



# Energy Wholesale Market Review

Week Ending 16<sup>th</sup> February 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)



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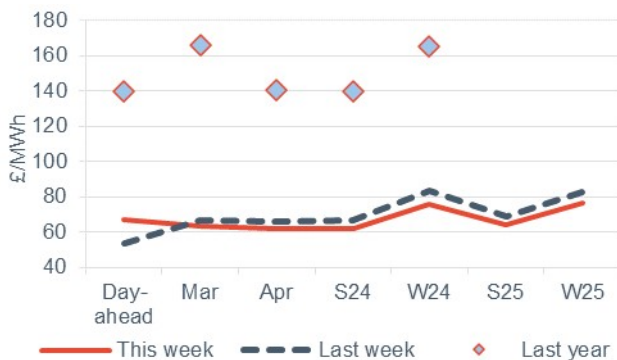
## Headlines 16/02/2024

This week saw the continuation of a more bearish price movements, after what has represented a largely suppressed wholesale pricing environment in the opening two months of 2024. Falling near-term gas contract prices set a lot of the bearish sentiment for downward trending wholesale prices in the week, and in turn, prompted power to follow suit. Recognising these price drops, day-ahead gas fell 13.6% to 59.63p/th, amid the continuation of warmer weather promoting lower heating demand. Day-ahead power fell 8.2% to £61.50/MWh, mirroring trends shown from its equivalent gas contract, and with notable reductions at the end of the week amid lower domestic demand forecasts for Monday. Subsequently, March 24 gas was down 9.8% at 60.50p/th, and April 24 gas decreased 10.4% to 60.10p/th. Elsewhere, all seasonal gas contracts lowered this week, up by 5.8% on average, with both summer 24 and winter 24 gas decreasing 8.8% and 6.6% respectively, falling to 62.00p/th and 76.00p/th. Moreover, all seasonal power contracts declined this week, down on average by 5.6%, with summer 24 and winter 24 retracting 6.5% and 6.3% respectively, falling to £57.75/MWh and £71.25/MWh.

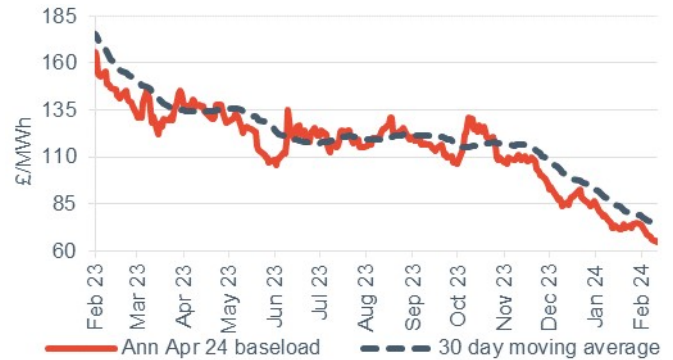
## Baseload electricity

- Day-ahead power fell 8.2% to £61.5/MWh, with marginal losses across wind generation projections for Monday offset by lower demand forecasts. Further downward support came from periods of stable wind generation across the week, and losses across the carbon market.
- Likewise, March 24 power slipped 9.1% at £57.50/MWh and April 24 power decreased 8.5% to £56.75/MWh.
- Q224 power moved 6.1% lower to £57.00/MWh.
- The annual April 24 contract lost 6.4% to £64.50/MWh, 56.1% lower than the same time last year (£147.00/MWh).

### Forward curve comparison



### Annual April contract



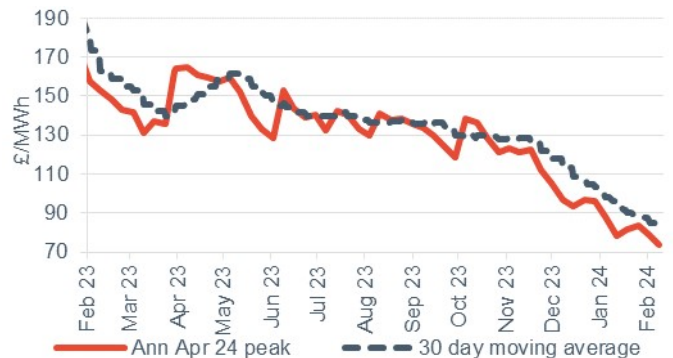
## Peak electricity

- Day-ahead peak power was down 16.3% to £79.50/MWh, following its baseload counterpart lower.
- March 24 peak power declined 9.3% at £63.65/MWh, and April 24 peak power decreased 6.1% to £62.00/MWh.
- The annual April 24 peak power contract fell 6.5% to £73.88/MWh.
- This is 51.6% lower than the same time last year (£152.75/MWh).

