



Energy Wholesale Market Review

Week Ending 17th June 2022



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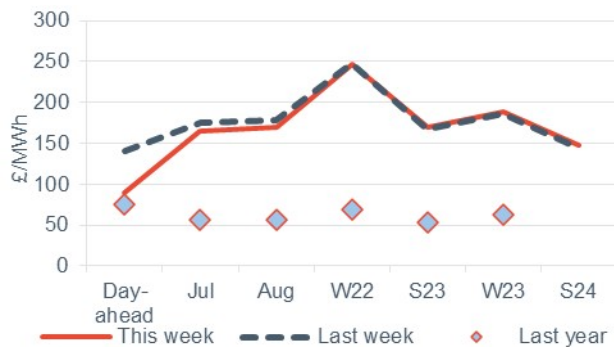
Headlines 17/06/2022

This week favoured an overwhelmingly bullish outcome for gas and power prices, both in the near-term and further along the forward curve – underpinned by the uncertainty surrounding future energy imports into European energy markets from Russia. Day-ahead gas rose 81.3% to 145.00p/th, buoyed by system undersupply as multiple outages at Norwegian gas fields limited Norwegian gas flows. Near-term gas also took direction from European gas markets which saw prices spikes in response to a ~40% drop in Russian flows via Nord Stream I. Day-ahead power rose 88.9% to £170/MWh, following the strong bullish momentum gained from its equivalent gas contract, and periods of low wind output. July 22 gas was up 55.7% at 235.53p/th, and August 22 gas increased 51.0% to 268.97p/th. Longer-dated gas contracts were buoyed by concerns over winter storage supply, amid falling Russian flows alongside an extended 90-day outage at the US Freeport LNG terminal. All seasonal gas contracts experienced gains this week, rising by 14.3% on average, while both winter 22 and summer 23 gas increased 31.0% and 14.8% respectively, lifting to 312.90p/th and 204.30p/th. Similarly, seasonal power contracts followed their gas counterparts, up on average by 9.6%, as winter 22 and summer 23 expanded 21.8% and 8.8% respectively, rising to £299.55/MWh and £185.00/MWh.

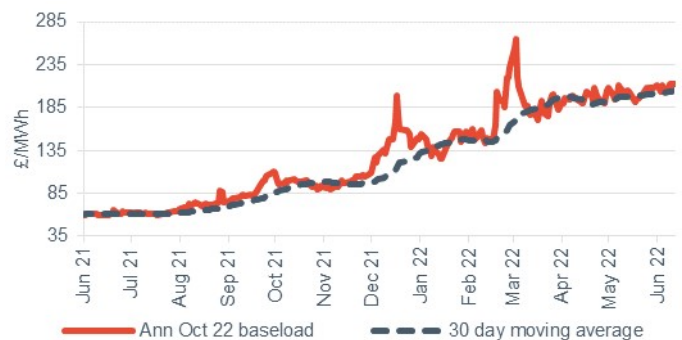
Baseload electricity

- Day-ahead power rose 88.9% to £170.00/MWh, supported by periods of low wind generation and rising near-term gas prices.
- July 22 power climbed 36.4% at £225.00/MWh and August 22 power increased 43.5% to £244.00/MWh.
- Q322 power moved 35.9% higher to £251.46/MWh.
- The annual October 22 contract rose 1.8% to £211.75/MWh, 258.9% higher than the same time last year (£59/MWh).

Forward curve comparison



Annual October contract



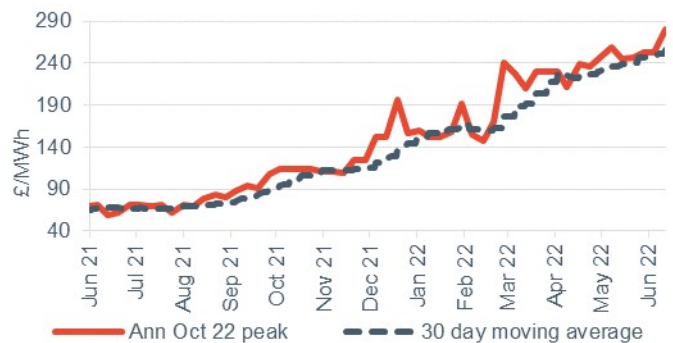
Peak electricity

- Day-ahead peak power was up 84.2% to £175.00/MWh, following baseload power higher.
- July 22 peak power gained 25.6% at £219.04/MWh, and August 22 peak power increased 26.2% to £234.03/MWh.
- The annual October 22 peak power rose 10.8% to £279.5/MWh.
- This is 378.8% higher than the same time last year (58.37/MWh).

Forward curve comparison



Annual October contract





Seasonal power prices

Seasonal baseload power contracts



- All seasonal power contracts boosted this week, up on average by 9.6%.
- Winter 22 and summer 23 expanded 21.8% and 8.8% respectively, rising to £299.55/MWh and £185.00/MWh.

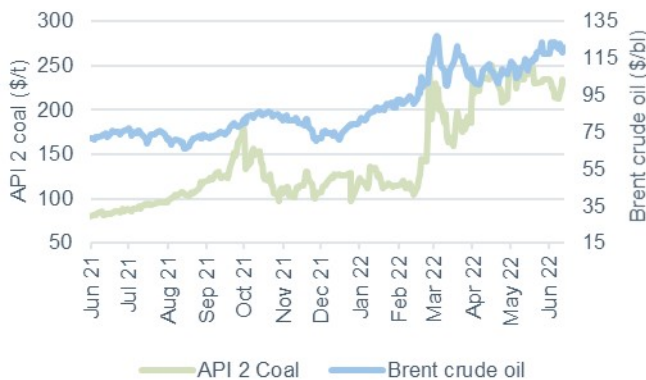
Seasonal baseload power curve



- All seasonal peak power contracts declined this week, down 18.6% on average.
- Winter 22 and summer 23 peak power increased 13.9% and 6.0% respectively, rising to £350.75/MWh and £208.25/MWh.

