



Market Intelligence

March 2020



Tel: +44 (0) 1225 867722
www.energymanagementltd.com
enquiries@energymanagementltd.com

GAS REVIEW



Gas News

Oversupply issues

The spread of the coronavirus outside of China led to panic selling across global markets in early March. Short-term prices have remained firm throughout the last fortnight, bolstered by colder weather, whilst forward UK gas prices continued to be pushed higher, due to further oil cuts by OPEC+.

The coronavirus and oversupply issues continue to affect the market, although since the first half of February gas prices have rallied. Storage withdrawals in the early part of last month have helped to meet the increase in demand, with onshore UK storage stocks dropping to their lowest level since last April. We have seen Europe-wide gas storage sites remain at historically high levels and are now at 61% fullness

compared to 47% this time last year.

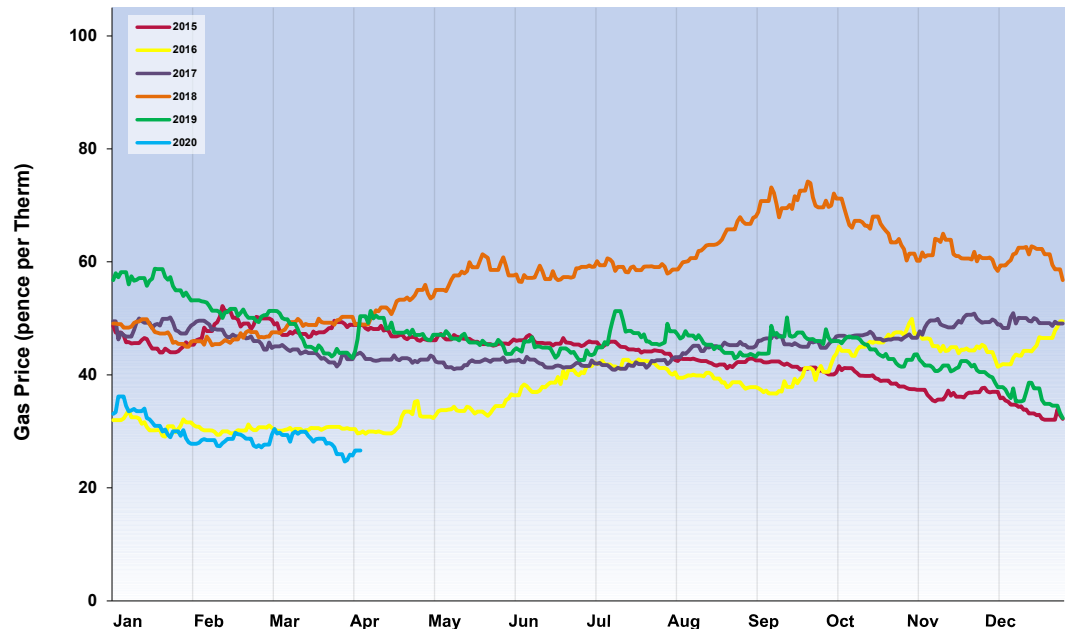
Meanwhile, at the start of the month, Saudi Arabia launched plans for the biggest shale gas development outside of the US.

Mid-March saw UK gas prices shrug off a collapse in the oil and financial markets. Prices then became choppy due to constant weather and outage changes.

Coronavirus lockdown measures have resulted in UK gas prices reaching a series of long term lows across all periods. UK North Sea gas and oil field operators say output has been unaffected despite a 40% reduction in the offshore workforce.

LNG cargo deliveries have helped replenish UK LNG storage sites to 65% fullness in recent days.

