Energy Wholesale Market Review

Week Ending 18th November 2022

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Contents

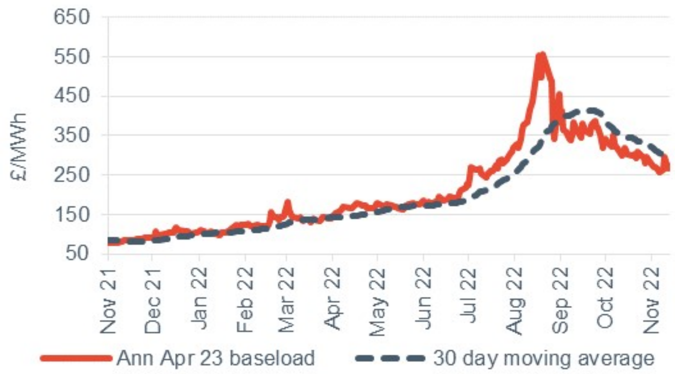
Headlines 18/11/2022

This week saw the reintroduction of more bullish pricing sentiment across gas and power wholesale contracts, noting the ongoing pricing disparity between day-ahead contracts and those further out on the forward curve. Day-ahead gas rose 33.3% to 136.00p/th, following the continual decline in seasonal average temperatures and taking bullish direction from marked gains in European gas prices in the week. Day-ahead power rose 14.8% to £155/MWh, primarily following the upward price direction of its equivalent gas contract and the higher demand placed on more expensive forms of generation such as CCGTs and gas peaking plant. December 22 gas was up 5.7% at 259.00p/th and January 23 gas increased 2.8% to 298.00p/th. Likewise, most seasonal gas contracts boosted this week, up by 2.2% on average. Summer 23 gas and winter 23 gas increased 6.9% and 2.0% respectively, lifting to 278.00p/th and 300.00p/th. Like gas, the majority of seasonal power contracts reported gains this week, up on average by 5.8%, as summer 23 and winter 23 expanded 7.4% and 5.2% respectively, rising to £252.50/MWh and £292.50/MWh.

- Baseload electricity Day-ahead power rose 14.8% to £155.00/MWh, following the strong bullish movements of its equivalent gas contract.
- December 22 power gained 1.7% to £262.50/MWh and January 23 power decreased 11.9% to £445.00/MWh.
- Q123 power moved 7.5% lower to £370.00/MWh.
- The annual April 23 contract rose 6.2% to £272.5/MWh, 226.8% higher than the same time last year (£83.38/MWh).

Forward curve comparison

Annual October contract

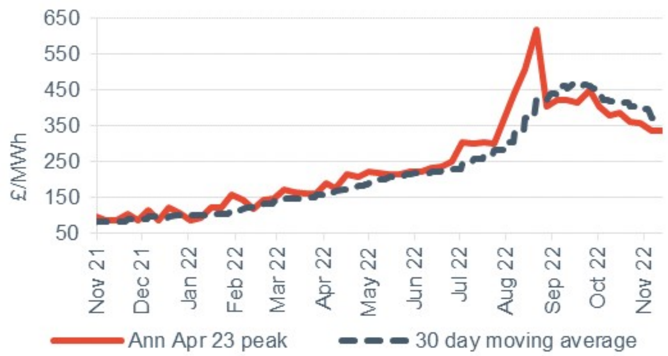


Peak electricity

- Day-ahead peak power was up 25.4% to £195.30/MWh, following baseload power higher.
- December 22 peak power declined 6.5% at £352.3/MWh, and January 23 peak power decreased 14.8% to £775.5/MWh.
- The annual April 23 peak power rose 0.3% to £338.25/MWh
- This is 290.1% higher than the same time last year (86.7/MWh).

