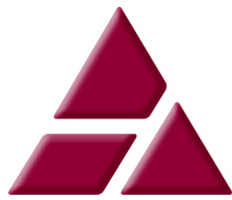




# Energy Wholesale Market Review

Week Ending 23<sup>rd</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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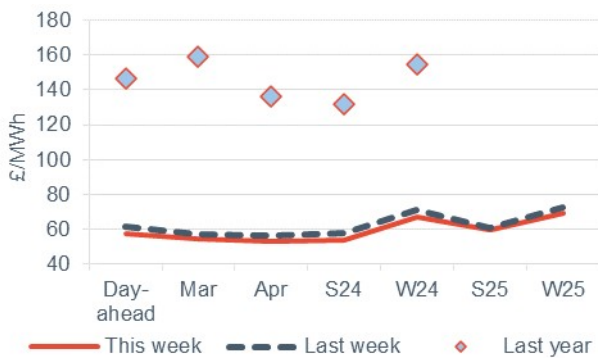
## Headlines 23/02/2024

This week saw a continued bearish pricing trend, with all tracked wholesale gas and power contracts in GB registering week-on-week price losses. Ongoing milder weather and increased wind power generation have kept near-term prices lower this week, while longer-dated contracts have taken price direction from wider movements in international commodity markets. Day-ahead gas fell 4.6% to 56.90p/th, following strong LNG arrivals to GB terminals, in tandem with increased Norwegian gas flows. Similarly, day-ahead power fell 6.5% to £57.50/MWh, finding support from greater wind generation projections reducing the requirement on more expensive forms of power generation. Following wider movements in international commodity markets, March 24 gas was down 8.1% to 55.60p/th, and April 24 gas also decreased 8.1% to 55.25p/th. All seasonal gas contracts declined last week, down by 5.0% on average. Summer 24 and winter 24 gas dropped 8.9% and 5.8% respectively, to 56.50p/th and 71.60p/th. All seasonal power contracts also reported losses this week, down on average by 4.5%, as summer 24 power traded 6.5% lower at £54.00/MWh, while winter 24 fell 5.3% to £67.50/MWh.

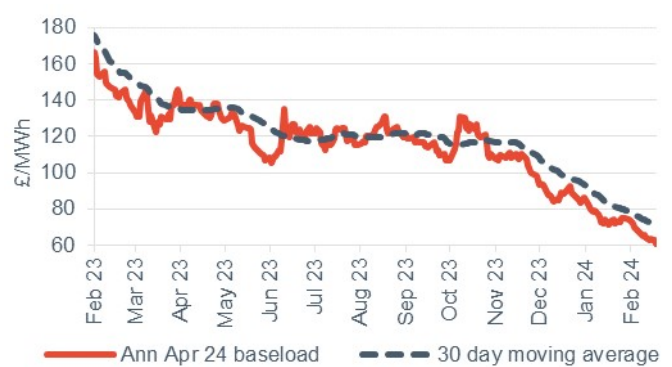
### Baseload electricity

- Day-ahead power fell 6.5% to £57.50/MWh, following high wind outturn projections for the week ahead – however stronger losses were limited by greater demand forecasts
- March 24 power slipped 4.8% at £54.75/MWh and April 24 power decreased 5.7% to £53.50/MWh.
- Q224 power moved 7.5% lower to £52.75/MWh.
- The annual April 24 contract lost 5.8% to £60.75/MWh, 57.7% lower than the same time last year (£143.50/MWh).

#### Forward curve comparison



#### Annual April contract



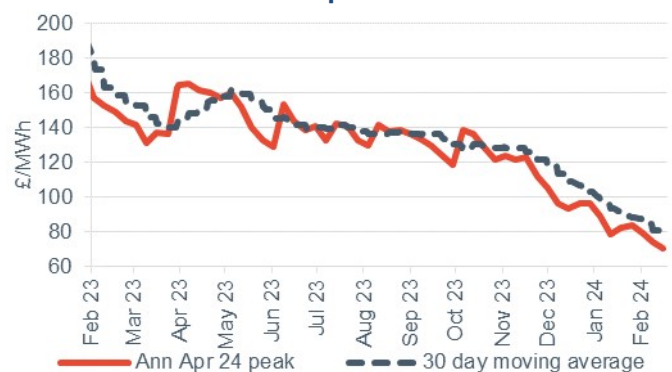
### Peak electricity

- Day-ahead peak power was down 3.1% to £77.00/MWh, following its baseload counterpart lower.
- March 24 peak power declined 10.0% at £57.30/MWh, and April 24 peak power decreased 8.5% to £56.72/MWh.
- The annual April 24 peak power dropped 4.6% to £70.50/MWh.
- This is 52.5% lower than the same time last year (£148.50/MWh).

