



# Energy Wholesale Market Review

Week Ending 4<sup>th</sup> November 2022



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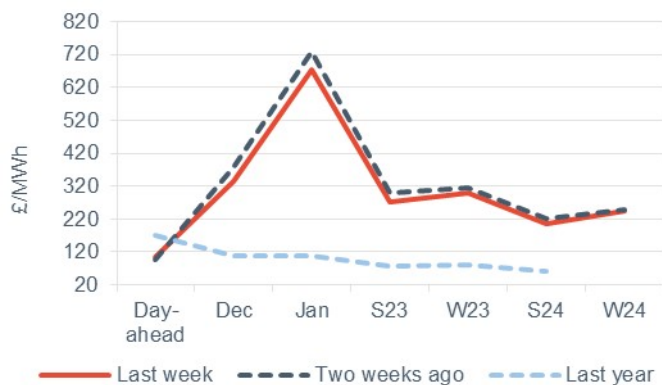
## Headlines 04/11/2022

This week saw the continuation of predominately bearish price trends across gas and power wholesale contracts, noting however the marked disparity between day-ahead contracts and those further out on the forward curve.

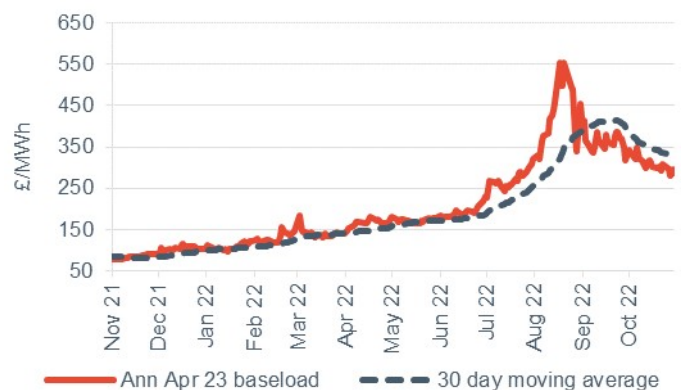
Lowering levels of wind outturn seen as the week matured, coupled with colder temperatures after a markedly warm October encouraged strong price rises on day-ahead gas and power contracts this week. Day-ahead gas rose 74.4% to 109.00p/th, driven in part by some of the aforementioned market fundamentals. Like gas, day-ahead power rose 10.5% to £105.00/MWh, following the strong upward movements of its equivalent gas contract. Elsewhere, December 22 gas was down 15.0% at 301.00p/th, and January 23 gas decreased 8.3% to 336.50p/th. All seasonal gas contracts declined this week, down by 7.1% on average, a potential response to the strong booked volumes of LNG reaching UK and European terminals, easing some of the future gas supply concerns in the medium-term. Likewise, seasonal power contracts declined this week, down on average by 5.9%, as summer 23 power decreased 10.0% to £270.00/MWh, while winter 23 fell 4.8% to £300.00/MWh.

- Baseload electricity Day-ahead power rose 10.5% to £105.00/MWh, following marked gains from its equivalent gas contract and declining wind outturn as the week progressed.
- However, December 22 power slipped 11.1% to £335.00/MWh and January 23 power decreased 7.3% to £675.00/MWh.
- Q1 23 power moved 4.0% lower to £555.00/MWh.
- The annual April 23 contract lost 7.3% to £285.00/MWh, 258.5% higher than the same time last year (£79.5/MWh).

