



# Energy Wholesale Market Review

Week Ending 22<sup>nd</sup> March 2024



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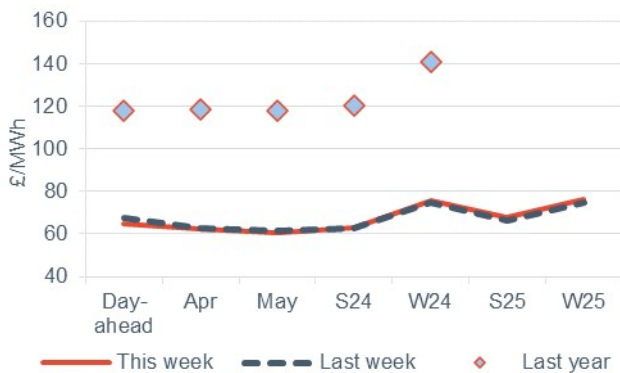
## Headlines 22/03/2024

This week, we observed primarily bullish movements across wholesale gas and power prices, with exceptions coming from shorter-term power contracts due to recent mild weather helping to lower demand, and higher wind generation on the system allowing prices to soften. This resulted in day-ahead baseload power recording a drop of 4.1% to £65.00/MWh, and day-ahead peak power prices slipping 17.7% to £67.50/MWh. However, all tracked gas contracts registered gains, with day-ahead gas rising 8.0% to 71.00p/th, following reduced supply from both the Norwegian and UK Continental Shelf as maintenance limits flows from gas terminals. April 24 gas was up 6.0% at 70.60p/th, and May 24 gas increased 5.2% to 69.30p/th, although present gas storage levels across the continent remain strong, limiting higher gains that could have been registered. All seasonal gas contracts boosted last week too, up by 2.6% on average, with both summer 24 and winter 24 gas increasing 3.8% and 3.3% respectively, lifting to 69.00p/th and 81.50p/th. Likewise, all seasonal power contracts boosted this week, up on average by 1.8%, as summer 24 and winter 24 expanded 1.2% and 1.5% respectively, rising to £63.25/MWh and £75.60/MWh.

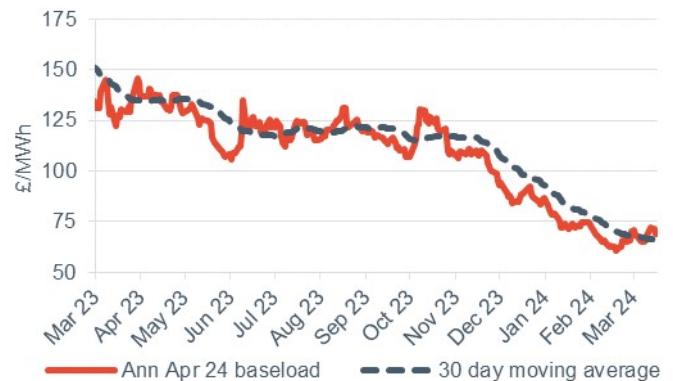
### Baseload electricity

- Day-ahead power fell 4.1% to £65.00/MWh, despite falling wind outturn projections and rising demand forecasts for Monday.
- April 24 power slipped 0.4% at £62.50/MWh and May 24 power decreased 1.2% to £60.75/MWh.
- Q224 power moved 1.6% higher to £62.00/MWh.
- The annual April 24 contract rose 1.4% to £69.43/MWh, 46.8% lower than the same time last year (£130.50/MWh).

