



# Energy Wholesale Market Review

Week Ending 26<sup>th</sup> January 2024



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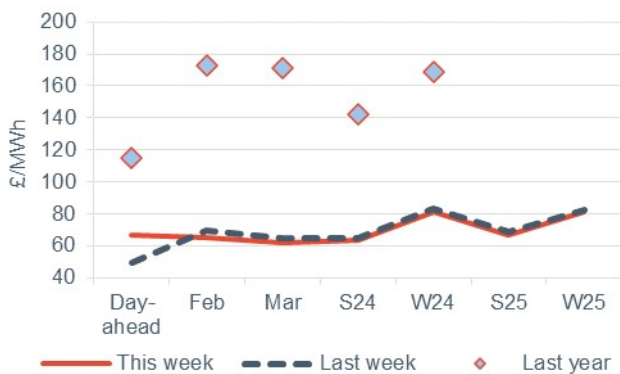
## Headlines 26/01/2024

It was a predominantly bearish week for gas and power contracts this week, continuing the trend of decreasing wholesale prices observed across much of 2023 and 2024 to date. Day-ahead gas fell 5.9% to 65.90p/th, following periods of above-average temperatures during the week and further limited by reduced maintenance works across the Norwegian Continental Shelf, bolstering flows into GB from Norway. Opposing this, day-ahead power rose 35.4% to £67.00/MWh, as lower wind generation projections for Monday act to increase demand for gas-fired generation. However, February 24 gas and March 24 gas were down 5.6% week-on-week to 67.30p/th and 66.10p/th respectively. Most seasonal gas contracts fell this week, down by 1.4% on average, with summer 24 and winter 24 gas falling 3.1% and 2.1%, to 69.10p/th and 86.90p/th respectively. All seasonal power contracts traded lower this week, down on average by 2.0%. summer 24 and winter 24 power went down 2.2% and 2.7% respectively, falling to £63.35/MWh and £81.00/MWh.

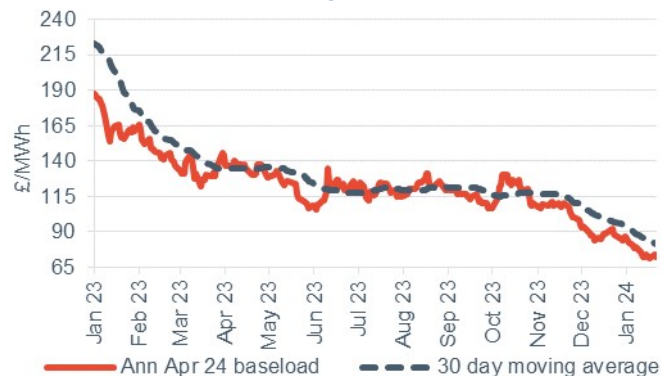
## Baseload electricity

- Day-ahead power rose 35.4% to £67/MWh, as reduced wind generation projections for Monday act to increase the reliance on gas-fired generation, pushing prices up
- Opposing this, February 24 power slipped 6.1% to £65.25/MWh and March 24 power decreased 3.9% to £61.75/MWh.
- Q224 power moved 2.0% lower at £62.50/MWh.
- The annual April 24 contract lost 2.5% to £72.18/MWh, 53.7% lower than the same time last year (£155.75/MWh).

### Forward curve comparison



### Annual April contract



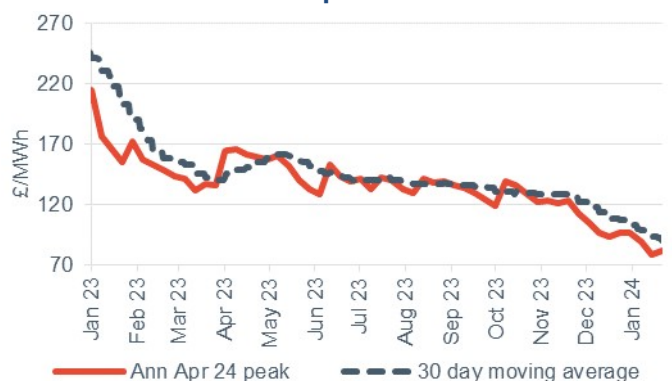
## Peak electricity

- Day-ahead peak power was down 1.1% to £90.50/MWh, opposing the movement seen across its baseload counterpart
- February 24 peak power declined 3.3% at £76.20/MWh, and March 24 peak power decreased 5.1% to £68.60/MWh.
- The annual April 24 peak power rose 4.6% to £81.88/MWh
- However, this is 47.3% lower than the same time last year (£155.4/MWh).

