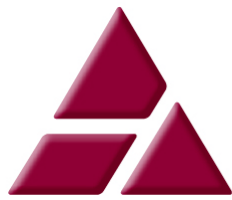




# Energy Wholesale Market Review

Week Ending 15<sup>th</sup> March 2024



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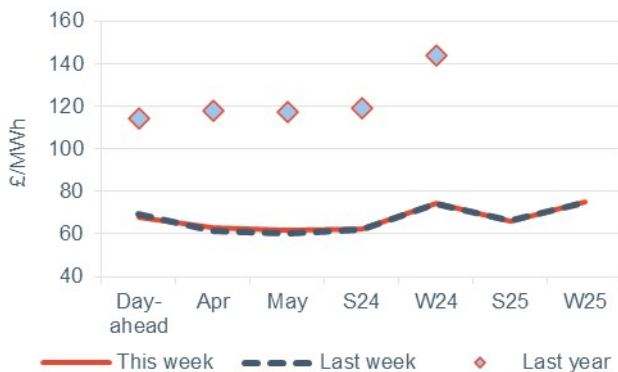
## Headlines 15/03/2024

Mixed movements were registered across tracked gas and power contracts this week, firstly finding upward support from disruption to Norwegian flows as maintenance occurs at fields across the Norwegian Continental Shelf effecting front-month contracts, in tandem with reduced LNG send-out from GB terminals. Consequently, April 24 gas was up 0.6% at 66.60p/th and May 24 gas increased 0.6% to 65.90p/th. Contrary to this, day-ahead gas fell 4.0% to 65.75p/th, as above-average temperatures across the UK act to decrease demand for gas-fired assets in the short-term. Likewise, day-ahead power fell 2.2% to £67.75/MWh, following losses across its gas counterpart. Elsewhere, most seasonal gas contracts declined last week, down by 0.7% on average. While summer 24 gas increased 0.3% to 66.50p/th, winter 24 gas dropped 0.1% to 78.90p/th, and summer 25 gas fell 1.0% to 72.50p/th. Opposing this, most seasonal power contracts boosted this week, up on average by 0.5%, as summer 24 and winter 24 expanded 0.8% and 0.7% respectively, rising to £62.50/MWh and £74.50/MWh.

## Baseload electricity

- Day-ahead power fell 2.2% to £67.75/MWh, despite projections of lower wind generation for Monday, but acting to increase the reliance on more expensive gas-fired generation.
- Opposing this, April 24 power climbed 2.0% at £62.75/MWh and May 24 power increased 2.5% to £61.50/MWh.
- Q224 power remained level at £61.00/MWh this week.
- The annual April 24 contract rose 0.7% to £68.50/MWh, 47.9% lower than the same time last year (£131.50/MWh).

