



Energy Wholesale Market Review

Week Ending 15th July 2022



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Headlines 15/07/2022

Wholesale power contracts experienced mixed price movements this week, whereas all tracked gas contracts registered week-on-week price losses. Subsequently, day-ahead gas fell 8.3% to 203.50p/th, following periods of system oversupply amid stronger UKCS production – coupled with anticipated lower demand into the weeks end, driven by the forecast heatwave in the UK. Conversely, day-ahead power rose 17.5% to £335.00/MWh, upward price movement can be attributed to lower wind outturn during the week, and strong export to the continent. Unlike the day-ahead baseload power contract, the front seasonal power contracts fell – with August 22 power down 18.3% at £245.00/MWh, and September 22 power decreasing 8.3% to £330.00/MWh. Elsewhere, most gas contracts declined this week, down by 5.7% on average, while both winter 22 and summer 23 gas dropped 7.1% and 9.6% respectively, subsiding to 423.20p/th and 284.80p/th. Similar downward price movements were seen across most seasonal power contracts, falling on average by 1.1%, with summer 23 down 7.5% to £245.00/MWh and the winter 23 contract dropping 3.1% to £264.00/MWh.

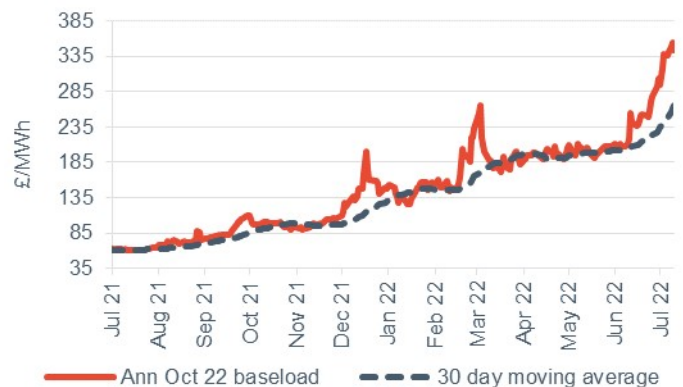
Baseload electricity

- Day-ahead power rose 17.5% to £335.00/MWh, attributed to lower wind outturn and continued high exports to the continent during the week.
- August 22 power slipped 18.3% at £245.00/MWh and September 22 power decreased 8.3% to £330.00/MWh.
- The annual October 22 contract rose 1.9% to £344.00/MWh, 467.7% higher than the same time last year (£60.6/MWh).

Forward curve comparison



Annual October contract



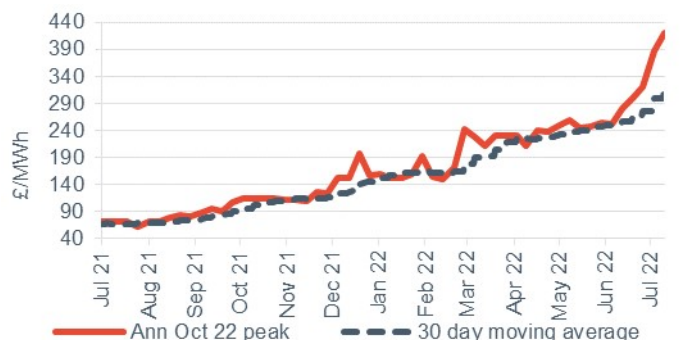
Peak electricity

- Day-ahead peak power was up 37.3% to £405.00/MWh, following baseload power higher.
- August 22 peak power gained 6.0% at £285.25/MWh, and September 22 peak power decreased 0.2% to £364.25/MWh.
- The annual October 22 peak power rose 8.3% to £419.5/MWh
- This is 501.6% higher than the same time last year (£69.73/MWh).

Forward curve comparison



Annual October contract



Seasonal power prices



Seasonal baseload power contracts



- Most seasonal power contracts declined this week, down on average by 1.1%.
- Summer 23 fell 7.5% to £245.00/MWh and the winter 23 contract dropped 3.1% to £264.00/MWh.

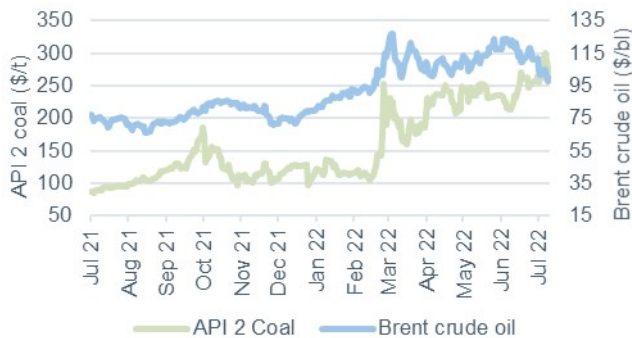
Seasonal baseload power curve



- Some seasonal peak power contracts boosted this week, up 3.9% on average.
- Winter 22 gas increased 14.1% to £561.25/MWh, whereas summer 23 peak power dropped 1.9% to £277.75/MWh.

