



Market Intelligence

September 2020



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**GAS
REVIEW**



Gas News

Close run thing for bears and the bulls

The gas market has not been anywhere near as volatile as the electricity market over the past month. Both the bulls and the bears have had runs in the market, with the former slightly ahead but without any significant dominance.

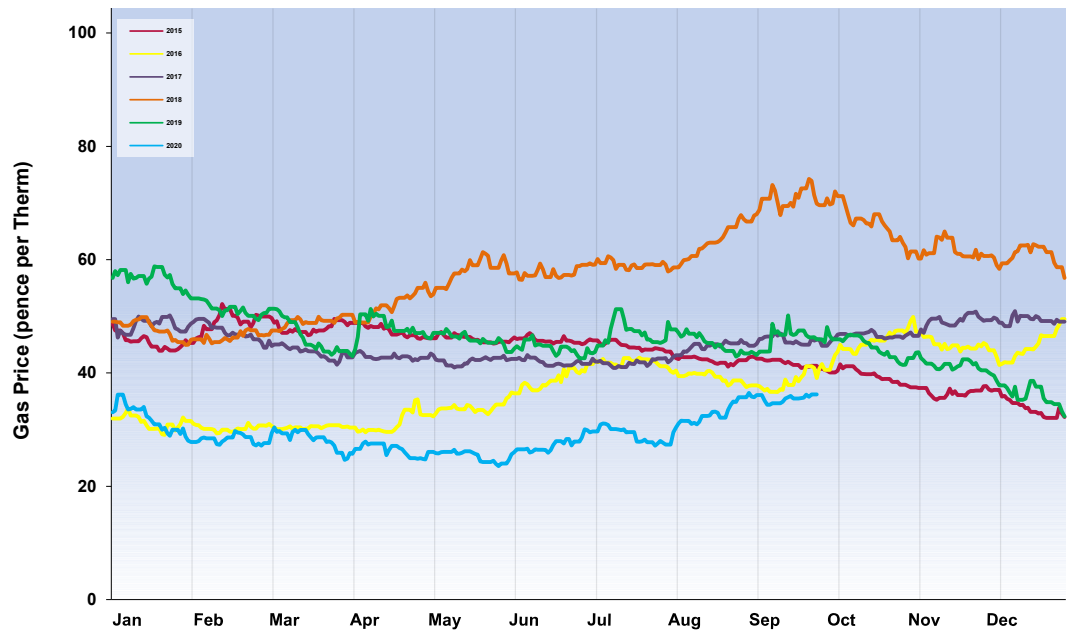
Wholesale costs have been influenced by both international and national factors. Manufacturing in China has once again begun to increase, despite continued concerns over the worldwide effects of Covid-19. This has upped the demand for LNG deliveries, a resource that the UK and many other countries rely on to bolster

indigenous stocks.

North Sea Gas field maintenance will also impact on the short-term market as operators try to “squeeze in” essential maintenance in the brief lull between summer demand decreasing and winter demand increasing. This month has also seen a number of unscheduled outages which has put pressure on prices.

Conversely, a sharp reduction in exports from the UK, along with an increase in LNG storage releases to the UK grid, has helped to shore up supplies.

Historic NBP Gas Graph



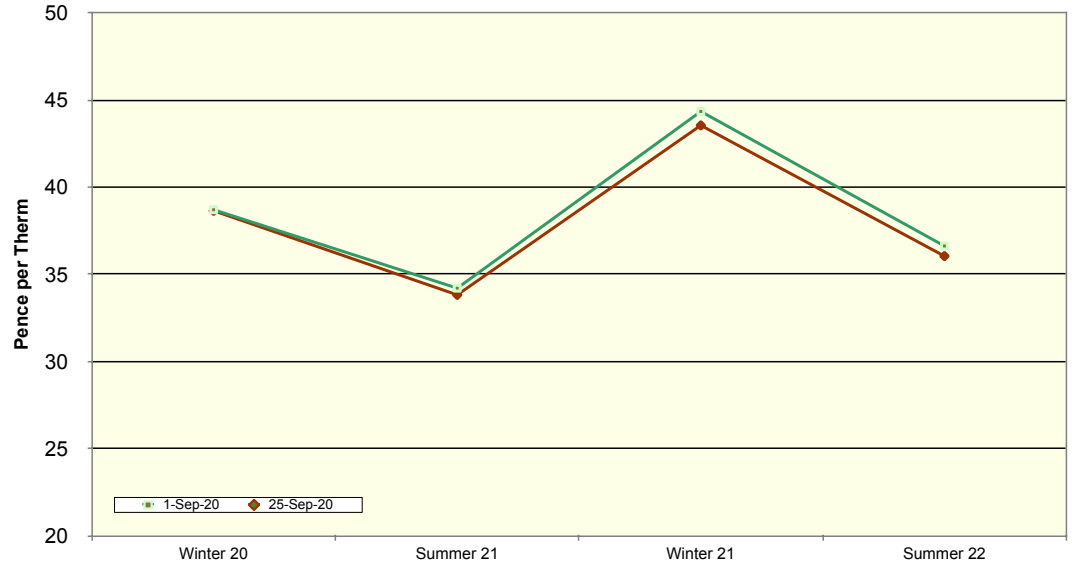
**GAS
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NBP Gas Prices