### Forward curve comparison



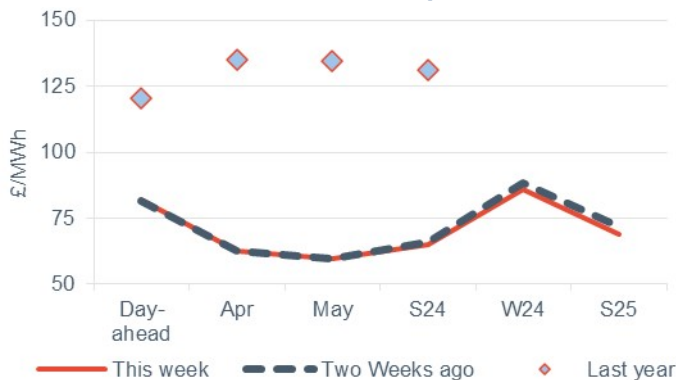
### Annual April contract



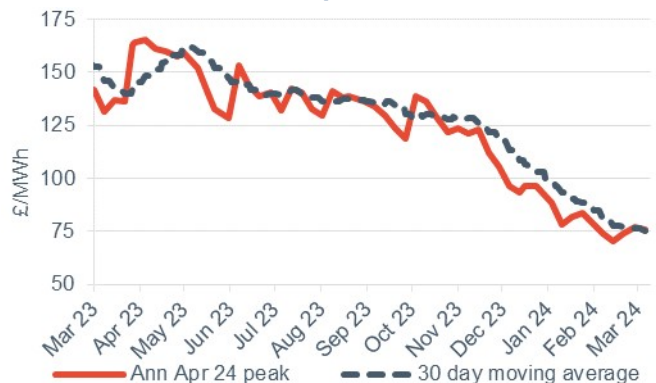
## Peak electricity

- Day-ahead peak power was up 0.3% to £82.00/MWh, opposing the trend registered across its baseload counterpart – albeit marginally.
- April 24 peak power declined 0.1% at £62.70/MWh, whereas May 24 peak power increased 0.1% to £59.85/MWh
- The annual April 24 peak power declined 1.9% to £75.63/MWh
- This is 42.4% lower than the same time last year (131.25/MWh)

### Forward curve comparison



### Annual April contract





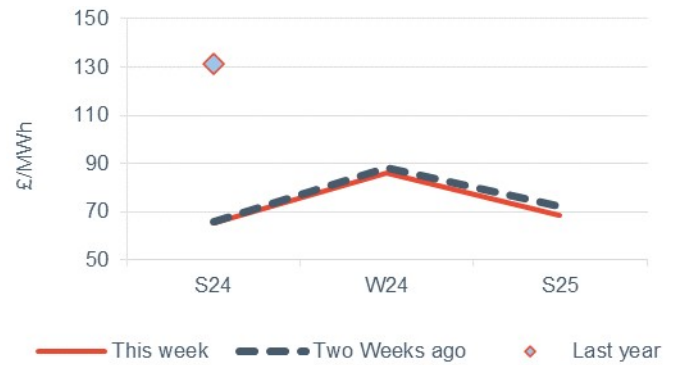
## Seasonal power prices

### Seasonal baseload power contracts



- Most seasonal power contracts boosted this week, up on average by 0.5%.
- Summer 24 and winter 24 expanded 0.8% and 0.7% respectively, rising to £62.50/MWh and £74.50/MWh.

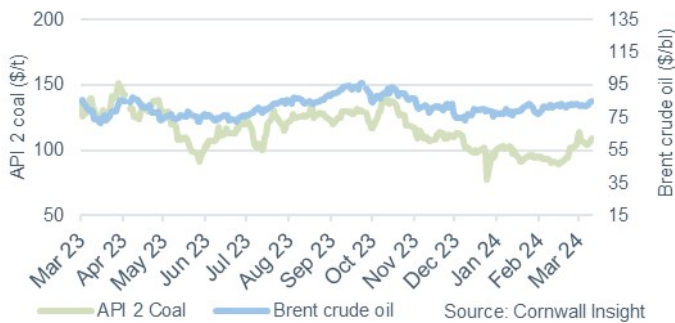
### Seasonal peak power curve



- All seasonal peak power contracts declined this week, down 1.8% on average.
- Summer 24 and winter 24 peak power dropped 1.1% and 2.5% respectively, falling to £65.25/MWh and £86.00/MWh.

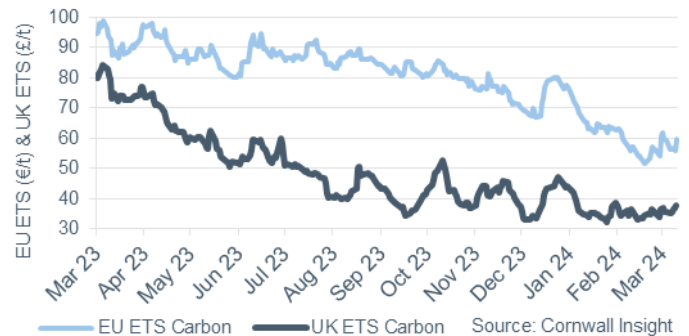
## Commodity price movements

### Oil and coal



- The price of Brent crude has remained close to previous weeks rising 0.7% to average \$83.41/bl, as conflict in the Middle East and the associated risk price premium continues to be baked in.
- Stronger gains were supported by news that ceasefire negotiations between Israel and Hamas have deadlocked, likely extending the conflict and its impact on shipping via the Red Sea.
- Similarly, a drop in US stockpiles and higher demand projections from the International Energy Agency act to push prices up as supply levels are set to remain constricted into the second quarter of this year.
- Select geopolitical situations, such as the ongoing war in the Middle East, US crude inventory levels, OPEC+ supply cuts, and increased Chinese demand have led the commodity entering into a period of volatility in which prices are swayed by these factors regularly. As a result, it is likely oil prices will continue to be volatile into the future.