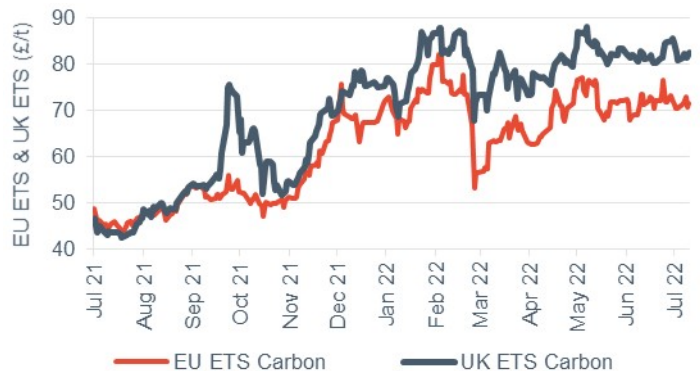
Commodity price movements

Oil and coal



- Brent crude prices fell 4.9% this week to average \$101.38/bl, a second consecutive week of price decline.
- Primarily, concerns within oil markets at the prospect of an impending global recession weighed on prices strongly again this week.
- It is feared that should a global recession take a firm hold, global demand for commodities such as oil will fall weighing on prices as a result.
- Elsewhere, later in the week, reports that the US federal reserve is looking into the possibility of raising interest rates to combat inflation compounded week-on-week average losses for Brent crude this week.
- API 2 coal rose 8.9% to average \$286.20/t

Carbon (UK and EU ETS)



- The EU and UK ETS experienced conflicting price movements this week. The EU ETS climbed 1.0% to average €84.58/t whilst the UK ETS fell, down 2.2% to average £81.91/t.
- For the EU ETS, in-line with significant rises in temperature, we observed increased cooling demand across western-Europe – raising the level of demand for A/C cooling, driving demand higher for fossil fuel generation in turn.
- UK ETS prices on the other hand, were weighed upon by periods of higher wind and solar outturn in the week, placing less reliance on fossil fuels.

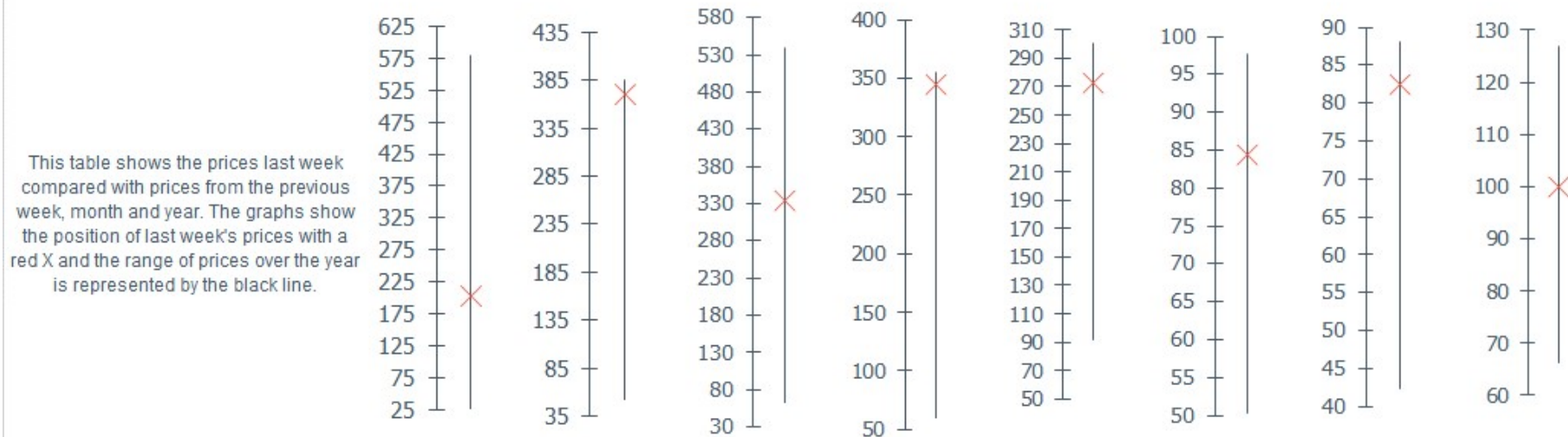
Supplier tariff movements

EDF Energy offered the cheapest medium fixed tariff on the market at 9 July with its Fix Total Service Jul24v3 tariff, priced at £3,050/year on average. Octopus Energy continued to offer the cheapest short fixed tariff at 9 July with its Octopus 12M Fixed April 2022 v1 tariff, priced at £2,894/year on average. Utility Warehouse continued to offer the cheapest variable tariff on the market with its Value tariff, priced at £1,961/year on average at 9 July, £10/year below the default 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	15 Jul 22	203.50	371.00	335.00	344.00	272.00	84.46	82.50	99.81
Last week	8 Jul 22	222.00	385.35	285.00	337.50	275.00	83.35	81.00	104.27
Four weeks ago	17 Jun 22	145.00	258.60	170.00	242.28	230.00	82.89	81.20	120.94
Last year	16 Jul 21	87.30	53.02	92.25	60.60	92.10	53.23	43.75	73.78
Year-on-year % change		133.1%	599.7%	263.1%	467.7%	195.3%	58.7%	88.6%	35.3%
12-month high		580.00	385.35	540.00	354.50	300.00	97.61	88.00	126.84
12-month low		28.00	52.80	63.00	60.25	92.10	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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