



Market Intelligence

September/October 2019



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**GAS
REVIEW**



Gas News

Dutch resolve shaken, while winter draws in

Gas prices have been unstable throughout September and October with issues in several European countries contributing to some bullishness. Extraction related earthquakes forced the Dutch economy ministry to cut the output cap at the Groningen field by 38% next gas year and announce that the site will be fully closed in 2022, eight years ahead of the previously announced date. The Groningen field was once Europe's biggest producing gas field.

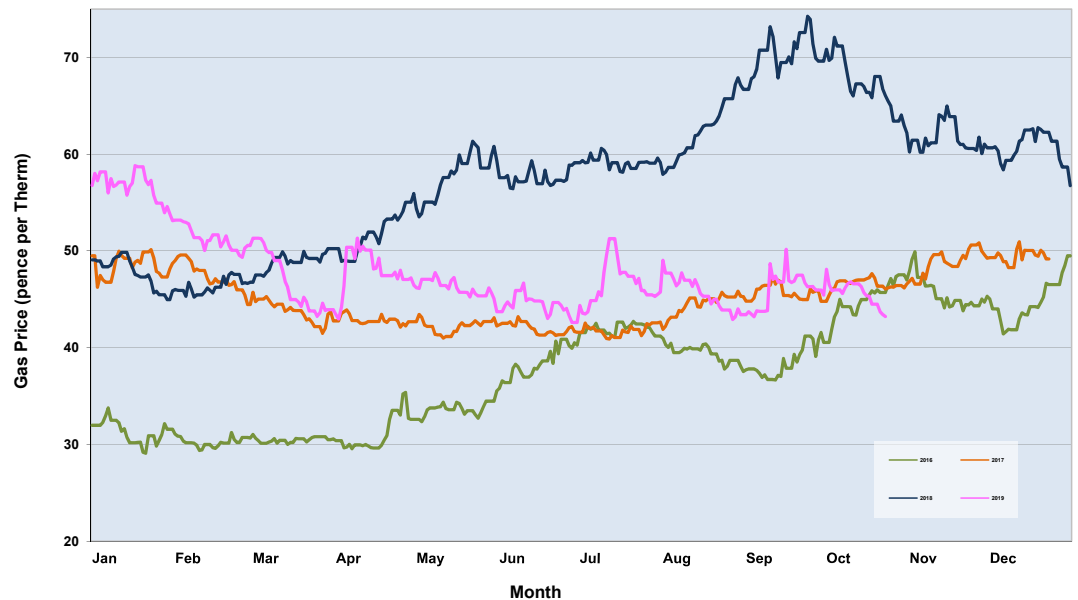
The European Court of Justice ruled that Russian flows through the Opal pipeline in Germany should be halved after Poland claimed it's threatening their supply

security. Reported issues at several French nuclear plants with weld components sparked fears of potential shutdowns.

With weather forecasts predicting colder conditions, winter supply fears may begin to creep into the equation. The colder, darker weather encourages people to stay indoors and turn on their central heating and lights.

Records have been broken in absolute terms for European Gas Storage site fullness. Storage sites are currently sitting at around 97% fullness, which is a 14% increase on this time last year.

Historic NBP Gas Graph



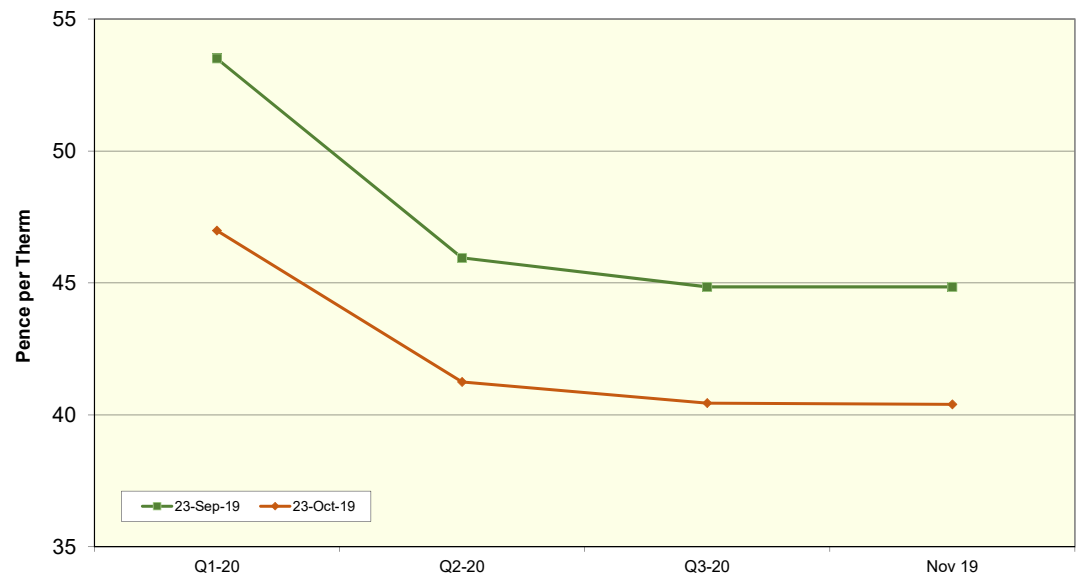
**GAS
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NBP Gas Prices

