Energy Wholesale Market Review

Week Ending 30th September 2022

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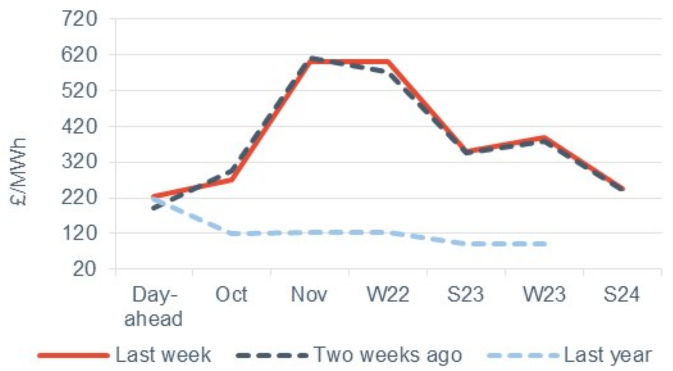
Headlines 30/09/2022

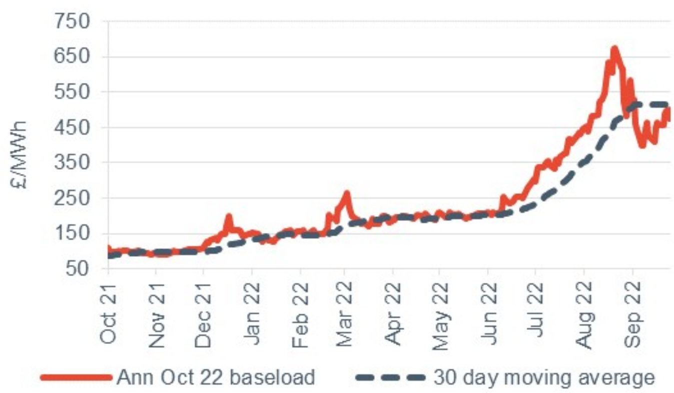
This week represented a relatively mixed picture for wholesale gas and power contracts. Primarily, we observed losses on shorter-dated contracts whereas prices further out on the forward curve recorded gains – a possible response to on-going concerns over future supply and associated disruption, amid gas leaks at both Nord Stream 1 and 2 pipelines in European territorial waters. Day-ahead gas fell 25.0% to 172.50p/th, amid a steady stream of LNG flows reaching UK LNG import terminals, softening the near-term supply/demand balance and assisting net injections into storage. However, day-ahead power rose 17.2% to £225.00/MWh, with periods of lower wind outturn seen during the week, tightening system margins slightly. October 22 gas was down 15.6% at 245.00p/th, and November 22 gas decreased 9.8% to 381.00p/th. Most tracked seasonal gas contracts boosted this week, up by 2.1% on average, while summer 23 gas increased 0.6% to 435.00p/th and winter 23 gas rose 2.7% to 455p/th. Elsewhere, all seasonal power contracts rose this week, up on average by 3.0%, as winter 22 and summer 23 expanded 5.3% and 1.4% respectively, rising to £600.00/MWh and £350.00/MWh.

- Baseload electricity Day-ahead power rose 17.2% to £225.00/MWh, driven by periods of weak wind outturn seen at select points in the week.
- October 22 power slipped 8.5% to £270.00/MWh and November 22 power decreased 1.6% to £600.00/MWh.
- Elsewhere, Q422 power moved remained unchanged at £540.00/MWh.
- The annual October 22 contract rose 3.8% to £475.00/MWh, 346.0% higher than the same time last year (£106.5/MWh).

