | 167.00     | 168.00     | 181.00              | 166.00     | 180.00 | 100.00     | 84.50      | 96.05       |
| 12-month low          |           | 57.00      | 77.65      | 34.00               | 72.05      | 77.30  | 63.05      | 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 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.

### EDW Technology Limited

EDW House

Radian Court

Knowlhill

Milton Keynes

MK5 8PJ

UK

Tel: +44 (0) 8448 802 489

Fax: +44 (0) 8448 802 487

Website: [www.edwtech.com](http://www.edwtech.com)

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