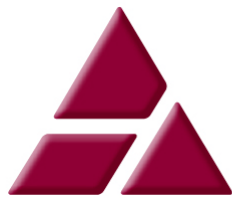




Energy Wholesale Market Review

Week Ending 10th June 2022



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Headlines 10/06/2022

This week largely represented more bearish sentiment for wholesale gas and power contracts in GB, with some exceptions further along the forward curve. Subsequently, day-ahead gas fell 39.8% to 80.00p/th, weighed by elevated temperatures across the UK, coupled with higher Norwegian flows as maintenance works at Troll and Kollsnes gas fields ease. Day-ahead power dropped 35.7% to £90.00/MWh, following the strong downward movements from its equivalent gas contract, coupled with periods of higher wind generation in the week. Similarly, July 22 gas was down 9.2% at 151.25p/th, and August 22 gas decreased 4.0% to 178.08p/th. The majority of seasonal gas contracts declined this week too, down by 0.7% on average, while both winter 22 and summer 23 gas dropped 1.1% and 2.2% respectively, subsiding to 238.85p/th and 178.00p/th. Conversely, most seasonal power contracts boosted this week, up on average by 1.4%, as winter 22 power decreased 0.6% to £246.00/MWh, while summer 23 expanded 1.5% to £170.00/MWh.

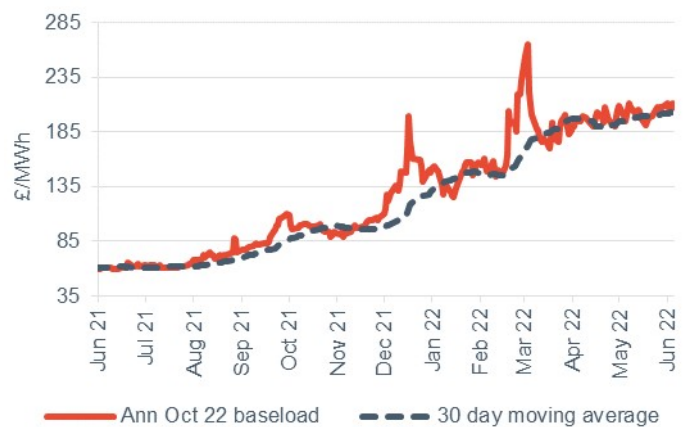
Baseload electricity

- Day-ahead power fell 35.7% to £90.00/MWh, following the strong downward movements from its equivalent gas contract, coupled with periods of higher wind generation in the week.
- July 22 power slipped 5.4% at £165.00/MWh and August 22 power decreased 5.0% to £170.00/MWh..
- Q322 power moved 3.6% lower to £185.00/MWh.
- The annual October 22 contract rose 0.2% to £208/MWh, 241.7% higher than the same time last year (£60.88/MWh).

Forward curve comparison



Annual October contract



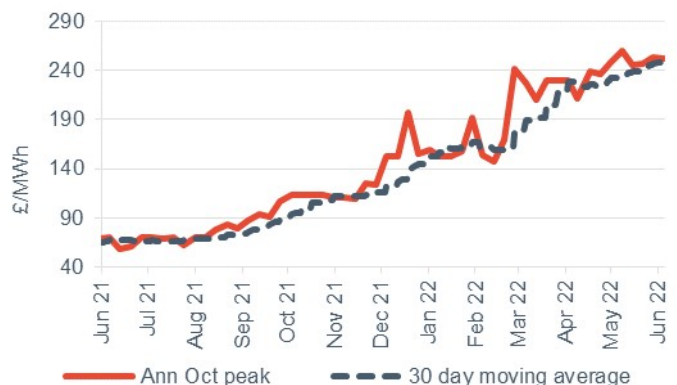
Peak electricity

- Day-ahead peak power was down 34.5% to £95.00/MWh, following baseload power lower.
- July 22 peak power declined 3.2% at £174.35/MWh, and August 22 peak power decreased 0.5% to £185.5/MWh.
- The annual October 22 peak power rose 0.5% to £252.23/MWh
- This is 257.0% higher than the same time last year (70.65/MWh).