### Carbon (UK and EU ETS)



- Oposing the recent movements observed, the UK and EU carbon markets recorded diverging pricing fundamentals, with the EU ETS falling 3.3% to average €57.00/t, and the UK ETS rising 1.9% to average £36.26/t
- Across the UK ETS, prices were supported by reduced wind generation on the system increasing reliance on more expensive forms of power generation, typically gas-fired, to meet demand levels – as a result UK ETS carbon prices rose to the highest level seen since January 10 at £37.60/t on 15 March.
- Looking at the EU ETS, downward pricing sentiment came from losses seen across gas prices following above-average temperatures acting to reduce gas-for-heating demand.
- Following improvements to the capacity surrounding European LNG regasification, prices into the future could likely decrease. This, in tandem with rising temperatures into the summer months, should push carbon prices lower.

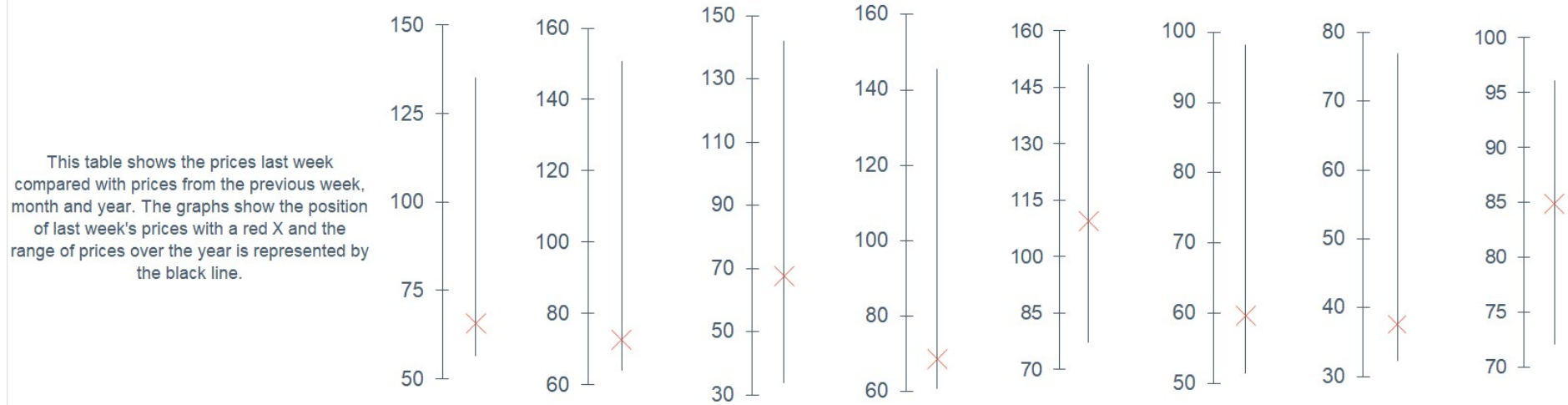
## Supplier tariff movements

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, £207/year below the default tariff cap. Octopus Energy, alongside its white labels Ebico Living and Co-operative Energy, continued to offer the cheapest prepayment (PPM) tariff with its Octopus Key and Card tariff, priced at £1,890/year on average, £27/year below the EPG discounted price cap level for PPM (£1,917/year).



## Wholesale price snapshot– Friday-on-Friday

		Gas (p/th)		Electricity (£/MWh)		Coal (\$/t)	EUA carbon (€/t)	UKA carbon (£/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead				
This week	15 Mar 24	65.75	72.70	67.75	68.50	109.50	59.72	37.60	84.90
Last week	8 Mar 24	68.50	72.65	69.25	68.00	107.50	59.20	35.40	82.91
Four weeks ago	16 Feb 24	59.63	69.00	61.50	64.50	91.50	56.90	35.10	82.02
Last year	16 Mar 23	100.00	133.50	115.00	128.00	132.00	87.30	73.25	73.75
Year-on-year % change		-34.3%	-45.5%	-41.1%	-46.5%	-17.0%	-31.6%	-48.7%	15.1%
12-month high		135.00	150.75	142.00	145.50	151.00	98.12	76.95	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.

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