### Forward curve comparison



### Annual October contract



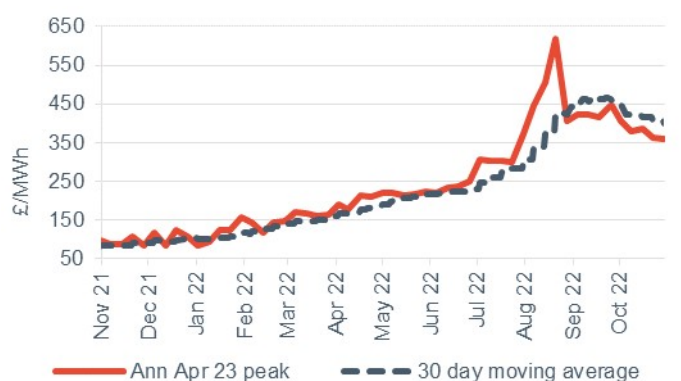
## Peak electricity

- Day-ahead peak power was up 60.0% to £180.00/MWh, following baseload power higher.
- To the contrary, December 22 peak power declined 34.4% to £440.00/MWh, and January 23 peak power decreased 16.9% to £1085.00/MWh.
- The annual April 23 peak power rose 1.0% to £358.25/MWh.
- This is 273.4% higher than the same time last year (£95.93/MWh).

### Forward curve comparison



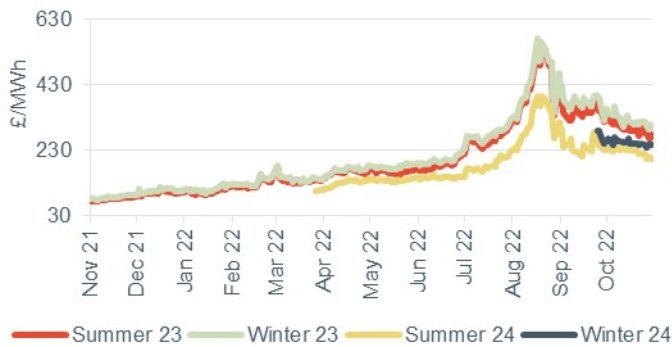
### Annual October contract





## Seasonal power prices

### Seasonal baseload power contracts



### Seasonal baseload power curve

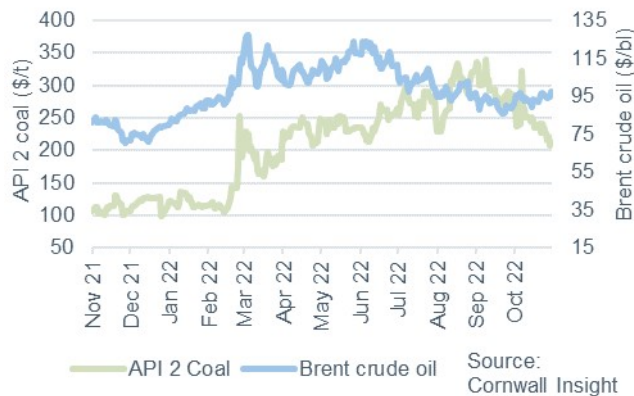


- All seasonal power contracts declined this week, down on average by 5.9%.
- Summer 23 power decreased 10.0% to £270.00/MWh, while winter 23 fell 4.8% to £300.00/MWh.

- Like baseload, all seasonal peak power contracts declined this week, down 0.9% on average.
- Summer 23 and winter 23 peak power dropped 0.6% and 1.3% respectively, falling to £310.50/MWh and £406.00/MWh.

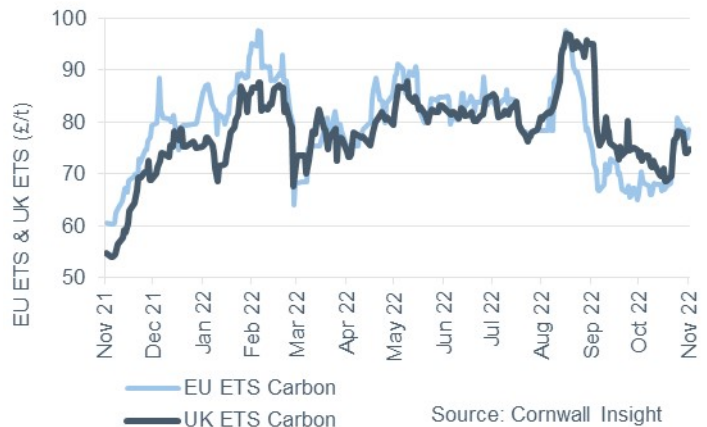
## Commodity price movements

### Oil and coal



- Brent crude prices climbed 1.1% to average \$95.12/bl, a second consecutive week of average price rises.
- The predominant lever of price rises for Brent crude remains centered around 2mn/bpd cuts from 1 November introduced by OPEC .
- Elsewhere, reports have emerged that the G7 and Australia have agreed to set a fixed rate price when they ultimately finalise a price cap on Russia oil (expected to be later in November).