### Forward curve comparison



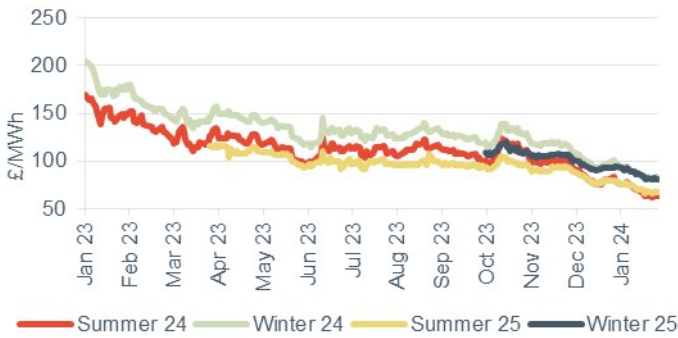
### Annual April contract





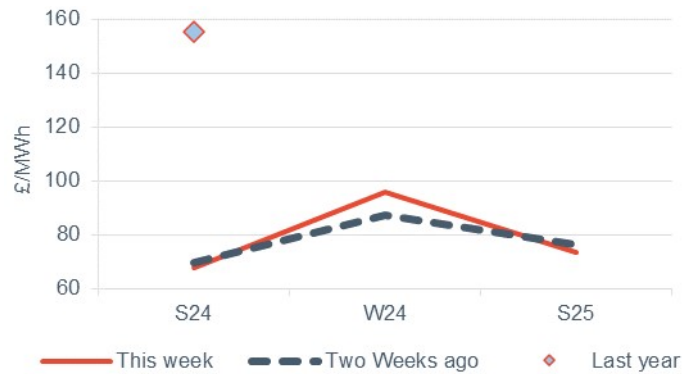
## Seasonal power prices

### Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 2.0%.
- Summer 24 power decreased 8.0% to £64.75/MWh, and winter 24 fell 5.4% to £83.25/MWh.

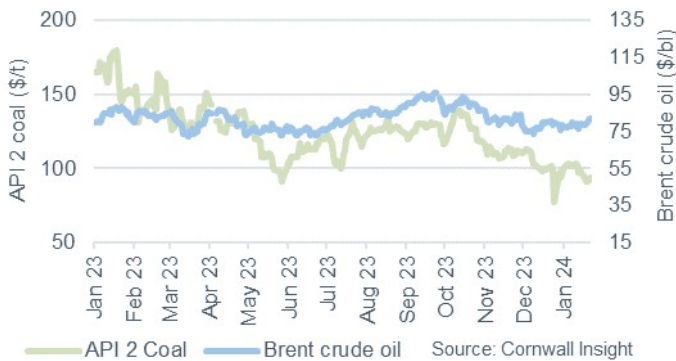
### Seasonal peak power curve



- Most seasonal peak power contracts lowered this week, however on average prices rose 3.9%
- Summer 24 gas dropped 2.6% to £67.75/MWh and summer 25 gas fell 3.9% to £73.50/MWh, while winter 24 peak power increased 10.3% to £96.00/MWh.

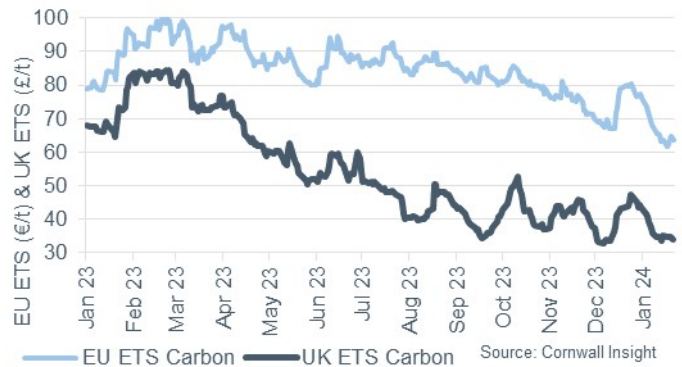
## Commodity price movements

### Oil and coal



- Continuing its recent upward trend, Brent crude oil rose 2.7% week-on-week to average \$80.19/bbl
- We saw the commodity continue to be impacted by the war in the Middle East, and changes to global shipping routes in the wake of attacks on vessel ships in the Red Sea – with vessels taking longer routes, leading to greater shipping premiums
- Further bullish sentiment came after EIA data showed that U.S. crude stockpiles fell more than expected, and news that Chinese central banks will undertake stimulus measures to boost the Chinese economy and oil demand by extension
- Brent crude oil is set to experience a bullish year ahead as forecasts project growth in oil demand, pushing the price of the commodity up as supply levels remain restricted following OPEC+ supply cuts