Forward curve comparison



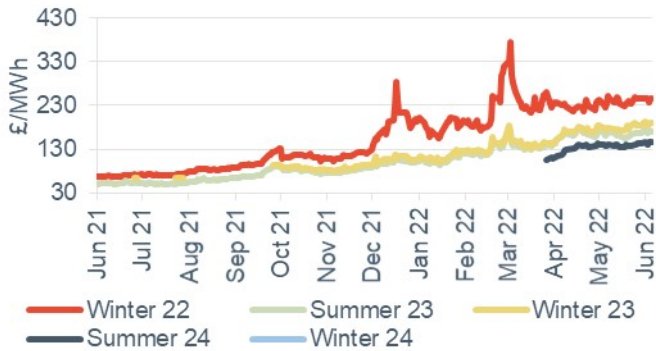
Annual October contract





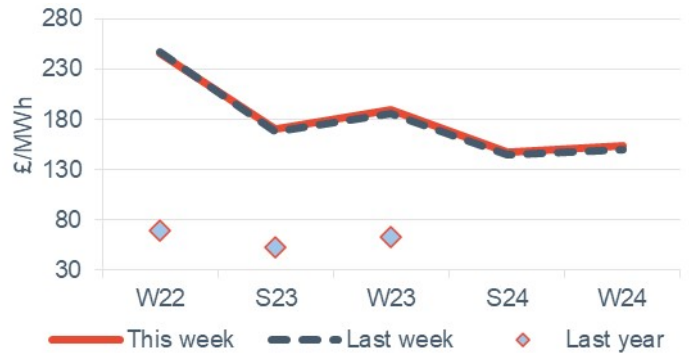
Seasonal power prices

Seasonal baseload power contracts



- The majority of seasonal power contracts saw gains this week, rising on average by 1.4%.
- Summer 23 expanded 1.5% to £170.00/MWh and winter 23 climbed 1.6% to £189.00/MWh

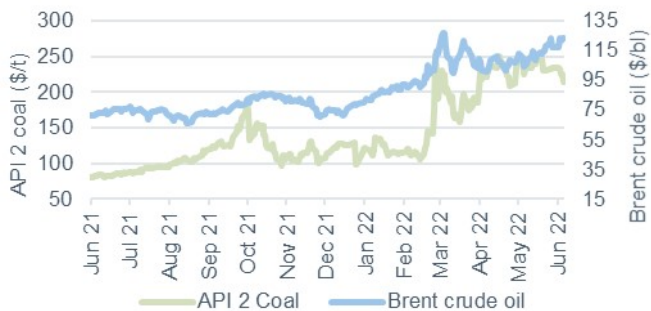
Seasonal baseload power curve



- Most seasonal peak power contracts were largely unchanged this week.
- Winter 22 and summer 23 peak power dropped 0.2% and 1.0% respectively, falling to £308.05/MWh and £196.40/MWh.

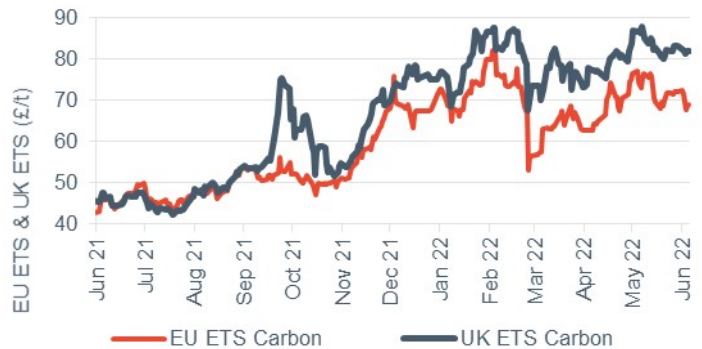
Commodity price movements

Oil and coal



- Brent crude prices rose 2.0% this week to average \$121.86/bl.
- The prospect of an EU-wide embargo on Russian oil continued to outweigh demand concerns this week. Similarly, the back-drop of a globally tightened Brent crude market continued to provide a strong foundation of ongoing price support.
- Elsewhere, reports that Chinese lockdown restrictions have begun to subside further, eased future demand fears.
- However, price growth was capped by reports Russia has ramped up its oil exports to offset ongoing sanctions.
- API 2 coal fell 3% to average \$226.40/t.