### Forward curve comparison



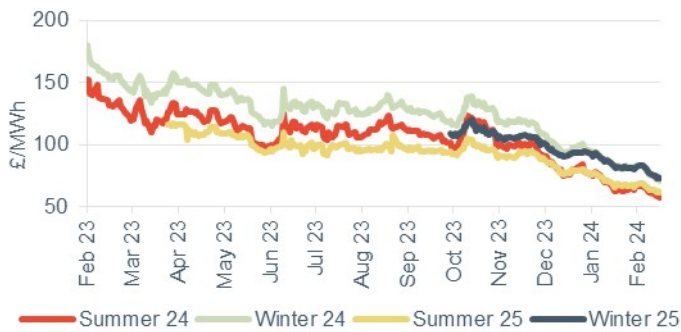
### Annual April contract





## Seasonal power prices

### Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 5.6%.
- Summer 24 power decreased 6.5% to £57.75/MWh, while winter 24 fell 6.3% to £71.25/MWh.

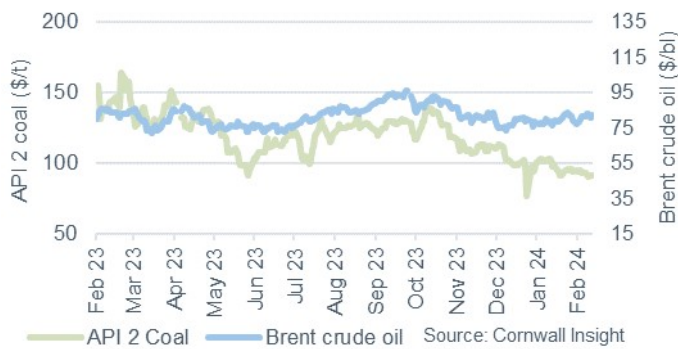
### Seasonal peak power curve



- All seasonal peak power contracts declined this week, down 6.4% on average.
- Summer 24 and winter 24 peak power dropped 6.0% and 6.8% respectively, falling to £62.25/MWh and £85.50/MWh.

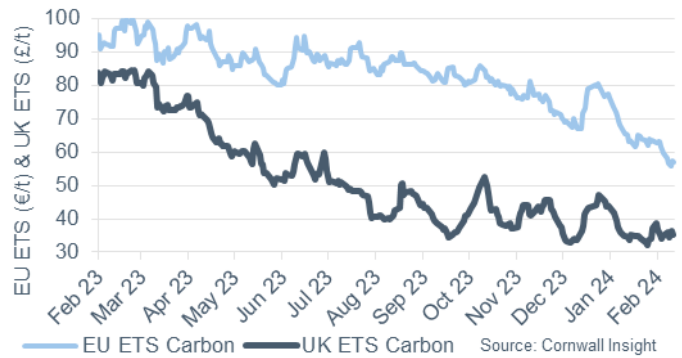
## Commodity price movements

### Oil and coal



- Opposing the recent bearish adjustment, Brent crude registered a week-on-week gain of 3.7% to average \$82.07/bl, following a healthy demand growth forecast from OPEC and a strong drop in US fuel stock, in tandem with a weaker US dollar making the commodity cheaper for global buyers.
- Moreover, tensions in the Middle East continue to stoke supply disruption concerns.
- However, gains were limited by higher US interest rates – anticipated to reduce oil demand from the country, and higher global oil supply across the year, led by the US, Brazil, Guyana, and Canada as outlined in the IEA Oil Market Report.
- There is uncertainty in projecting the future of Brent crude due to the sensitive geopolitical situations surrounding it – such as the Middle East conflict, future Chinese demand, US inflation, and OPEC+ supply cuts.

