



Market Intelligence

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GAS REVIEW



Gas News

Reduced demand

Six months ago fears that system levels would be dangerously low this winter thankfully proved unfounded, and they remained healthy throughout. The rapid switch from January's big freeze to warmer, windier and sunnier conditions also tempted the bears from winter hibernation, reducing demand on the UK gas network below the seasonal norm – in stark contrast to a year ago when demand was reported to be more than 40% above the seasonal norm. The story out of mainland Europe is also positive with European gas storage currently sitting at 47% fullness, an 8% increase on the same time last year.

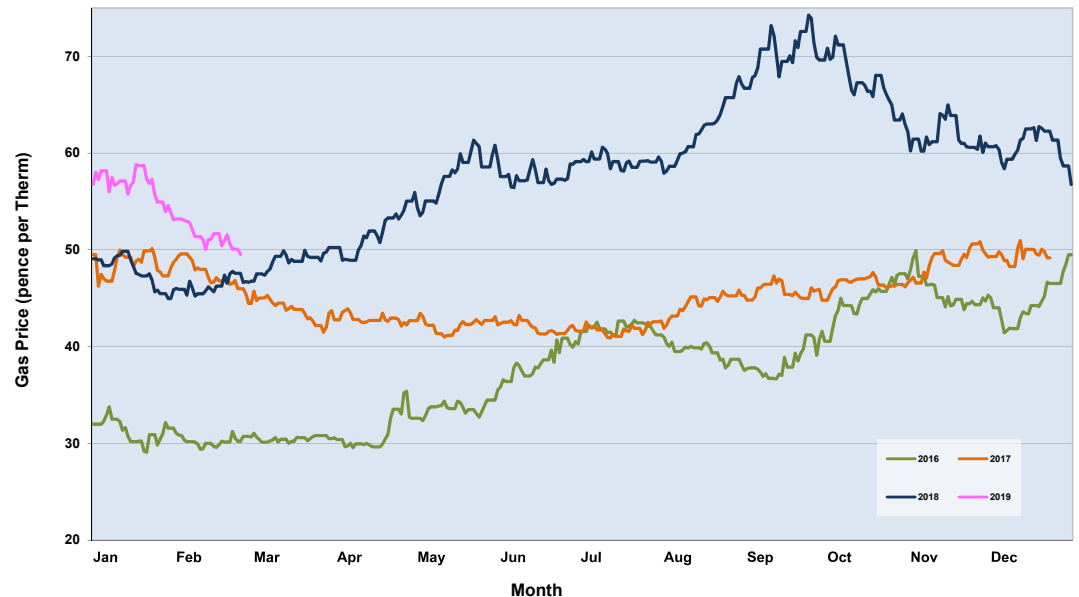
The continuation of strong LNG imports has been a contributory factor to the general softening in the market; however



the UK should not rest its laurels as summer deliveries could be disrupted due to the threat of several Australian plants announcing plans for major maintenance work over the summer of 2019.

Bizarrely, February's end saw record-breaking temperatures with the mercury hitting in excess of 20 degrees Celsius, and this corresponded with one of few pricing rallies seen during the month.