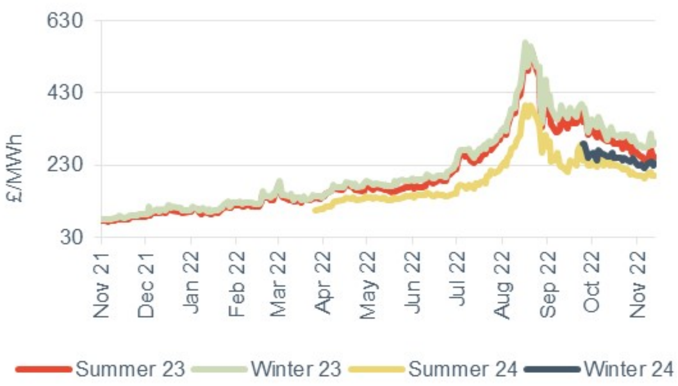
Forward curve comparison

Annual October contract



Seasonal power prices

Seasonal baseload power contracts

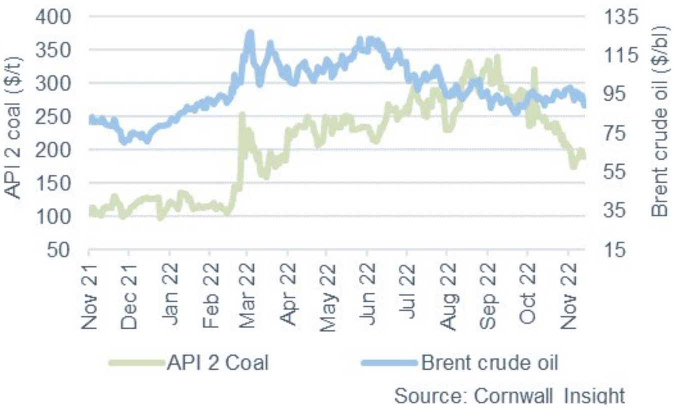


Seasonal baseload power curve

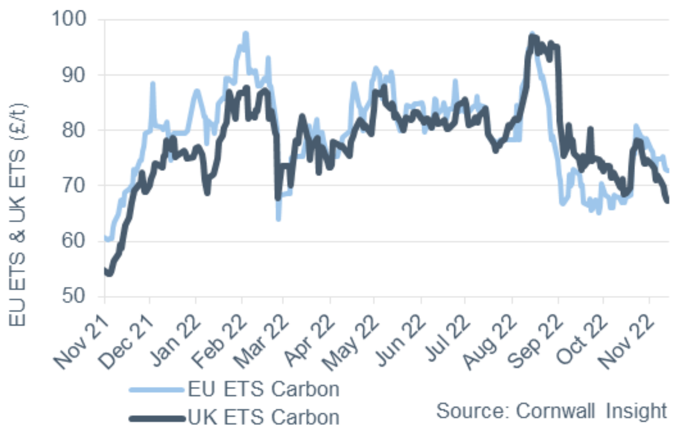
- All tracked seasonal power contracts boosted this week, up on average by 5.8%.
- Summer 23 and winter 23 expanded 7.4% and 5.2% respectively, rising to £252.50/MWh and £292.50/MWh.
- Most seasonal peak power contracts boosted this week, up 0.6% on average.
- Summer 23 gas increased 3.1% to £295.25/MWh, while winter 23 peak power dropped 1.8% to £381.25/MWh.

Commodity price movements

Oil and coal



Carbon (UK and EU ETS)



- Brent crude prices fell week-on-week, down 3.2% to average $92.81/bl, reversing three consecutive weeks of price increases
- Brent crude prices were weighed on this week, at least in part, by the on-going circulation of strict Covid-19 lockdown measures in China – fuelling concerns over future demand
- Rising US interest rates and a stronger US dollar added additional downwards pressure on Brent crude prices this week
- EU and UK ETS prices saw collective bearish movements this week. EU ETS slipped 1.1% to average €73.95/t, whilst UK ETS carbon decreased 5.4% to £68.82/t
- EU ETS prices were weighed on this week by forecasts of milder temperatures on the continental, acting to reduce demand for gas and fossil fuel-fired assets
- Similarly, UK ETS prices were weighed on this week by higher levels of wind generation as the week progressed, acting to ease demand from gas and fossil fuel fired assets

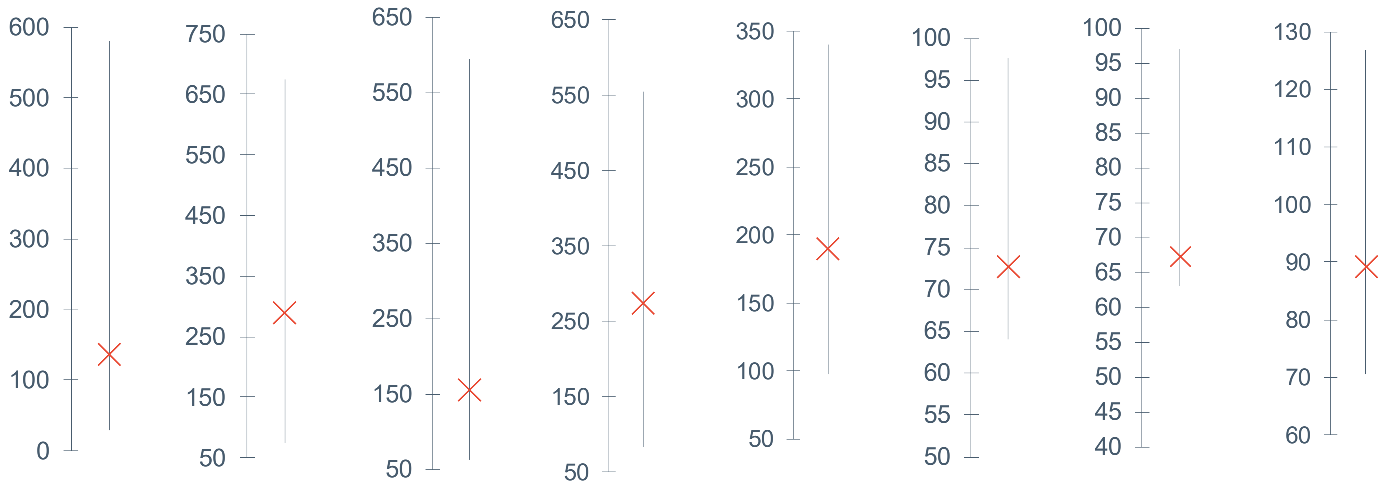
Supplier tariff movements

Utility Warehouse continued to offer the cheapest variable tariff on the market at 12 November with its Value tariff, priced at £2,487/year on average, £13 below the EPG level. Utility Warehouse's Double Gold tariff, which requires customers to take two other non-energy services from the supplier (mobile, broadband, or insurance), is priced at £2,375/year on average, £125 below the EPG level, while its Gold tariff, which requires customers to take one other service, is priced at £2,437/year on average.

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	18 Nov 22	136.00	289.00	155.00	272.50	190.00	72.68	67.25	89.25
Last week	11 Nov 22	102.00	277.00	135.00	256.50	185.00	74.75	71.90	96.45
Four weeks ago	21 Oct 22	90.00	347.50	100.00	302.50	235.00	67.80	68.70	92.32
Last year	19 Nov 21	222.00	78.04	230.00	83.38	114.50	68.80	63.00	79.71
Year-on-year % change		-38.7%	270.3%	-32.6%	226.8%	65.9%	5.6%	6.7%	12.0%
12-month high		580.00	674.50	595.00	555.00	340.00	97.61	97.00	126.84
12-month low		28.00	75.48	63.00	83.00	97.80	64.05	63.00	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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