Historic NBP Gas Graph



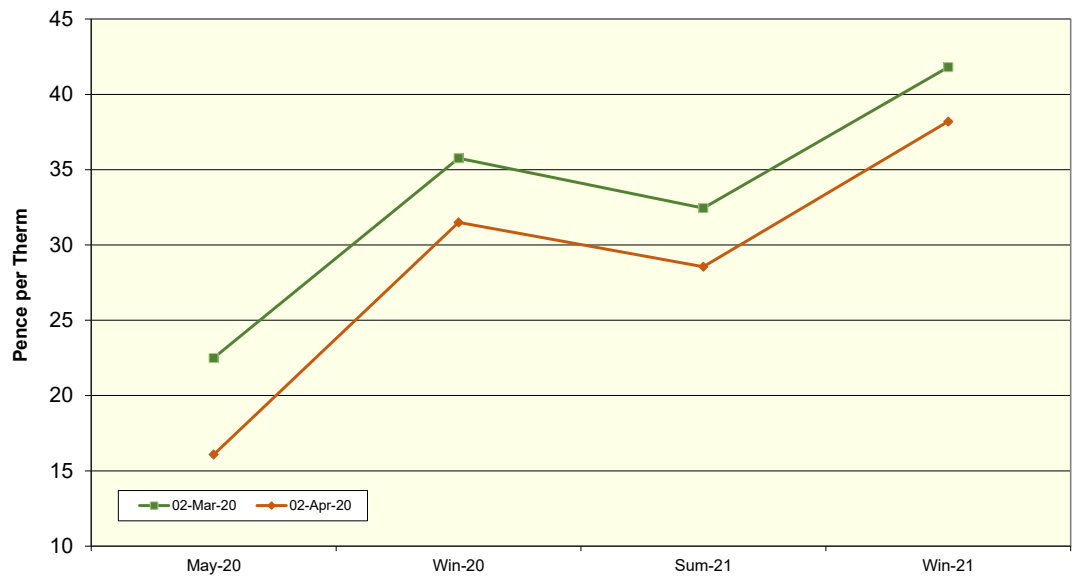
**GAS
REVIEW**



NBP Gas Prices

	Trading date		
	02-Mar-20	02-Apr-20	Increase
May-20	22.50	16.09	-6.41
Win-20	35.75	31.50	-4.25
Sum-21	32.45	28.55	-3.90
Win-21	41.80	38.20	-3.60

Forward NBP Gas Curve



**ELECTRICITY
REVIEW**



Electricity News

Prices hit hard

The uncertainty surrounding the impact of the coronavirus on both global demand and economic growth have caused UK forward power prices to remain unsteady. Prices for April are being hit hardest, due to it being the focus for global lockdowns. Monthahead prices fell by 27% in late March, to its lowest level since 2007.

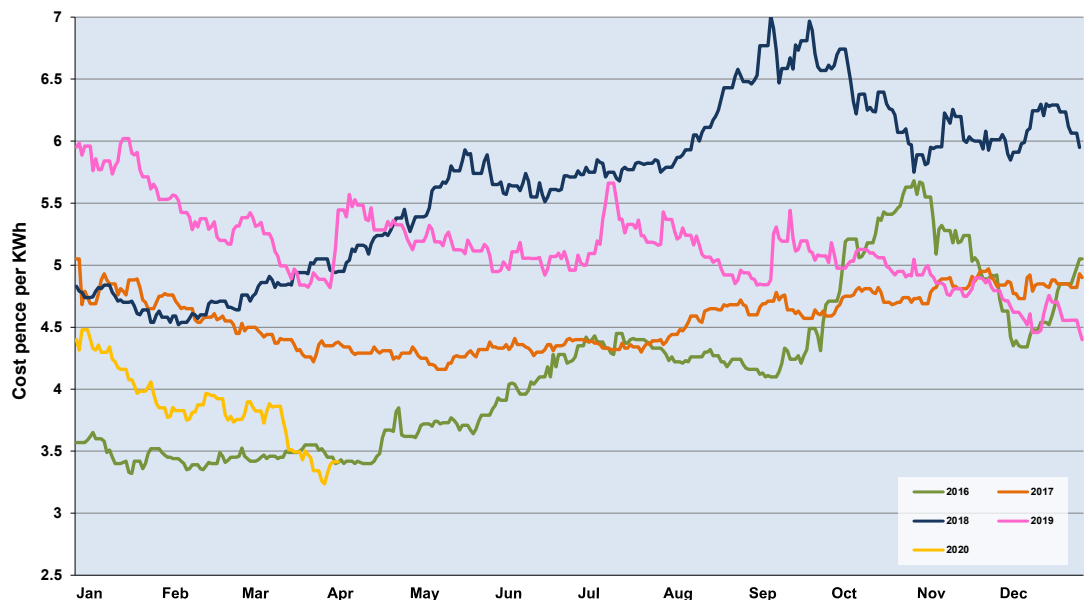
Prices have also been impacted by a drop in wind output, increased temperatures and outages at several power stations. As March progressed, prices continued to remain volatile as coronavirus concerns intensified, with German and French yearahead prices also feeling the effects. There have been new discoveries of microcracks in both

reactors at the Flamanville nuclear plant in Northern France, resulting in the units remaining offline for another six months.

At the beginning of March, a four-year ban on subsidies for UK onshore wind farms was lifted, with projects able to bid in the CFD auctions. This news came as it was confirmed that wind and biomass accounted for a record monthly share of 37.3% of UK electricity output in February, with gas accounting for just 27.5%.

If current coronavirus lockdowns are extended across Europe, prices will continue to be put under pressure in both the short and long term markets.