### Carbon (UK and EU ETS)



- We observed diverging price movements across the carbon markets, with UK ETS carbon registering a marginal week-on-week gain of 0.1% to average £34.59/t – whereas EU ETS carbon continued its recent fall to average €63.41/t, down 1.8% compared to last week's average
- The bearish sentiment seen across EU ETS carbon prices is driven by weak industrial power demand across Europe, in tandem with strong EU gas storage stocks suppressing gas prices
- Furthermore, stronger week-on-week wind levels acted to increase the share of renewable power contributing to the generation mix, reducing the reliance on more expensive forms of power generation
- Looking into the future, it is anticipated that UK ETS carbon prices will fall as policy uncertainty drives bearish fundamentals, paired with an oversupply of UK carbon allowances

## Supplier tariff movements

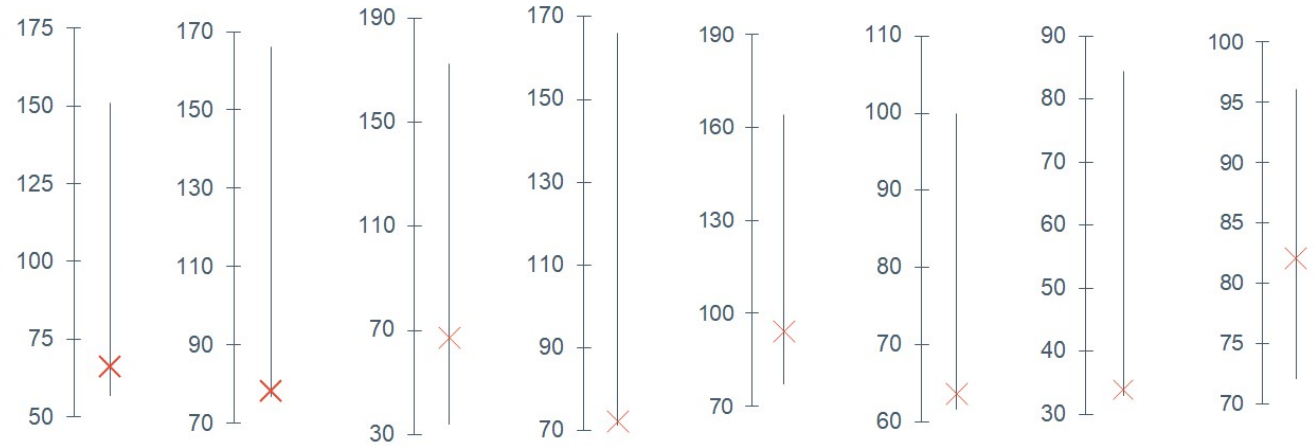
Home Energy continued to offer the cheapest fixed tariff in our dataset on 20 January with its Home FIXED December 2023 v1a tariff, priced at £1,804/year on average. Outfox the Market offered the cheapest variable tariff on 20 January with its Fox Standard Dual tariff, priced at £1,850/year on average, £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	26 Jan 24	65.90	78.00	67.00	72.18	94.00	63.70	33.95	82.03
Last week	19 Jan 24	70.00	80.05	49.50	74.00	97.50	63.65	35.10	79.10
Four weeks ago	29 Dec 23	80.00	90.95	66.00	87.50	77.30	80.30	47.20	79.85
Last year	26 Jan 23	149.00	155.00	156.00	158.00	148.00	86.70	70.20	86.90
Year-on-year % change		-55.8%	-49.7%	-57.1%	-54.3%	-36.5%	-26.5%	-51.6%	-5.6%
12-month high		151.00	166.00	172.50	166.00	164.00	100.00	84.50	96.05
12-month low		57.00	76.65	34.00	71.38	77.30	61.65	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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