



# Energy Wholesale Market Review

Week Ending 9<sup>th</sup> February 2024



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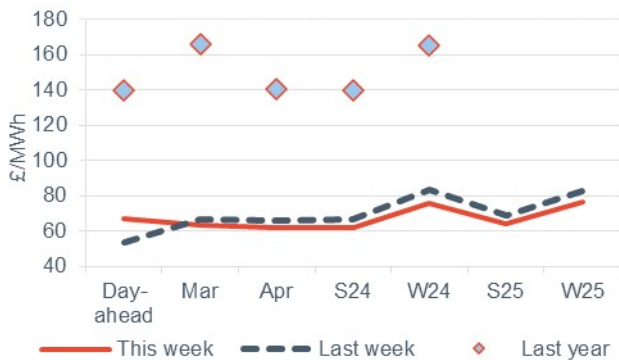
## Headlines 09/02/2024

Most wholesale gas and power contracts experienced losses this week, opposing the trend seen in the week previous. Day-ahead gas fell 0.4% to 69.00p/th, as increased Norwegian flows provided a bearish pricing environment. Opposing its gas counterpart however, day-ahead power rose 25.2% to £67.00/MWh, with lower wind generation projections in the week ahead acting to increase reliance on gas-fired power generation. Returning to the bearish sentiment, both March 24 and April 24 gas contracts fell to 67.10p/th, dropping 5.1% and 5.9%, respectively. Similarly, all seasonal gas contracts dropped this week, down by 6.8% on average, with summer 24 and winter 24 gas dropping 6.2% and 8.3% respectively, falling to 68.00p/th and 81.40p/th. Like gas, all seasonal power contracts registered losses this week, down on average by 7.6%, as summer 24 power decreased 7.1% to £61.75/MWh, and winter 24 fell 8.5% to £76.00/MWh.

## Baseload electricity

- Day-ahead power rose 25.2% to £67.00/MWh, resulting from notably reduced wind generation projections for Monday bolstering reliance on more expensive forms of power generation.
- March 24 power slipped 4.9% to £63.25/MWh and April 24 power decreased 6.1% to £62.00/MWh.
- Q224 power moved 8.0% lower to £60.70/MWh.
- The annual April 24 contract lost 7.9% to £68.88/MWh, 54.8% lower than the same time last year (£152.50/MWh).

### Forward curve comparison



### Annual April contract



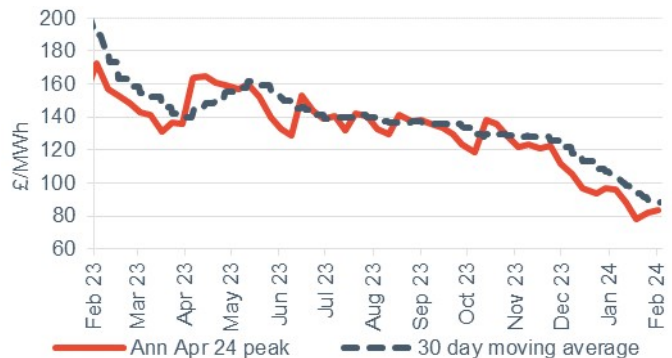
## Peak electricity

- Day-ahead peak power was up 31.2% to £95.00/MWh, following its baseload counterpart higher.
- However, March 24 peak power declined 3.0% to £70.15/MWh, and April 24 peak power decreased 3.2% to £66.05/MWh.
- The annual April 24 peak power contract fell 5.5% to £78.98/MWh.
- This is 49.8% lower than the same time last year (£157.25/MWh).

### Forward curve comparison



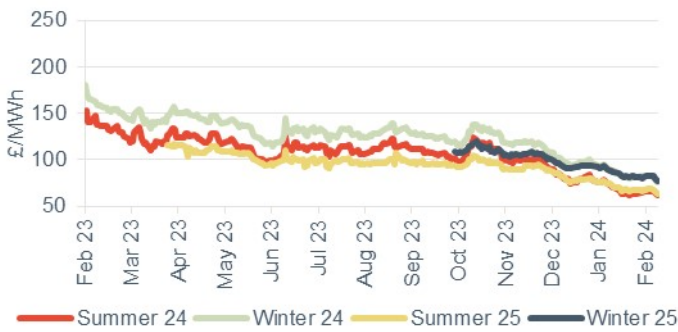
### Annual April contract





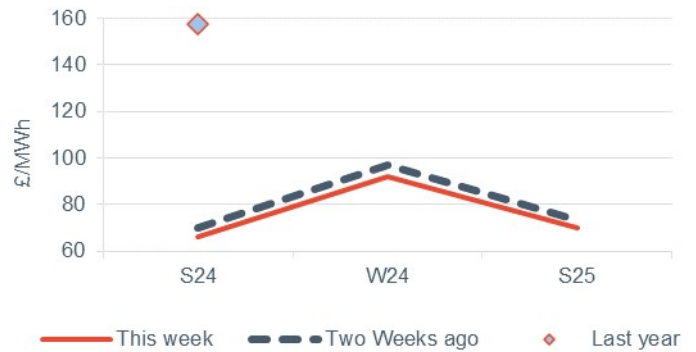
## Seasonal power prices

### Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 7.6%.
- Summer 24 power decreased 7.1% to £61.75/MWh, while winter 24 fell 8.5% to £76.00/MWh.