	Trading date		
	23-Sep-19	23-Oct-19	Increase
Q1-20	53.50	46.98	-6.52
Q2-20	45.95	41.25	-4.70
Q3-20	44.85	40.45	-4.40
Nov 19	44.85	40.40	-4.45
Dec 19	50.85	44.2	-6.65

Forward NBP Gas Curve



**ELECTRICITY
REVIEW**



Electricity News

Nuclear fault lines and green surge

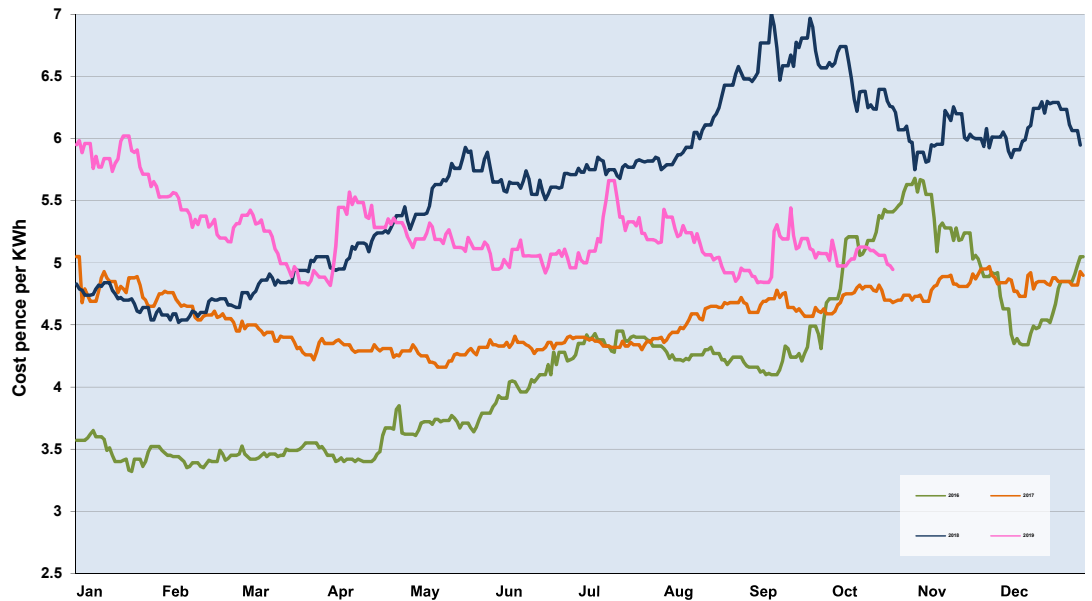
The bullish oil and gas markets were a key driver in the uplift of UK power prices throughout September. Power prices rocketed following an announcement by EDF stating it had learnt of some potentially below-standard components being supplied to some of its power stations. This set alight fears of a repeat of the French nuclear safety crisis of 2016 which saw a third of France's power stations forced into shutdowns and resulting in month-ahead prices quadrupling. If the level of repairs require the power stations to be shutdown, then it

would result in winter supply fears growing.

The third quarter of 2019 saw renewable energy sources provide more electricity to UK homes and businesses than the combined output from power stations fired by coal, oil and gas. It is the first time that this has been achieved since the UK's first power plant fired up in 1882.

A recent study carried out by the UN has found that global investment in renewable energy (excluding large hydropower plants) this decade is set to hit \$2.6 trillion by the end of 2019. This is more than three times the amount of the previous decades.