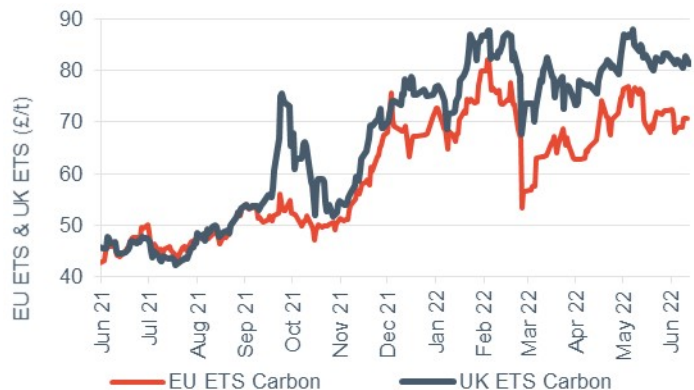
Commodity price movements

Oil and coal



- Brent crude prices fell 1.3% this week to average \$120.31/bl.
- The movements of Brent crude prices varied in the week, with conflicting market fundamentals at play.
- Bullish drivers in the form of tight global supply and oil embargoes on Russian exports were ultimately overshadowed by rising Covid-19 cases in Beijing, and the IEA expecting world oil demand to rise more than 2% to a record high of 101.6 million barrels per day in 2023.
- Elsewhere, concerns over a recession – amid rising inflation and interest rate hikes - placed some suppressive influence over Brent crude prices too.
- API 2 coal fell 1.1% to average \$223.80/t.

Carbon (UK and EU ETS)



- The EU and UK ETS experienced mixed price movements this week. Subsequently, the EU ETS climbed 1.7% to average €83.43/t whereas the UK ETS fell marginally, down 0.3% to £81.65/t.
- The EU ETS gained support from on-going EU sanctions on Russian fuel imports which continue to drive gas market volatility on the continent and lift EUA prices as a result.
- The UK ETS, saw trading activity influenced by recession fears and gas price volatility, with some traders selling their allowances to cover positions in the gas market. Bearishness also stemmed from easing gas-for-power demand amid rising temperatures.

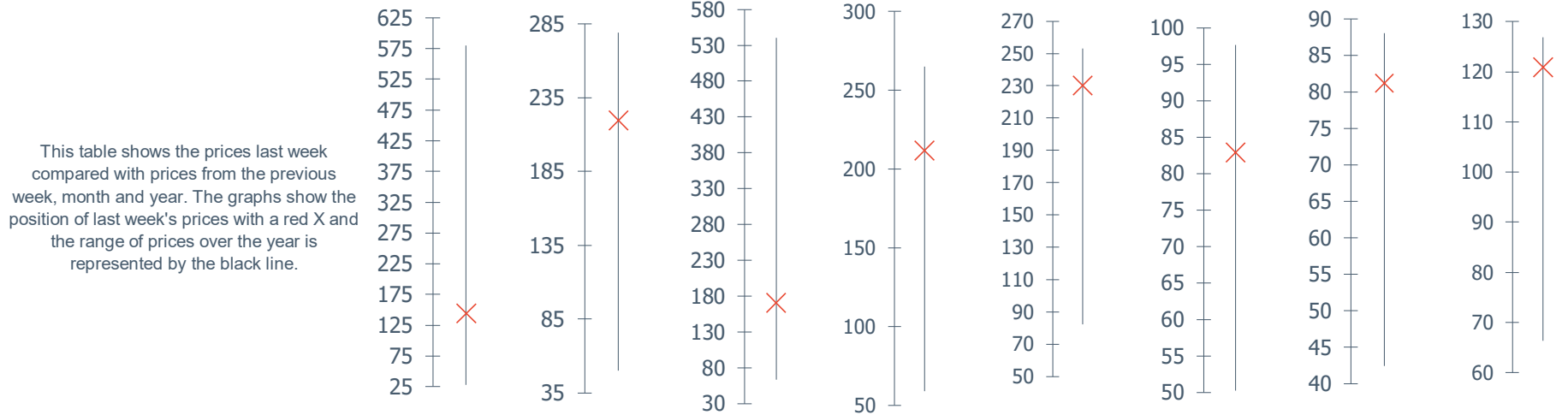
Supplier tariff movements

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. No suppliers increased or decreased the price of their cheapest tariff between 28 May and 4 June.



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	17 Jun 22	145.00	219.93	170.00	211.75	230.00	82.89	81.20	120.94
Last week	10 Jun 22	80.00	208.43	90.00	208.00	215.00	80.97	82.00	123.44
Four weeks ago	20 May 22	98.00	199.88	135.00	198.63	252.00	82.20	83.00	111.98
Last year	18 Jun 21	71.48	49.85	81.25	59.00	82.50	51.50	44.50	72.60
Year-on-year % change		102.9%	341.2%	109.2%	258.9%	178.8%	61.0%	82.5%	66.6%
12-month high		580.00	279.07	540.00	265.00	253.00	97.61	88.00	126.84
12-month low		28.00	49.85	63.00	59.00	82.50	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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