#### Forward curve comparison



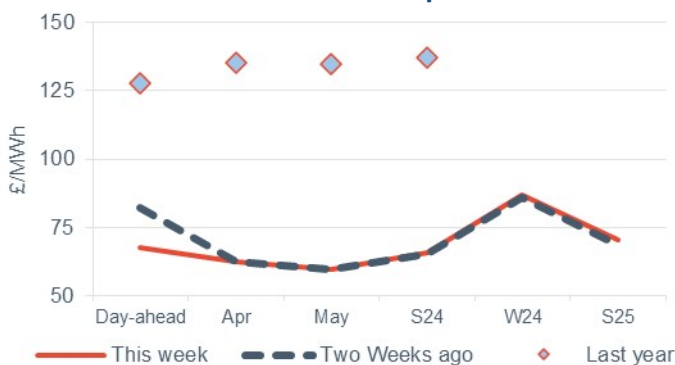
#### Annual April contract



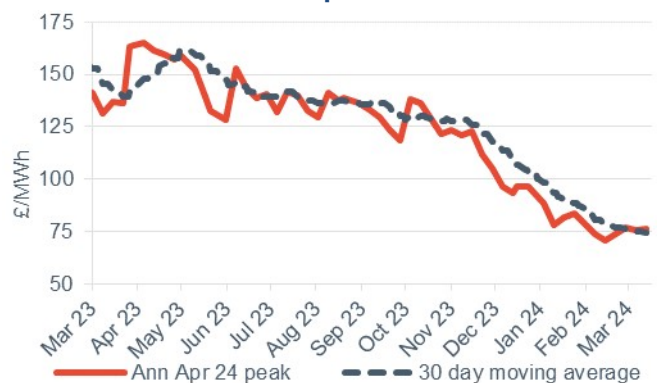
### Peak electricity

- Day-ahead peak power was down 17.7% to £67.50/MWh, following its baseload counterpart lower.
- April 24 peak power declined 0.1% at £62.65/MWh, and May 24 peak power remained level at £59.85/MWh.
- The annual April 24 peak power rose 0.9% to £76.33/MWh
- However, this is still 44.3% lower than the same time last year (£137.00/MWh).

#### Forward curve comparison



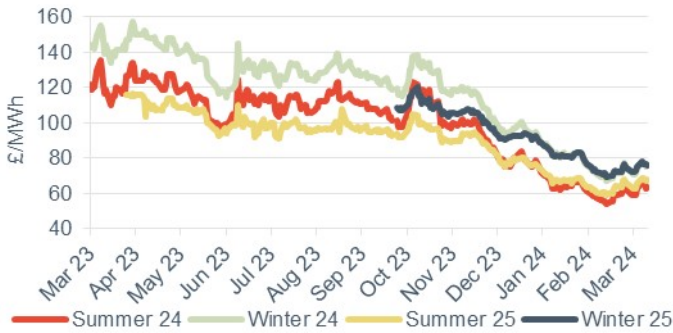
#### Annual April contract





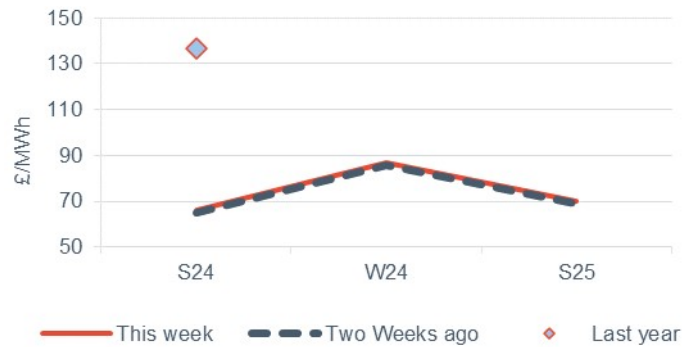
## Seasonal power prices

### Seasonal baseload power contracts



- All seasonal power contracts boosted this week, up on average by 1.8%.
- Summer 24 and winter 24 expanded 1.2% and 1.5% respectively, rising to £63.25/MWh and £75.60/MWh.

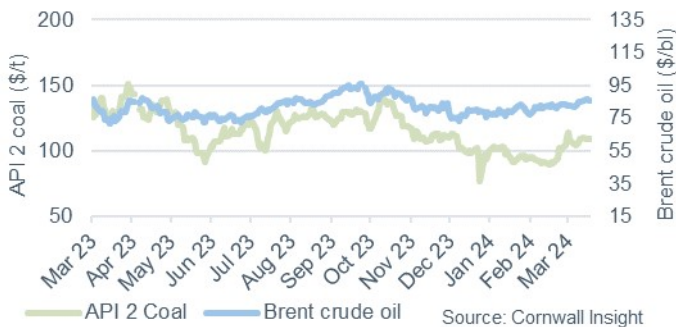
### Seasonal peak power curve



- All seasonal peak power contracts boosted this week, up 0.9% on average.
- Summer 24 and winter 24 peak power increased 1.0% and 0.9% respectively, rising to £65.90/MWh and £86.75/MWh.

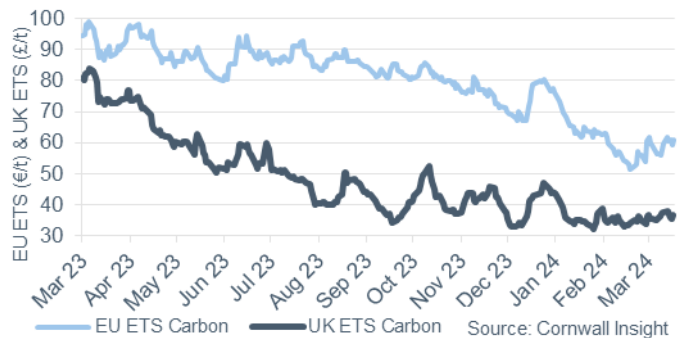
## Commodity price movements

### Oil and coal



- The price of Brent crude rose 3.3% to average \$86.15/bl.
- Upward price movements were driven by disruptions to Russian oil refining by strikes and damage from Ukrainian attacks, impacting supply into Chinese and Indian markets.
- Likewise, Brent crude reached \$86.85/bl on 19 March, the highest level seen since November 2023 amid greater economic growth across both China and the US, alongside reduced exports from Saudi Arabia and Iraq.
- Moreover, a drop in commercial crude oil stocks from the US for a second consecutive week further strengthened the bullish sentiment seen.
- However, stronger gains were limited by indications that there will be fewer U.S. interest rate cuts from the Federal Reserve, potentially keeping interest rates higher for longer and impacting oil demand across the country.
- Bearish sentiment rose as chances of a ceasefire in Gaza gained traction in talks, potentially easing the impact the conflict may have on shipping routes through the Red Sea in future

