



# Market Intelligence

## November 2021

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## GAS REVIEW



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## Gas Review

The UK has seen a flurry of LNG deliveries this month and last, with around 15 docking on British shores during November, a stark contrast to a few months ago when the nation was lucky to welcome a single cargo.

LNG deliveries to Europe have also increased, with 33 shipments this month, up from 28 during October. However, storage levels in Europe continue to deplete, falling to just above 70% at the time of writing, with the current rate of depletion expected to continue throughout Winter. Meanwhile, UK storage levels stand at 100%, helped by a relatively mild month and the recent influx of LNG supply.

Prices have found some support towards the end of the month due to an unexpected disruption to Norwegian flows into the UK, while gas flows from Russia into Europe have been somewhat unreliable.



## ELECTRICITY REVIEW



### Electricity Review

The proposed energy price cap by Ofgem was a key talking point throughout November, with the regulator expected to comply with calls from suppliers to adjust the mechanism.

Over 20 suppliers have been forced to cease trading since August, following the surge in prices, with Scottish Power leading the calls for regulatory changes. Ofgem announced that amendments are forthcoming but they are unlikely to be implemented before February 2022, meaning the current volatility is expected to continue over the winter period.

The changes could see wholesale price elements adjusted to limit costs and the overall risk for suppliers, with charges expected to be passed onto the consumer.



## OIL REVIEW



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## Oil Review

In an attempt to curb rising oil prices, the US will release 50 million barrels from its Strategic Petroleum Reserve, the largest release in the nation's history, although it could take weeks for the supply to hit the market.

US President, Joe Biden stated that it may take time for the release to have a significant impact on oil prices, but the move will also help reduce reliance on oil production as the World moves towards cleaner energy sources.

As well as the US - China, India, Japan, the Republic of Korea and the United Kingdom will also release oil from their respective reserves.

Brent Crude climbed above \$82/b on the 24th of November, as this news signalled that no deal was reached between the US and OPEC in terms of increasing output.



## MARKET INFO



### Market Info

UK taxpayers are expected to face a bill of £1.7bn to bail out the collapse of Bulb, the country's seventh largest energy supplier. The firm was propped up by the UK treasury so it can continue operations while administrators work to agree the sale of its customer base.

Due to the size of the firm, which was launched in 2015, the government has stepped in to announce a 'special administration' process, unlike the 20 or so smaller suppliers which have gone out of business in recent months.

The UK's current energy crisis is expected to rumble on into 2022 and uncertainty remains in regard to whether more energy suppliers may follow a similar path to Bulb and many other UK suppliers.



## Energy Matters – TP5



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## Scope 3 Standard

In our experience, most businesses are finding it relatively straightforward to calculate their Scope 1 and Scope 2 Greenhouse Gas Emissions (GHG) emissions, but meeting the internationally accepted Scope 3 Standard may be different matter altogether due to the complexity of the process.

Emissions that a company is not directly responsible for but are caused by organisations they interact with in their value chain fall into the Scope 3 category.

Taking a manufacturing firm as an example, there will often be significant carbon emissions from the extraction, manufacture and processing of the raw materials.

Scope 3 emissions may account for as much as 80 percent of a company's carbon footprint so to properly achieve net-zero, it is vital to assess emissions through the entire value chain.

In many cases, a company won't even know the extent or make-up of their value chain emissions, making it tempting to ignore them completely. But addressing them is a critical element of the path for reaching net zero as carbon offsetting is only a small piece of the jigsaw.

If you need further information on how to best meet the Scope 3 Standard, please get in touch with one of our consultants on 01225-867722.