Historic NBP Gas Graph



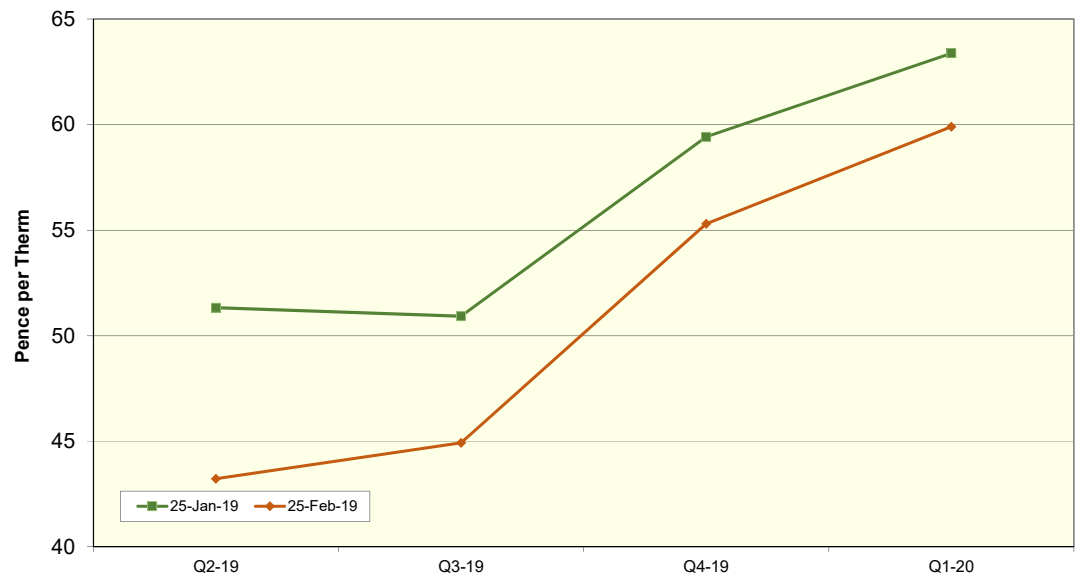
**GAS
REVIEW**



NBP Gas Prices

	Trading date		
	25-Jan-19	25-Feb-19	Increase
Q2-19	51.33	43.23	-8.10
Q3-19	50.93	44.93	-6.00
Q4-19	59.43	55.30	-4.13
Q1-20	63.38	59.90	-3.48
Day-Ahead	55.10	43.73	-11.38
Gas Year 19	55.46	52.26	-3.20

Forward NBP Gas Curve



**ELECTRICITY
REVIEW**



Electricity News

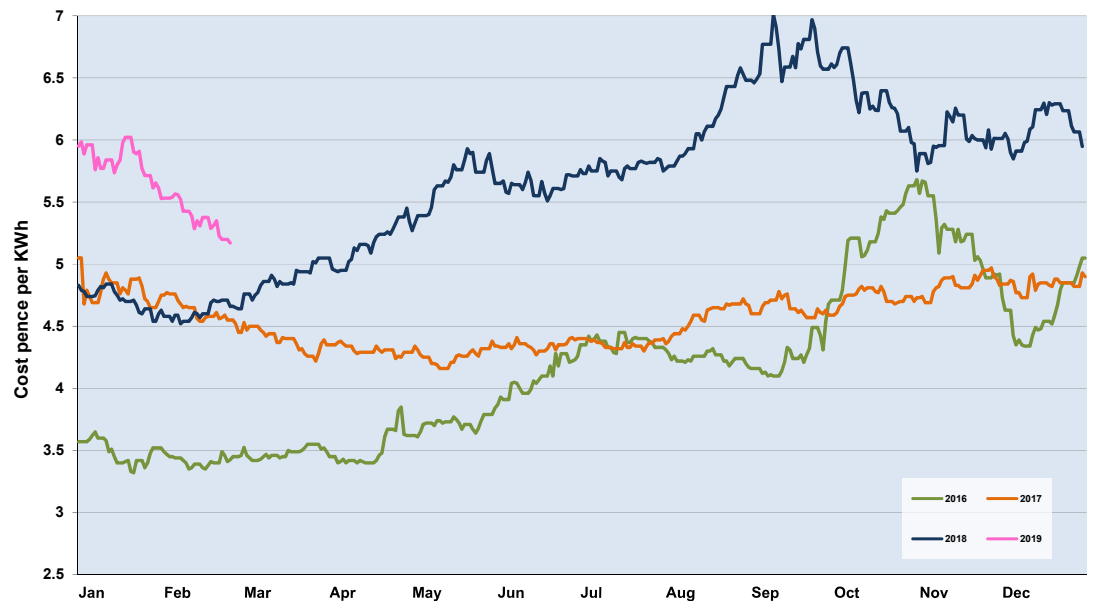
Hard lines

Unpredictable weather conditions have increased renewable generation output and reduced demand on fossil fuel-fired generation at various points along the way. Couple this to an overall reduction in system demand and wholesale prices continued to ease.

Instability in the EUA market has also provided some steer on power prices as the threat of a hard Brexit leaves many of the UK's EU Emissions Trading System (EU ETS) participants unsure how their current holding will be treated post

March 29th. Fears that allowances held in UK-registered accounts will become untradeable following a hard Brexit have resulted in some traders fearing that excess allowances will simply be dumped on the market in the final weeks of this most critical of months. As the UK is the second largest emitter of greenhouse gases in Europe – and its utilities and industries are among the largest buyers of permits in the trading scheme – any such action would have a very heavy impact on prices for the rest of Europe.