	Trading date		
	1-Sep-20	25-Sep-20	Increase
Winter 20	38.71	38.65	-0.06
Summer 21	34.21	33.83	-0.39
Winter 21	44.35	43.55	-0.80
Summer 22	36.63	36.05	-0.58

Forward NBP Gas Curve



**ELECTRICITY
REVIEW**



Electricity News

Long term pain

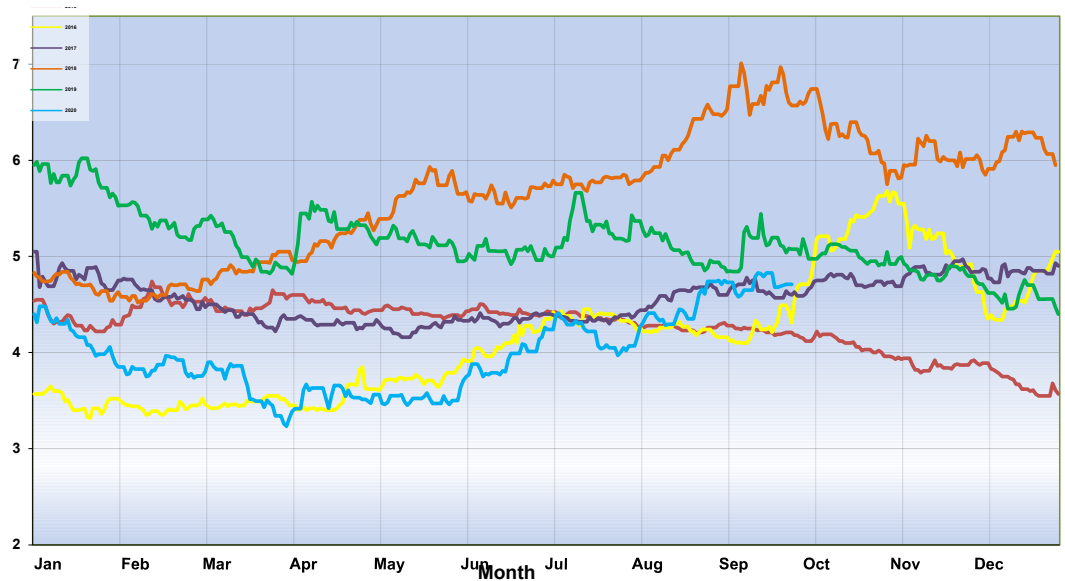
It's not been all one-way traffic this month in terms of power prices, but the Bulls have certainly been in the ascendency for the most of it. Wholesale costs have continued to rise, albeit taking a short respite in week two of September and towards the end of the month.

The UK's increasing reliance on renewables once again is reflected in market pricing, with much of this volatility being blamed on availability and output from the UK's impressive portfolio of wind generation. While it is clear that wind generation plays a huge role in keeping the country's "lights on", it is still not the definitive solution and traditional generation methods such as fossil fuel burning are still very much required. A lot of people still subscribe to the theory that using less electricity in the first place is the only true way to cut CO2 emissions. After all, the cheapest unit of electricity is the one you never use.

The longer term market was dealt some heavy blows this month, most of them relating to the UK Nuclear industry. EDF confirmed it will be closing the Hunterston B nuclear power station in Ayrshire by January 2022, which is at least 18 to 24 months earlier than expected as the site is licensed to continue operations until 2023. EDF also confirmed its plan to extend planned outages at all of its reactors between 2021-2023.

The bad news did not stop with EDF. Hitachi confirmed that it has pulled out of two projects to construct Nuclear Power stations in Anglesey and Gloucestershire. Both projects have been hold since before lockdown as investors tried to seek additional funding from the UK government. The curse of Covid-19 appears to have been the final straw for the investment team and Hitachi have now pulled the plug. The Anglesey site alone was set to provide up 6% of the UK's generation capacity at almost zero CO2 emissions.

