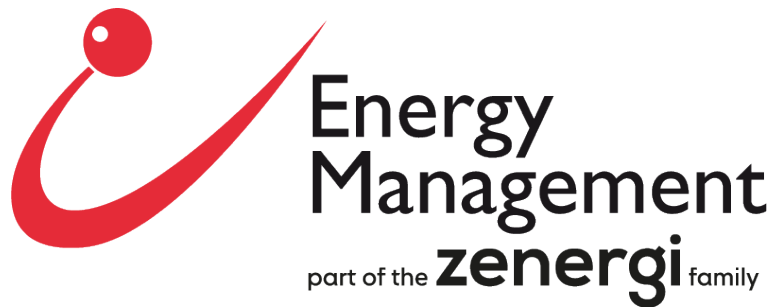


# Market Intelligence

## January 2022

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## GAS REVIEW



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## Gas Review

The tension between Russia and Ukraine is likely to have significant consequences for the UK and the rest of Europe in terms of gas supply, as severe market volatility and price spikes continued towards the end of January. UK annual gas demand currently stands at 74 billion cubic metres, with 47% of this demand met domestically, 22% from LNG imports and 31% from European imports (via Norway, Netherlands, and Belgium).

A halt in gas flow from Ukraine would impact nations like Germany which source over 40% of their gas from Russia. Sweden and Finland source an even higher percentage, while Norway is at its limit in terms of the amount of gas it can export.

This means there would be less surplus supply in mainland Europe, ultimately resulting in reduced exports to the UK, therefore, the difference would have to be made up domestically, or by additional LNG deliveries. This possible supply crisis is expected to result in a surge in prices, with consumers already expecting a large increase from April when the energy price cap will be lifted by Ofgem.



## ELECTRICITY REVIEW



### Electricity Review

Electricity prices are likely to mirror gas prices, with gas-fired power generation still vital to the energy mix, especially on days when renewable energy production is not sufficient.

Both domestic and commercial consumers should prepare for prices to soar even further in the coming months, as the geopolitical situation involving Russia, the lifting of the UK energy price cap and economic uncertainty caused by the Omicron variant has all combined to create an extremely bullish outlook.

Meanwhile, expectations of a prolonged winter is another factor which has added to the current situation.



## OIL REVIEW



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## Oil Review

Oil prices have already increased by 10% in 2022, rising to around \$85/b, with analysts predicting that prices could climb above the \$100/b level for the first time in eight years.

However, there is one country that could have a major say on whether prices reach triple digits... Iran. Iran has re-opened negotiations in regard to its nuclear power programme which was blocked by sanctions imposed by the West. Talks are currently taking place in Vienna between Iranian officials and China, Russia, the EU, the UK, and other major economic nations, with a direct negotiation with the US rumoured to be in the pipeline.

The sanctions are in place to prevent Iran from developing nuclear weapons – in order to do this Uranium would need to be enriched to 90% to achieve ‘weapons-grade’ levels.

Instead, Iran is requesting to increase Uranium levels to above 60%, if approved, the country may be able to increase Crude oil exports to help balance the global oil market.