Carbon (UK and EU ETS)



- The UK ETS slipped 1.0% to average £81.92/t, while the EU ETS fell 3.0% to average €82.02/t over the week. Both the UK and EU ETS carbon markets remain sensitive to change.
- EU ETS carbon prices retracted as the European Parliament committee met on Wednesday 8 June to vote on market reforms of the EU ETS.
- In an effort to bolster carbon prices and spur industry to switch to greener energy, the EU's executive European Commission has proposed a plan to remove hundreds of millions of surplus carbon allowances (EUAs) from the EU ETS from 2021. An outcome was not met from this meeting to date, so we await the verdict of this.

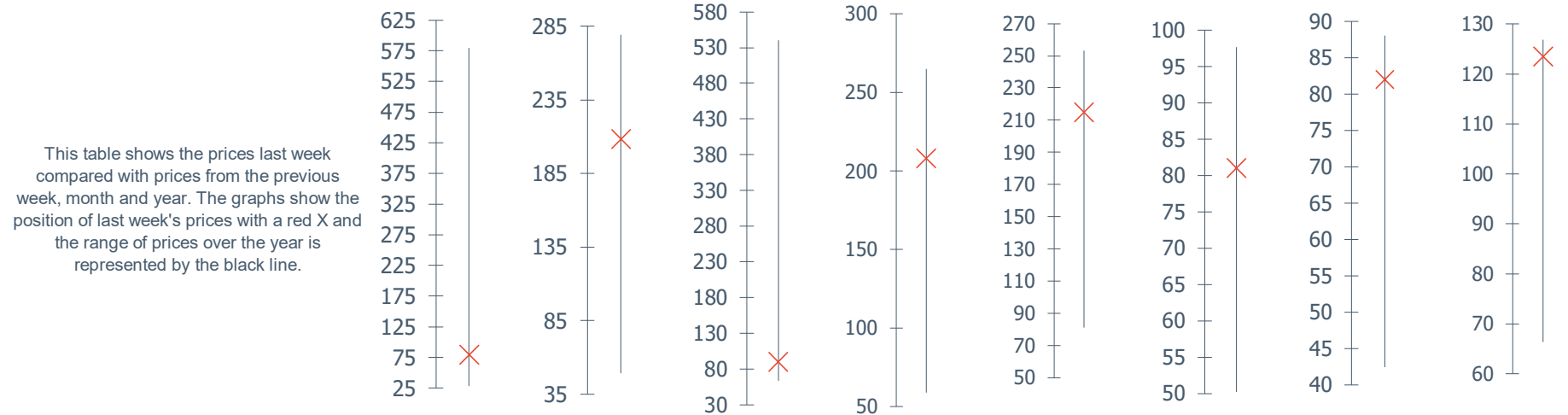
Supplier tariff movements

Ovo Energy continued to offer the cheapest fixed tariff on the market with its Better Smart tariff, priced at £2,732/year on average at 4 June. Utility Warehouse continued to offer the cheapest variable tariff on the market with its Value tariff, priced at £1,961/year on average at 4 June, £10/year below the default tariff cap. Ovo Energy brands SSE and Boost Energy offered the cheapest prepayment tariffs on the market with their respective Standard Pay As You Go and Smart Pay As You Go energy tariffs, both priced at £2,015/year on average at 4 June, £2/year below the prepayment tariff cap.



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	10 Jun 22	80.00	208.43	90.00	208.00	215.00	80.97	82.00	123.44
Last week	3 Jun 22	133.00	211.75	140.00	207.50	235.00	84.80	83.25	117.55
Four weeks ago	13 May 22	50.00	217.75	90.00	207.63	235.00	89.70	85.00	109.00
Last year	11 Jun 21	69.40	50.68	76.00	60.88	84.45	53.30	46.50	72.65
Year-on-year % change		15.3%	311.3%	18.4%	241.7%	154.6%	51.9%	76.3%	69.9%
12-month high		580.00	279.07	540.00	265.00	253.00	97.61	88.00	126.84
12-month low		28.00	49.35	63.00	59.00	81.35	50.23	42.40	66.31





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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