### Carbon (UK and EU ETS)



- EU and UK ETS prices saw collective bullish movements this week. EU ETS rose 4.0% to average €78.06/t, whilst UK ETS carbon increased 0.5% to £75.33/t.
- We continue to also observe strong bullish momentum on the EUA Dec-22 contract, providing some bullish sentiment to prices in the near-term.
- Carbon prices, both in a European and UK setting continue to respond to uncertainty surrounding fossil fuel imports from Russia this winter and will play a part in the price movement of carbon prices.

## Supplier tariff movements

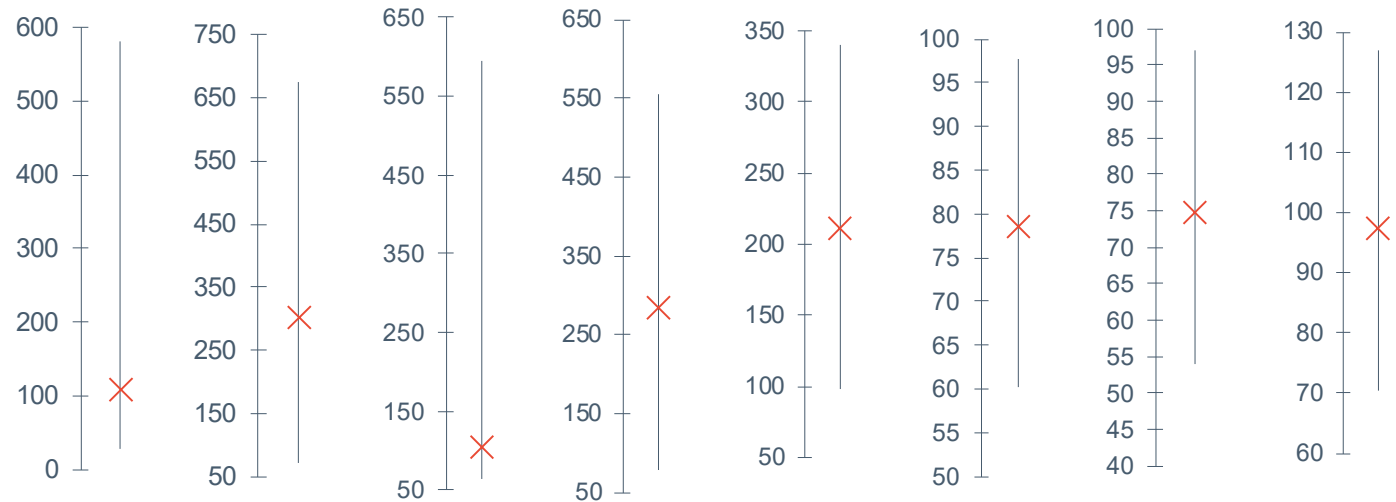
Between 22 and 29 October, Utilita updated the price of its Smart Energy variable tariff to £2,499/year on average, £1 below the EPG level. Utility Warehouse continued to offer the cheapest variable tariff on the market at 29 October with its Value tariff, priced at £2,487/year on average, £13 below the EPG level.



## Wholesale price snapshot

		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	4 Nov 22	109.00	304.00	105.00	285.00	211.00	78.54	74.75	97.35
Last week	28 Oct 22	62.50	338.50	95.00	307.50	240.00	80.80	78.15	96.40
Four weeks ago	7 Oct 22	167.00	387.38	160.00	335.00	237.00	68.35	73.50	95.38
Last year	5 Nov 21	180.00	77.11	171.00	79.50	106.00	60.66	54.75	81.02
Year-on-year % change		-39.4%	294.2%	-38.6%	258.5%	99.1%	29.5%	36.5%	20.2%
12-month high		580.00	674.50	595.00	555.00	340.00	97.61	97.00	126.84
12-month low		28.00	72.01	63.00	77.50	97.80	60.24	54.00	70.50

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 21 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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