Undelivered Wholesale Electricity Rates



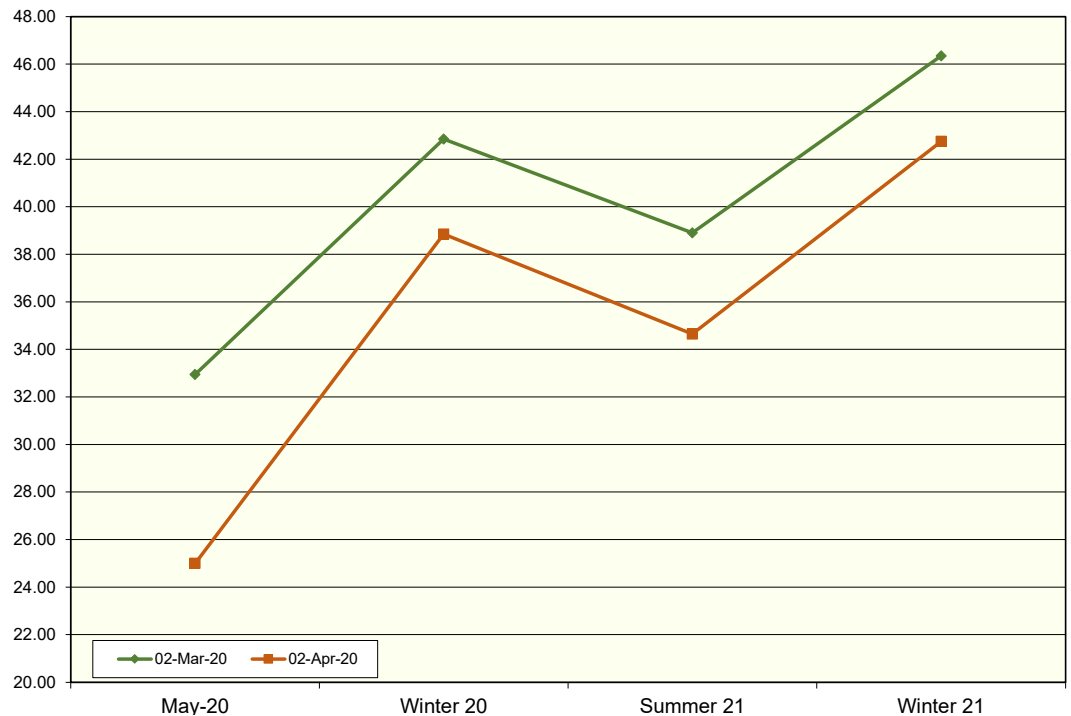
**ELECTRICITY
REVIEW**



OTC Power Price Assessments £/MWh

	Trading date		
	02-Mar-20	02-Apr-20	Increase
May-20	32.95	25.00	-7.95
Winter 20	42.85	38.85	-4.00
Summer 21	38.90	34.65	-4.25
Winter 21	46.35	42.75	-3.60

OTC Electricity Forward Price Curve



OIL REVIEW



Russian intrigue

There was plenty of fluctuation in prices over the Spring period. Early in the month, North Sea and US oil prices continued to have a bullish effect on the market, which was also impacted by speculation that Russia may throw its support behind OPEC+ in a plan to deepen current oil output cuts.

By the middle of the month, oil prices become bearish, as Saudi Arabia launched an oil price war, triggering a dramatic fall in the commodities price. Prices have also continued to be affected by coronavirus fears which will remain a constant for the coming weeks and months.

Oil prices dropped further in late March due to a sudden breakdown in talks

between OPEC and Russia to extend oil production Cuts, eventually plummeting to their lowest level since 2002 at \$22.58 per barrel. New coronavirus lockdown measures could drive global demand down by 20% due to grounded airlines and fewer cars on the roads.

Prices then surged up by more than 20% in early April based on some signs that Saudi Arabia and Russia may end their oil feud. Both countries are expected to cut production in response to the drop in demand from coronavirus shutdowns. A tweet from US President Donald Trump revealed he hopes that both countries “cut supply by 10 million barrels, maybe substantially more”.

ENERGY INDUSTRY NEWS



SECR – are you compliant?

Streamlined Energy & Carbon Reporting (SECR) has now landed, with first reporting due to be published from 1st April 2020. SECR legislation was brought in to help simplify energy and carbon reporting, whilst also aligning the government’s new Clean Growth Strategy, which targets a 20% improvement in business and industry energy productivity by 2030. Compliance is reached by publishing an SECR report alongside your end of year directors report.

Businesses who meet 2 or more of the following criteria will need to comply with SECR

- You have a turnover of £36m or more
 - You have a balance sheet total of £18m or more
 - You have 250 or more employees
- Alternatively, try our free to use SECR checker tool to see whether you are required to comply.

For more information on SECR compliance and on how we can help, contact a member of the team now on 01225 867722 or email sales@energymanagementltd.com