Forward curve comparison



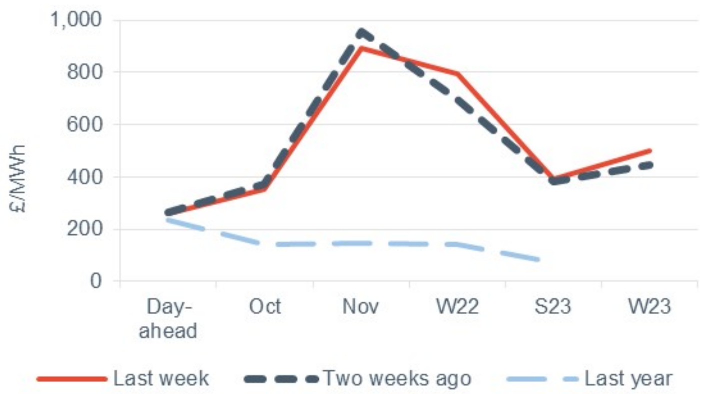
Annual October contract



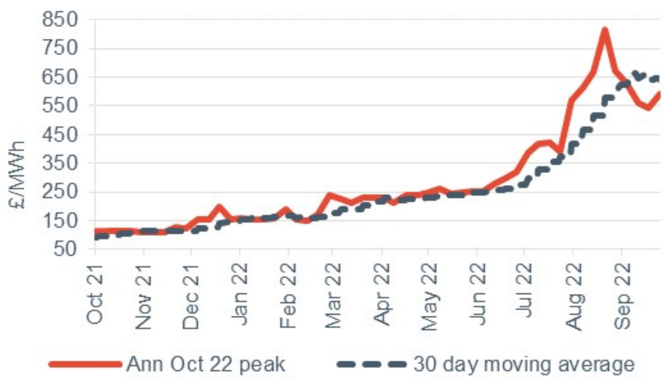
Peak electricity

- Day-ahead peak power was down 1.5% to £260.25/MWh, following baseload power lower.
- October 22 peak power declined 4.7% to £352.75/MWh, and November 22 peak power decreased 6.7% to £895.25/MWh.
- The annual October 22 peak power rose 9.7% to £593.25/MWh.
- This is 453.7% higher than the same time last year (£107.15/MWh).

Forward curve comparison

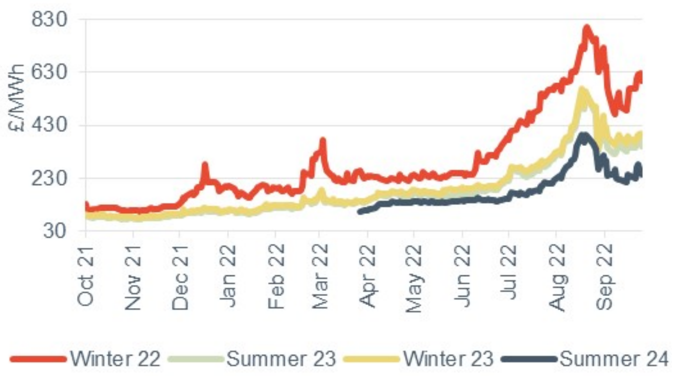


Annual October contract



Seasonal power prices

Seasonal baseload power contracts

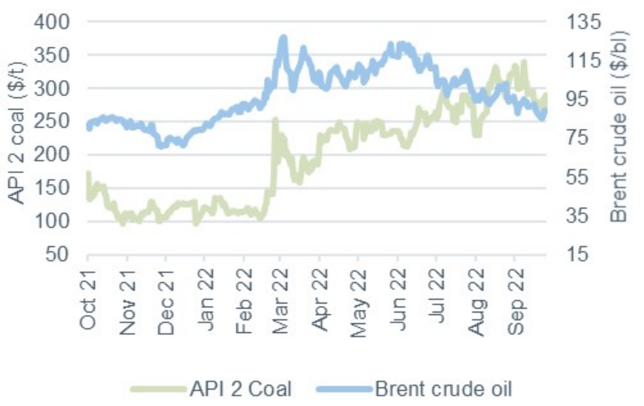


Seasonal baseload power curve

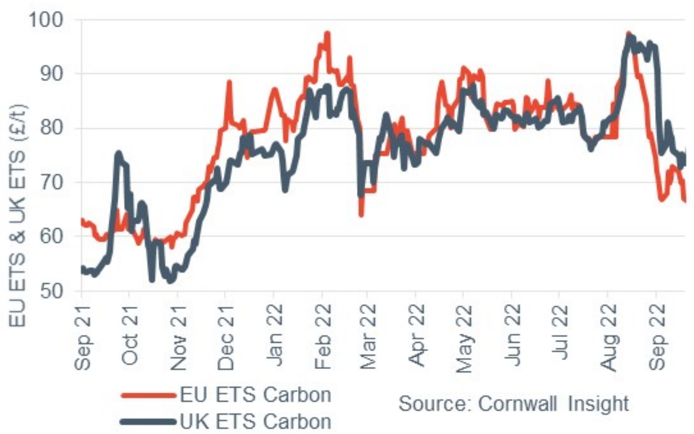
- All tracked seasonal power contracts boosted this week, up on average by 3.0%.
- Winter 22 and summer 23 expanded 5.3% and 1.4% respectively, rising to £600.00/MWh and £350.00/MWh.
- Like baseload, all tracked seasonal peak power contracts rose this week, up 9.7% on average.
- Winter 22 and summer 23 peak power increased 13.9% and 2.1% respectively, rising to £794.25/MWh and £392.25/MWh.