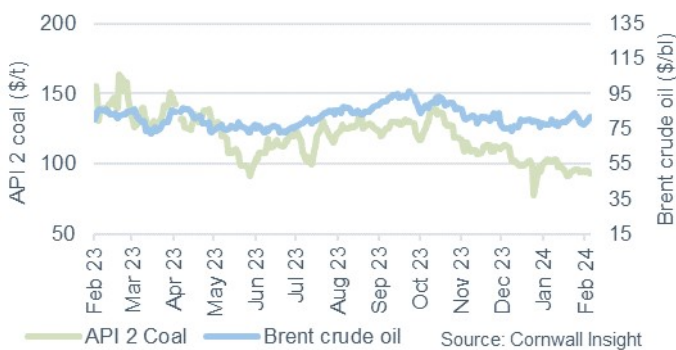
### Seasonal peak power curve



- All seasonal peak power contracts declined this week, down 5.4% on average.
- Summer 24 and winter 24 peak power dropped 5.2% and 5.7% respectively, falling to £66.20/MWh and £91.75/MWh.

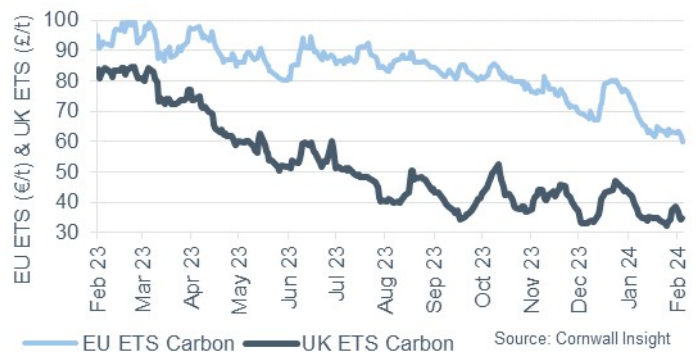
## Commodity price movements

### Oil and coal



- Oposing the bullish sentiment recorded in the week previous, Brent crude prices fell 3.1% across the week commencing 5 February to average \$79.12/bl, amid reports showing faster than expected wages and jobs growth in the U.S, which would likely push back any upcoming U.S. Federal Reserve interest cuts to later in the year, and hopes of a successful ceasefire negotiation between Israel and Hamas at the beginning of the week
- However, bullish factors arose following the rejection of a ceasefire agreement in the Israel-Hamas conflict provoking concerns around prolonged tensions in the region, paired with projections of lower oil production from the Permian basin in Texas and New Mexico for 2024, in addition to continued OPEC+ supply cuts
- Crude prices will continue to oscillate into the future as they are reliant on sensitive geopolitical issues including the war in the Middle East, Chinese demand, and US inflation and production – all of which are changing on a day-by-day basis

### Carbon (UK and EU ETS)



- EU ETS carbon prices saw a decrease in the average price recorded last week, falling 1.7% to average €62.08/t, contrary to UK ETS carbon prices which saw a 5.4% increase from their average price last week to average £35.91/t
- EU ETS prices continue to find support from reduced industrial power demand across the continent, in tandem with lower gas prices proving further bearish sentiment. As a result, EU ETS prices fell to the lowest seen since November 2021 on 9 February at €59.71/t
- UK ETS carbon rose as a result of decreased wind power generation across the country leading to increased reliance on fossil-fueled forms of power generation to make up for the loss
- Carbon prices are expected to fall as the months warm up further into the year. Increases to European LNG regasification capacity and mild weather have decreased the reliance on coal burning into 2024

## Supplier tariff movements

EDF British Gas launched its Fixed Feb25 v1 tariff, priced at £1,725/year on average. The tariff is the cheapest fix available to new and existing customers in our dataset this week. Outfox the Market offered the cheapest variable tariff on 3 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	9 Feb 24	69.00	74.70	67.00	68.88	93.50	59.71	34.90	81.60
Last week	2 Feb 24	69.25	80.65	53.50	74.80	94.00	63.42	37.25	79.10
Four weeks ago	12 Jan 24	80.00	85.63	80.00	79.20	102.00	68.28	36.00	80.20
Last year	9 Feb 23	137.75	154.50	140.00	153.50	131.00	92.75	83.05	85.45
Year-on-year % change		-49.9%	-51.7%	-52.1%	-55.1%	-28.6%	-35.6%	-58.0%	-4.5%
12-month high		137.75	154.50	146.50	155.33	164.00	100.00	84.50	96.05
12-month low		57.00	74.70	34.00	68.88	77.30	59.71	32.30	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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