#### Forward curve comparison



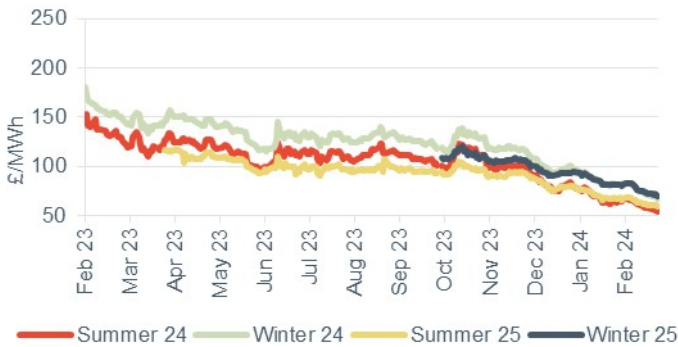
#### Annual April contract





## Seasonal power prices

### Seasonal baseload power contracts



- All seasonal power contracts declined this week, down on average by 4.5%.
- Summer 24 power decreased 6.5% to £54.00/MWh, while winter 24 fell 5.3% to £67.50/MWh.

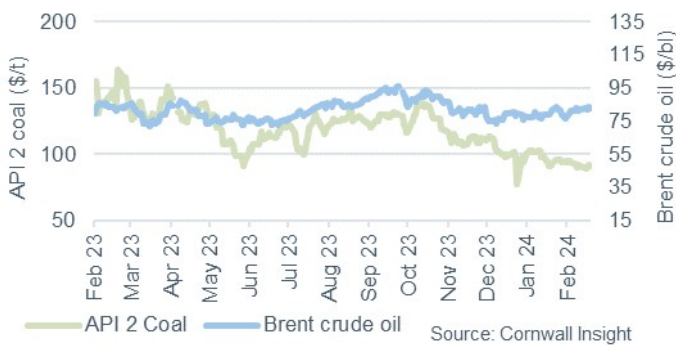
### Seasonal peak power curve



- All Seasonal peak power contracts declined this week, down 4.7% on average.
- Summer 24 and winter 24 peak power dropped 5.2% and 4.1% respectively, falling to £59.00/MWh and £82.00/MWh.

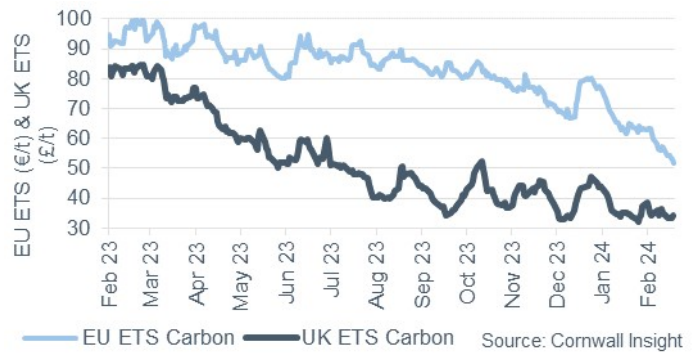
## Commodity price movements

### Oil and coal



- Continuing with the movements experienced over the last week, Brent crude registered a 0.8% increase to average \$82.70/bl – finding bullish support from further attacks on ships in the Red Sea heightening fears of supply disruption in the region in tandem with a weaker US dollar
- Likewise, further upward sentiment came from indications of stronger oil demand across China throughout 2024
- However, gains were limited in the near-term by concerns around slow global oil demand, in tandem with a rise in US crude inventories across the week ending 16 February
- Looking further ahead, Brent crude oil is set to potentially 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 anticipated to remain in place across the first quarter of 2024.