### Carbon (UK and EU ETS)



- The UK and EU carbon markets recorded bullish pricing movements, with the EU ETS rising 6.5% to average €60.69/t, and the UK ETS rising 1.0% to average £36.62/t
- Across the EU ETS, prices were supported by the March 2024 EUA futures expiry on 18 March. This led to EU ETS prices reaching the highest level seen since the start of February 2024 at €61.85/t on 18 March – however stronger gains were limited by higher wind generation on the system, reducing demand for EUAs.
- Looking at the UK ETS, bullish movements came from gains seen across gas prices following maintenance at Norwegian and UK Continental Shelf gas terminals reducing supply into GB, alongside reductions to LNG volumes.
- Stronger gains were limited as temperatures across Europe and the UK remained above-average, in tandem with stronger wind generation levels.
- However, prices could grow in the short-term as market participants price in the lower auction supply over the next two weeks due to the upcoming Easter holiday.

## Supplier tariff movements

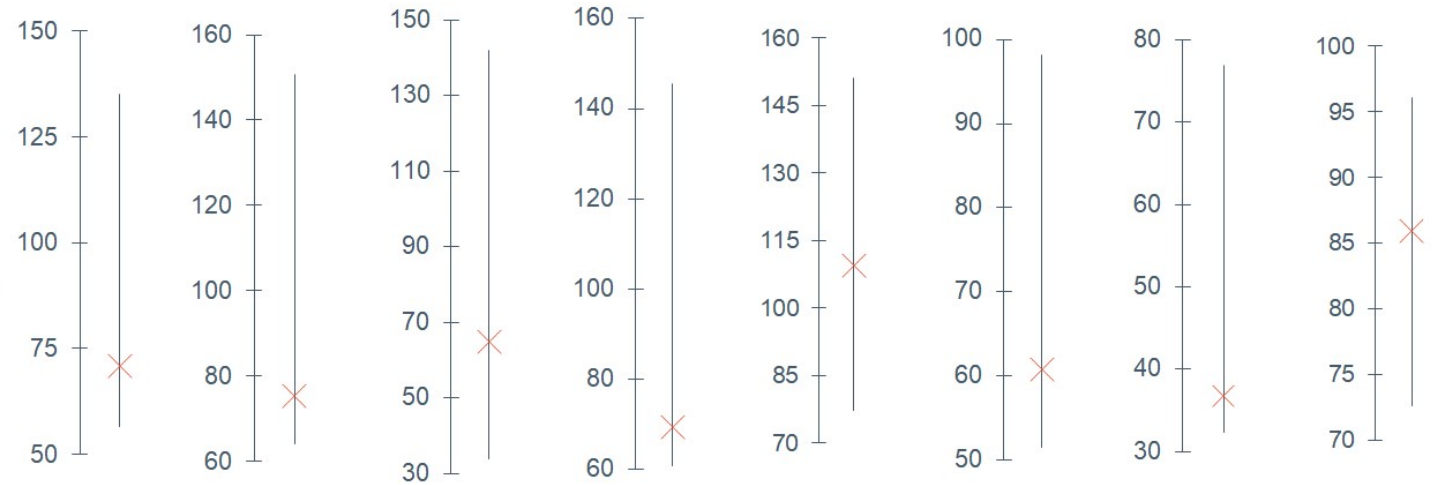
EDF's EDF Essentials 1Yr Mar25v6 tariff, priced at £1,581/year on average and available to new and existing customers. This is the cheapest open-market fixed tariff with no additional requirements and the cheapest large supplier tariff in our dataset this week. Home Energy reduced the price of its variable tariff by £93/year following the launch of its Home SVT Mar 2024 v1, priced at £1,627/year on average. This is the cheapest variable tariff in our dataset this week.



## 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	22 Mar 24	71.00	75.25	65.00	69.43	109.45	60.85	36.80	85.90
Last week	15 Mar 24	65.75	72.70	67.75	68.50	109.50	59.72	37.60	84.90
Four weeks ago	23 Feb 24	56.90	64.05	57.50	60.75	91.00	51.60	34.25	82.85
Last year	23 Mar 23	95.00	127.00	84.25	126.50	129.00	91.15	73.95	76.20
Year-on-year % change		-25.3%	-40.7%	-22.8%	-45.1%	-15.2%	-33.2%	-50.2%	12.7%
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	72.60

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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