Undelivered Wholesale Electricity Rates



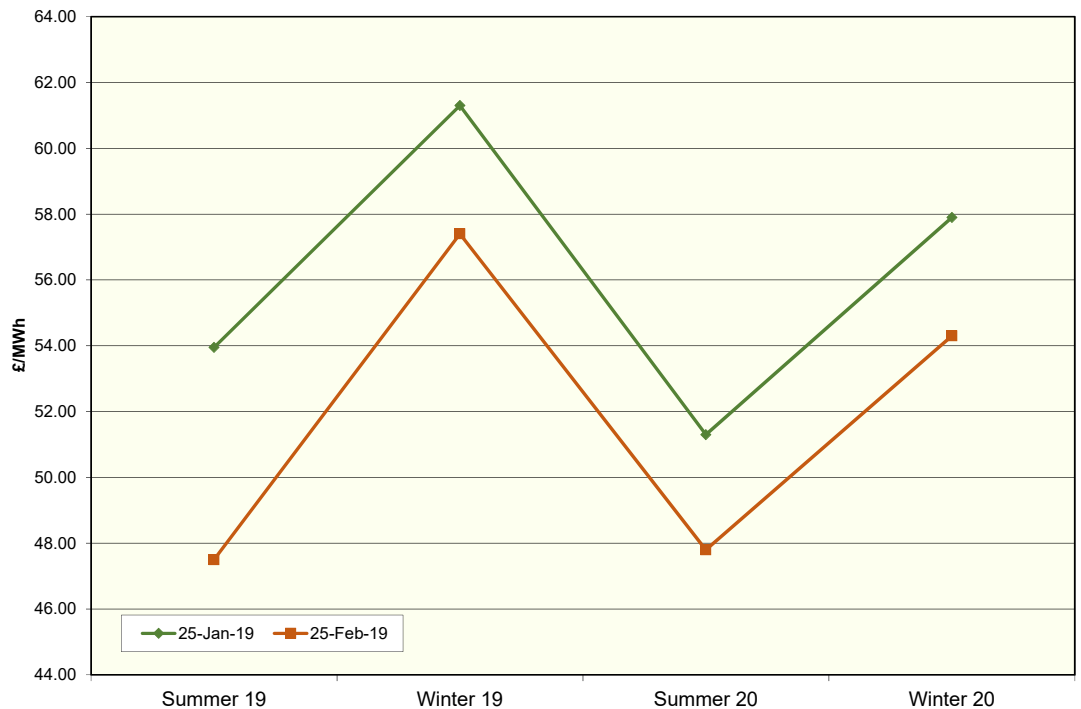
**ELECTRICITY
REVIEW**



OTC Power Price Assessments £/MWh

	Trading date		Increase
	25-Jan-19	25-Feb-19	
Summer 19	53.95	47.50	-6.45
Winter 19	61.30	57.40	-3.90
Summer 20	51.30	47.80	-3.50
Winter 20	57.90	54.30	-3.60
Day-Ahead	59.40	47.25	-12.15

OTC Electricity Forward Price Curve



OIL REVIEW



Atlantic drift

Oil prices began to creep higher towards the end of January as Saudi Arabia indicated it is going to increase output cuts. The US sanctions imposed on Venezuela, which slowed their exports, also contributed to the price jump. Oil prices were affected by the constant threat of US-China trade talks possibly resulting in a trade war. The US also became the UK's biggest importer of oil in January. This is

the first time the US has achieved this for a monthly period since 1956, supplying roughly one in four barrels of oil processed in UK refineries.

The power of a Donald Trump tweet was demonstrated in late February. Oil prices dipped on the back of his tweet saying, "Oil prices getting too high. OPEC, please relax and take it easy."

MARKET INFORMATION



The shadow of Brexit

While the weather has dominated short-term pricing, long-term concerns on the robustness of the global economy have been the dominant driver. Initial reports indicate that the US, European and Asian economies will all see slowdowns.

The ongoing tussle between US and China seems far from over despite a current cessation in hostilities. The tax cuts introduced by President Trump are now waning and interest rate hikes are on the horizon. Europe has to deal with the fallout of Brexit: Will it be hard, will it be

soft, will it even happen? The top Asian markets remain impacted by trade wars and decreasing demand in the technology sector.

Predicting where markets will go next is a tough call. The uncertainty of Brexit casts a dark shadow over the financial and associated energy market. If Theresa May does not get her proposal agreed across a very hostile house, then next month's bulletin may be reporting considerable changes.



LOOKING
FORWARD



Time to spring into action

March not only marks the first month of spring, it also brings a raft of changes to the UK energy market. As of April 1st Streamlined Energy & Carbon Reporting (SECR) is due to commence, with the aim of simplifying carbon and energy reporting. The changes to current methods of reporting are going to be brought into alignment with the government's new Clean Growth Strategy, which targets a

“ The changes to current methods of reporting are going to be brought into alignment with the government's new Clean Growth Strategy ”

20% improvement in business and industry energy productivity by 2030. Customers

who fulfil the [criteria](#) will be required to comply. Also, the ESOS deadline is another month closer, and the compliance criteria for this can be found [here](#).

For more information on how we can

ensure your SECR and ESOS compliance, get in touch with our team now on 01225 867722.