Undelivered Wholesale Electricity Rates



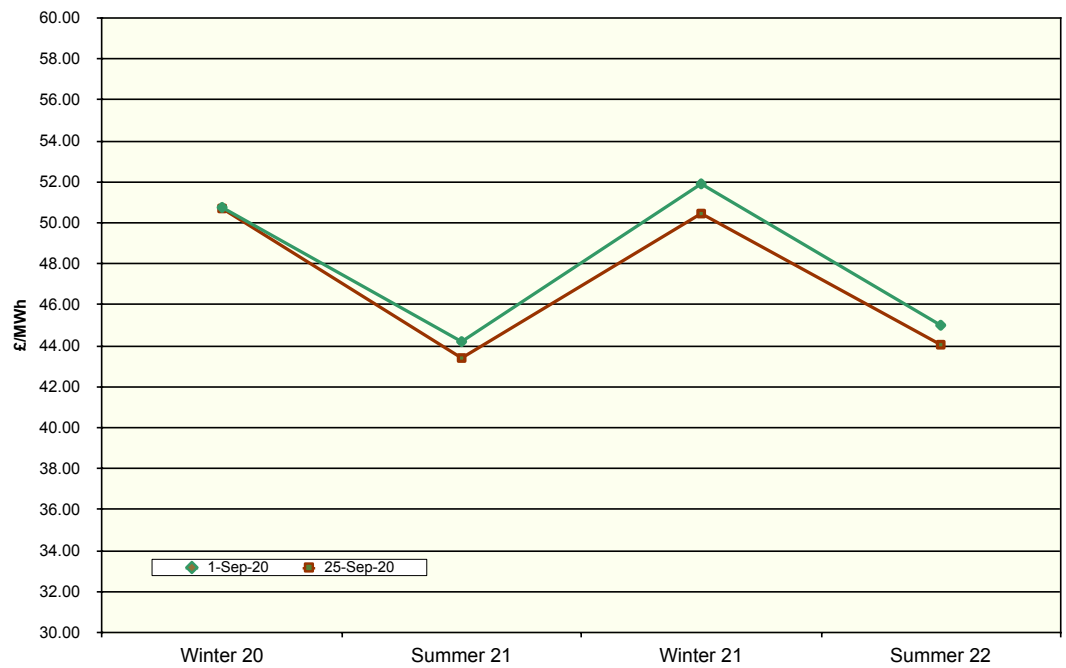
**ELECTRICITY
REVIEW**



OTC Power Price Assessments £/MWh

	Trading date		
	1-Sep-20	25-Sep-20	Increase
Winter 20	50.75	50.70	-0.05
Summer 21	44.20	43.40	-0.80
Winter 21	51.90	50.45	-1.45
Summer 22	45.00	44.05	-0.95

OTC Electricity Forward Price Curve



OIL REVIEW



Peaks and troughs

Brent Crude Oil prices have been undergoing a rollercoaster ride through September. The first week of the month saw the price of a barrel cut by US\$5 as demand remained low and worldwide production continued unabated.

Mother nature intervened though, mid-month, in the form of Hurricane Sally in the Gulf of Mexico. Production and refining facilities in the Gulf and along the coastline ground to a halt as the Hurricane passed through, but thankfully only limited damage and disruption was caused. Prices did recover with US\$3 added to the price of

a barrel as the region remained offline for a number of days. As operations once again resumed, prices slipped back by a dollar-and-a-quarter to circa US\$41.65

While Covid-19 is still very much in its early throes in much of the Americas, in much of Europe, Asia and Australasia the second wave appears to be taking place with the reported cases rising rapidly.

Global demand for oil looks set to remain suppressed for the foreseeable future with some analysts indicating that there will be a year-on-year drop of around 70% when comparing 2020 to 2019.

MARKET FOCUS

Different shades of green

Choosing a green energy tariff is a valuable step towards making your business more sustainable.

Renewable energy Purchase Power Agreements (PPAs) are becoming increasingly popular as the corporate world acknowledges the role it can play in helping the UK to meet its carbon-zero targets.

However, some of the green tariffs on the market – and there is plenty of choice – are greener than others in terms of how much they directly support investment in the UK renewables industry.

A third of domestic customers surveyed by Which, for example, believe that if an energy tariff is marked 'green' or 'renewable' then they expect to get 100% renewable electricity into their homes.

Rest assured, all supplied contracts issued under Energy Management's Green Energy Framework will be accompanied by



a Renewable Energy Guarantee of Origin (REGO) certificate which lays out the source of the energy in black and white.

The REGO scheme provides transparency to consumers about the proportion of electricity that suppliers source from renewable generation. All EU Member States are required to have such a scheme.

[Read more about our Green Energy Framework](#)