Commodity price movements

Oil and coal



Carbon (UK and EU ETS)



- Brent crude prices fell 4.0% this week to average $87.33/bl.
- This week represented another bearish week for Brent crude prices on average, weighed by fears of an impending global recession which could alter consumption of oil globally.
- Similarly, a stronger US dollar brought the average price of Brent crude down in the week.
- Reports emerged from OPEC+ members of reducing output leading to doubt over supply, helping to cap any sustained losses.
- EU and UK ETS prices saw mixed movements this week. EU ETS fell 4.6% to average €66.59/t, whilst UK ETS carbon grew 2.2% to £75.79/t.
- EU ETS prices this week were weighed upon by proposed intervention by EU energy ministers, which could see demand and consumption patterns altered in the latest proposals.
- However, the outcome of the emergency summit with EU energy ministers remains unknown (at the time of writing).

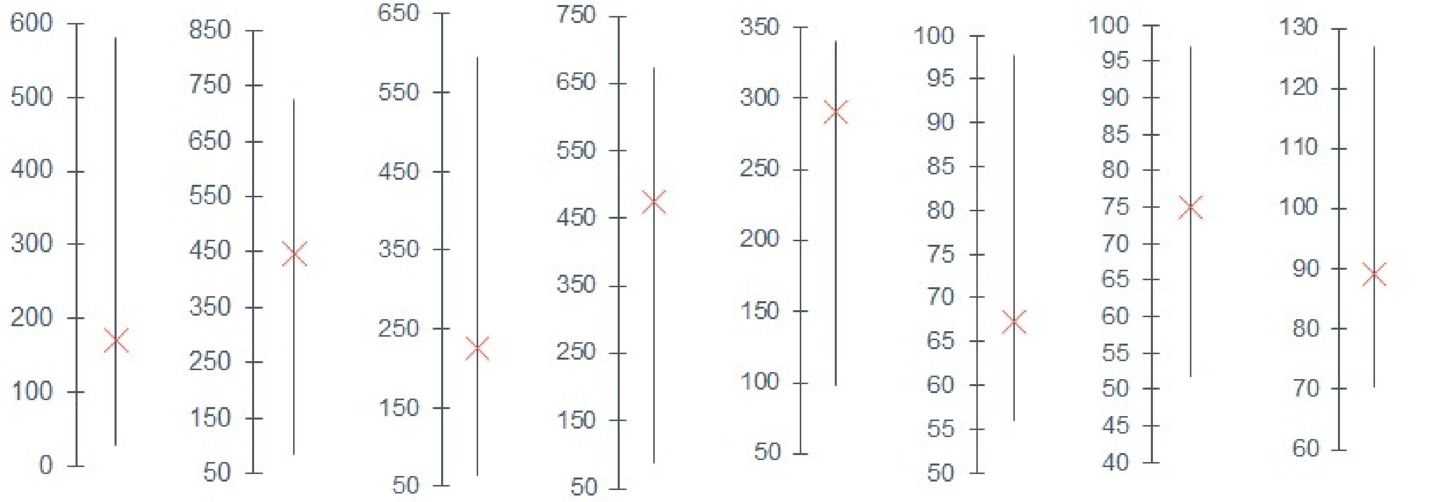
Supplier tariff movements

Octopus Energy and its white label brand Co-operative Energy continued to offer the cheapest short fixed tariffs on the market with their Loyal Octopus 12M Fixed August 2022 v1 and Co-op Loyal 12M Fixed August 2022 v1 tariffs, both priced at £4,500/year on average at 17 September. Utility Warehouse's Green Fixed 39, priced at £4,200/year on average at 17 September, remains the cheapest available fixed tariff on the market. Utility Warehouse's Double Gold tariff has been the cheapest variable tariff since 2 April with its price position of £1,872/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	30 Sep 22	172.50	447.50	225.00	475.00	290.00	67.32	75.00	89.23
Last week	23 Sep 22	230.00	456.78	192.00	457.50	280.00	66.95	73.53	88.69
Four weeks ago	2 Sep 22	300.00	510.28	315.00	482.50	320.00	78.98	95.00	94.52
Last year	1 Oct 21	225.00	94.29	215.00	106.50	163.00	61.45	73.90	77.94
Year-on-year % change		-23.3%	374.6%	4.7%	346.0%	77.9%	9.6%	1.5%	14.5%
12-month high		580.00	724.49	595.00	672.50	340.00	97.61	97.00	126.84
12-month low		28.00	85.27	63.00	89.00	97.60	55.85	51.75	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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