## MARKET INFO



### Market Info

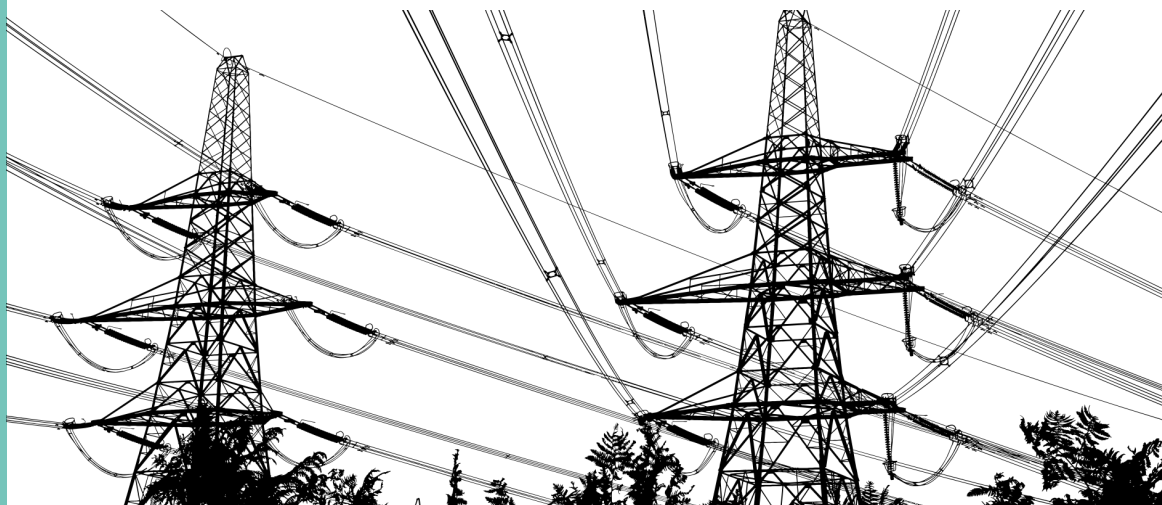
Economic confidence is at its lowest point since the winter lockdown imposed by the Government one year ago.

This pessimism has been further fuelled by Ofgem's decision to lift the energy price cap in April 2022 which is expected to result in a sharp rise in wholesale prices from the 1st of April.

The likely consequence of this is that the annual energy bill for each household in the UK will rise by hundreds of Pounds, at a time when inflation is already pushing up the costs of things like food, broadband and TV subscriptions, while Council Tax is also open to a 2% increase.

The current price cap is set at £1,277, but this could rise to almost £2,000 in April.

This extra financial strain on the general public and businesses will doubt be felt in almost every sector and organisations of all types are advised to budget accordingly.



## Energy Matters – TP5



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## Carbon net-zero – 5 handy tips

With climate change hot on the agenda and businesses becoming increasingly aware of their social and environmental responsibilities, net-zero status is a goal that many employers are working towards in 2022.

Being net-zero means the amount of greenhouse gas emissions produced through your business and related supply chain are not greater than those taken away from the earth's atmosphere.

On the face of it, this may seem daunting, but it does not always need a large decarbonisation budget to make significant inroads into your carbon footprint. Businesses large and small can take some simple steps towards a greener future.

### Here's how ...

#### 1) Green energy procurement

Business energy suppliers will offer [green energy tariffs](#) where either some or all of the energy supplied to your business will be generated from renewable sources as opposed to fossil fuel or other carbon-heavy sources.

Energy Management's consultants can advise you on which packages best suit your needs.

#### 2) Energy efficiency

Nearly a half of all business energy consumption happens outside of normal working hours.

Equipment that is left on standby or not turned off at all still uses energy, so it is important to ensure your staff follow guidelines that encourage them to get into the habit of shutting down equipment properly.

## Energy Matters

### - TP5



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Smart heating controls and LED lighting are also two obvious and affordable energy efficiency measures that can be implemented to help reduce unwanted energy consumption.

### **3) Set up a 'green team'**

Establishing a net-zero culture is key to getting everyone on board and bringing about behavioural change. Consider appointing a member of staff to lead this initiative and make sure standards are upheld.

### **4) EV charging point installations**

The more access staff have to EV charging points the more likely they are to use this mode of transport for their daily commute. With the sale of new petrol and diesel cars being banned in the UK from 2030, the need will only get greater.

### **5) Remote working**

In energy-intensive heavy industries especially, working from home may not be an option. But emissions brought about by business travel can be reduced through the use of virtual meetings rather than face-to-face meetings, where transport is needed to enable people to attend. Think carefully about whether an in-person meeting hundreds or even thousands of miles away is really necessary before booking it into the diary. While online meeting platforms such as Zoom and Teams have their shortcomings, if meetings are led properly they can be just as productive if not more than those conducted in a single office space.