



Market Intelligence

July 2021

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GAS REVIEW



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Gas Review

Gas prices continued on a bullish trajectory during July, with support provided by a very limited LNG schedule. Only two cargoes docked in the UK this month as shipments were directed to Asia to take advantage of very competitive pricing.

The UK gas system was further tightened by an increase in gas-fired power generation, on the back of high demand for cooling, while unplanned outages at Norwegian facilities reduced imported flows.

This continued undersupply has done nothing to improve storage levels, with withdrawals nominating above the seasonal norm. Storage levels remain well below what they were this time last year, or even 2019 and concerns about winter supply are building.

A second heatwave has been forecast for the second half of August and the LNG outlook remains limited, hinting towards further gains for gas next month.



ELECTRICITY REVIEW



Electricity Review

Very warm temperatures in the UK led to a significant rise in demand, with air-conditioning units working overtime. The increase in demand levels contributed to the upward movement we saw over the majority of the month, although some respite from the heat is expected at the start of August.

Power contracts also tracked the movement of the gas market, which was supported by tighter supply, while growing demand for commodities also played its part in this month's bullish trend.

Carbon in particular recorded impressive gains, with some experts predicting that European prices will reach €90/tn by 2030.



OIL REVIEW



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Oil Review

Oil markets continued to recover from the lows of 2020, with global demand forecasts sparking optimism amongst traders.

OPEC+ and large oil producing nations such as Russia have agreed to increase output next month in an attempt to reduce pricing and relieve pressure currently impacting the global economy.

This new deal will see participating countries raise production by a further 2 million barrels per day, from August 2021 to December 2021, hopefully resulting in a period of market stability.

Brent Crude has recorded an average price of around \$73/b during July, an increase of over 40% compared to the same time last year.



MARKET INFO



Market Info

The UK has announced plans for its first net zero power plant which will capture and store carbon emissions offshore. Named the Whitetail Clean Energy project, the natural gas plant will be located at Wilton International on Teesside.

Energy Minister Anne-Marie Trevelyan claims the project will be a “significant step forward in the UK’s fight against climate change” and supported efforts to “revitalise this key industrial heartland”.

Elsewhere, the biogas industry is expected to receive a significant boost with the introduction of the ‘Green Gas Levy’ in Autumn this year.

[Read more about the Green Gas Levy here.](#)



Energy Matters – EM-Powered



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With wholesale gas and electricity energy prices still on an upward trajectory ahead of the October peak month for switching, it is now more important than ever for businesses to monitor and review their energy consumption and devise an effective [energy procurement](#) strategy based on their data and the market conditions.

Our energy management portal, EM-Powered, is available to all our customers and comes with a range of benefits to help them achieve this.

It enables users to access historical wholesale gas and electricity price graphs to get a better understanding of whether the current trends are likely to be short or long-term – invaluable when it comes down to energy contract negotiations.

With energy consumption data updated and validated overnight, [EM-Powered](#) gives customers instant visibility on where they are with their energy spend and whether they are within budget or not.

Meanwhile, a [SECR tool](#) has been added to the menu of options available, making EM-Powered an invaluable resource in carbon management, as well as energy management, as the UK strives to eliminate all greenhouse gas emissions by 2050 in the drive towards decarbonisation.

If you would like to find out more about EM-Powered and the many benefits it brings to the energy procurement process, please get in touch with one of our consultants on 01225-867722

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