### Carbon (UK and EU ETS)



- Similar to the week previous, both carbon markets registered losses across the reporting period, with EU ETS carbon falling 6.5% to average €53.27/t and UK ETS carbon dropping 5.8% to average £33.58/t
- EU ETS prices continue to find support from reductions across gas prices due to greater supply security and strong EU gas storage stocks. However, recent mild weather has acted to decrease power demand across the continent, leading to the bearish movements seen. As a result, EU ETS prices fell to the lowest seen since July 2021 on 23 February at €51.60/t.
- UK ETS carbon saw week-on-week losses driven by greater wind generation across the UK acting to decrease reliance on more expensive forms of power generation
- Likewise, as temperatures continue to increase as we exit what represents the typical heating period here in GB, we anticipate that carbon prices will continue to fall as demand further diminishes.

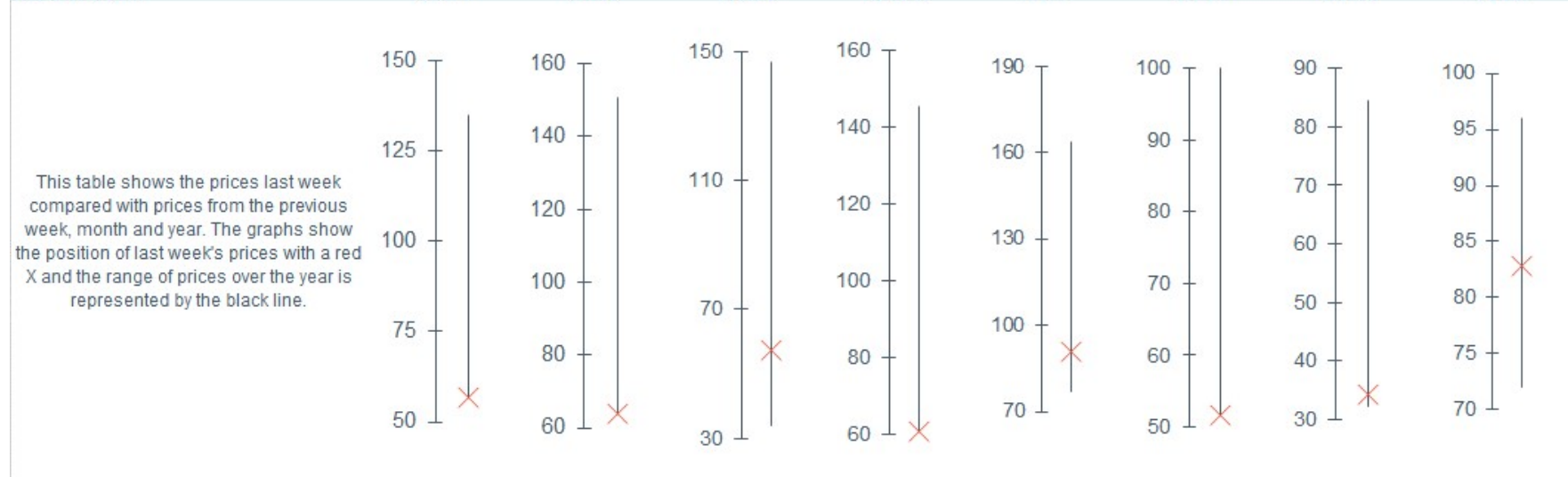
## Supplier tariff movements

Home Energy continued to offer the cheapest variable tariff in our dataset with its Home SVT Feb 2024 v1, priced at £1,721/year on average. EDF launched its EDF Essentials 1Yr Mar25 tariff, priced at £1,697/year on average. This is the cheapest fixed tariff available to all customers in our dataset this week.



## 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)
Last week	23 Feb 24	56.90	64.05	57.50	60.75	91.00	51.60	34.25	82.85
Two weeks ago	16 Feb 24	59.63	69.00	61.50	64.50	91.50	56.90	35.10	82.02
Four weeks ago	26 Jan 24	65.90	78.00	67.00	72.18	94.00	63.70	33.95	82.03
Last year	23 Feb 23	125.50	139.50	129.75	141.50	140.00	96.37	82.15	81.05
Year-on-year % change		-54.7%	-54.1%	-55.7%	-57.1%	-35.0%	-46.5%	-58.3%	2.2%
12-month high		135.00	150.75	146.50	145.50	164.00	100.00	84.50	96.05
12-month low		56.70	64.05	34.00	60.75	77.30	51.60	32.30	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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