Undelivered Wholesale Electricity Rates



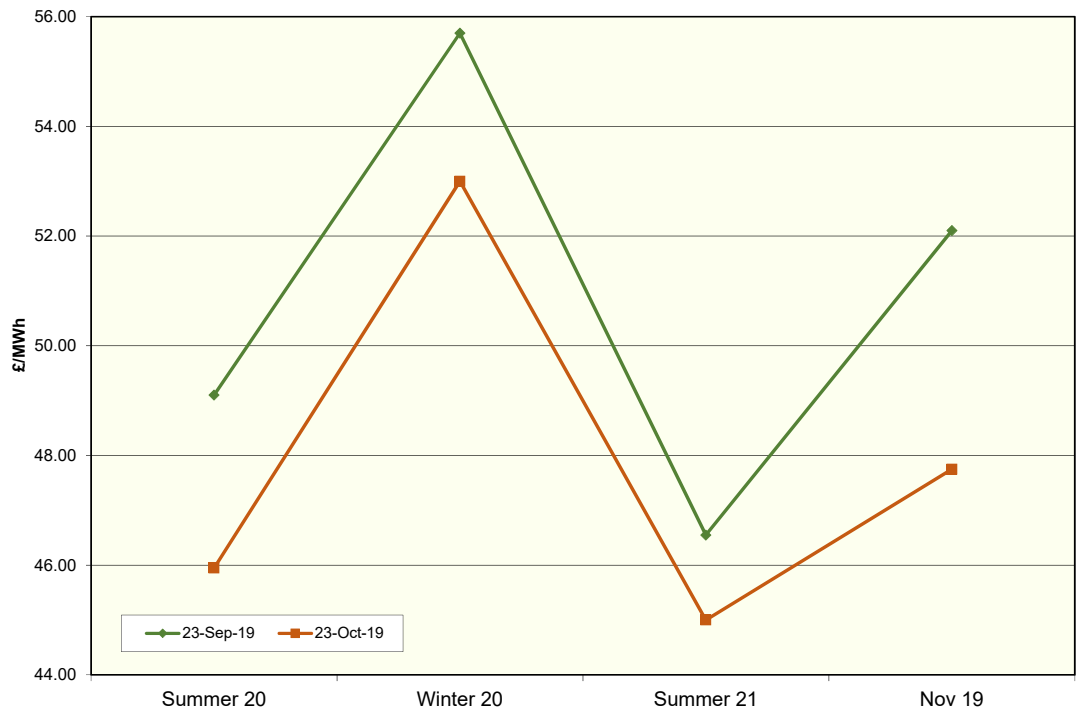
**ELECTRICITY
REVIEW**



OTC Power Price Assessments £/MWh

	Trading date		Increase
	23-Sep-19	23-Oct-19	
Summer 20	49.10	45.95	-3.15
Winter 20	55.70	53.00	-2.70
Summer 21	46.55	45.00	-1.55
Nov 19	52.10	47.75	-4.35

OTC Electricity Forward Price Curve



OIL REVIEW



Drone attacks and maritime missile strikes

Oil prices soared in mid-September after drone attacks on Saudi facilities. As a result, the Brent benchmark saw its biggest jump in roughly 30 years. The attacks managed to take out 5% of global supply, with prices only falling back after President Trump vowed to release US reserves. Facilities affected by the attacks account for approximately 50% of Saudi Arabia's oil output, which is the equivalent of 5% of daily global oil production. The attacks caused the biggest disruption to one day output (5.7 million barrels lost per day) since the Iranian revolution in 1978.

Early October saw an Iranian-owned oil tanker come under attack in the Red Sea, just off the coast of Saudi Arabia. Two explosions were caused by the tanker being struck twice, most likely by missiles. The attacks pushed prices up by \$2/barrel. However the long-lasting impact of the attacks on the market was dampened by the near 8% cut in oil demand forecasts

for next year from the International Energy Agency.

A British-flagged oil tanker (Stena Impero) has finally left Iran after being seized for allegedly breaking maritime rules. The tanker was seized by Iran's Islamic Revolution Guard Corps, they accused the ship of colliding with a fishing boat and failing to respond to calls. However, the ship's owner said there was no evidence to support this claim. The Stena Impero is now set for Dubai, where the crew will be debriefed and receive medical checks.

A large oil spill, spanning over 932 miles, has impacted a number of popular beaches along Brazil's north-eastern coast. No evidence has been found to suggest that any fish or shellfish has been contaminated but at least six sea turtles and a seabird have been found dead. Despite not being involved in the oil spill, Petrobras said it would deploy around 100 employees in the clean-up operation.



IN BRIEF



Motoring on

September has further supported the snowballing growth of Electric Vehicles (EVs). The Labour Party announced a policy that promises £60bn in interest free loans for electric cars, whilst further afield we have heard strong rumours of a 60% electric car commitment by China, as well as a doubling in EV sales figures in Australia. Following this, you may be asking yourself how can I get involved with the global

EV revolution? Energy Management are specialists in providing the [infrastructure upgrades](#) needed to accommodate the installation of EV charge points across your business. For more information on the infrastructure needed to accommodate such changes, get in touch with a member of the team on 01225-867722 or email sales@energymanagementltd.com.