### Carbon (UK and EU ETS)



- Opposing the mixed price movements registered across the previous report, both carbon markets recorded losses, with EU ETS carbon dropping 8.2% to average €56.98/t, and UK ETS carbon trading 0.7% lower to average £35.65/t, supported by various bearish fundamentals.
- EU ETS prices continue to find support from reduced industrial power demand across the continent, and mild weather conditions, in tandem with lower gas prices. As a result, EU ETS prices fell to the lowest seen since August 2021 on 14 February at €55.95/t.
- UK ETS carbon experienced smaller week-on-week movements due to decreased wind generation on the system. This increased reliance on fossil-fueled forms of power generation, however above-average temperatures acted to limit overall domestic power demand.
- Prices in the future will likely decrease as European LNG regasification capacity improvements occur – minimising the requirement of gas-fired stations to meet demand.

## Supplier tariff movements

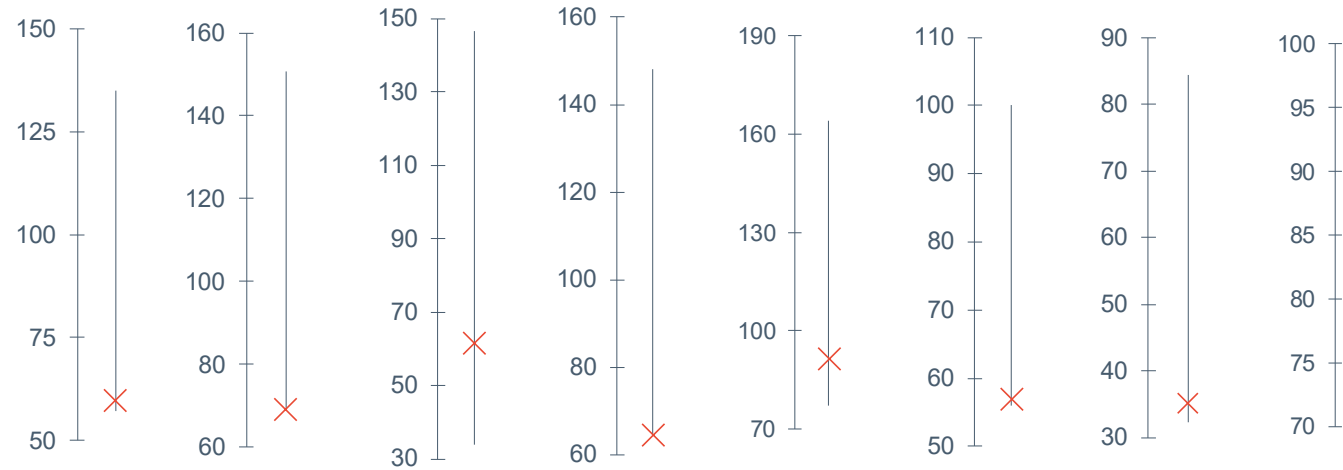
Home Energy Home SVT Feb 2024 v1 tariff is the cheapest variable tariff this week, with its price position of £1,721/year on average, £207 below the default tariff cap level (£1,928/year). British Gas continued to offer the cheapest fixed tariff available in our dataset to 10 February with its Fixed Feb25 v1 tariff, priced at £1,725/year on average.



## 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	16 Feb 24	59.63	69.00	61.50	64.50	91.50	56.90	35.10	82.02
Last week	9 Feb 24	69.00	74.70	67.00	68.88	93.50	59.71	34.90	81.60
Four weeks ago	19 Jan 24	70.00	80.05	49.50	74.00	97.50	63.65	35.10	79.10
Last year	16 Feb 23	130.75	150.00	119.50	148.00	143.00	96.10	83.50	85.05
Year-on-year % change		-54.4%	-54.0%	-48.5%	-56.4%	-36.0%	-40.8%	-58.0%	-3.6%
12-month high		135.00	150.75	146.50	148.00	164.00	100.00	84.50	96.05
12-month low		57.00	69.00	34.00	64.50	77.30	55.95	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.

### 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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