



Market Intelligence

October 2020



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**GAS
REVIEW**



Gas News

Feeling the heat of Halloween

Gas pricing was far more stable than power pricing as the world began to adjust to 'the new norm' post-Lockdown 2. All that changed across October, however, as the bulls took hold of the market and sparked increases not seen since late August.

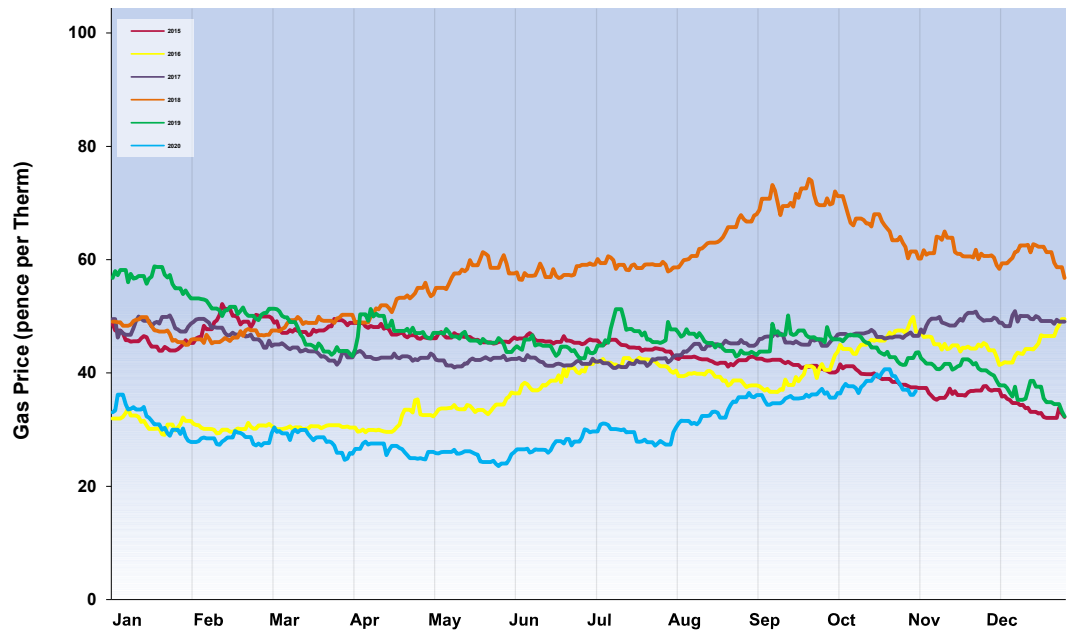
Issues over LNG deliveries, including a fire at the Hammerfest LNG liquefaction plant in Norway in late September, only served to strengthen a rally in prices across Europe. Short-term prices took the biggest hit, but long-term pricing was also subject to the bullish influence.

Dropping temperature across Northern

Europe heralded the return of the heating season, although this was relatively short-lived as warmer, milder air returned with wind and rain as the end of October approached.

The focus is now on the upcoming winter season and what role COVID-19 might play. The final days of October found the bears back in charge as fears that the infection rate was once more advancing uncontrollably across the continent – and a second lockdown was inevitable – were confirmed.

Historic NBP Gas Graph



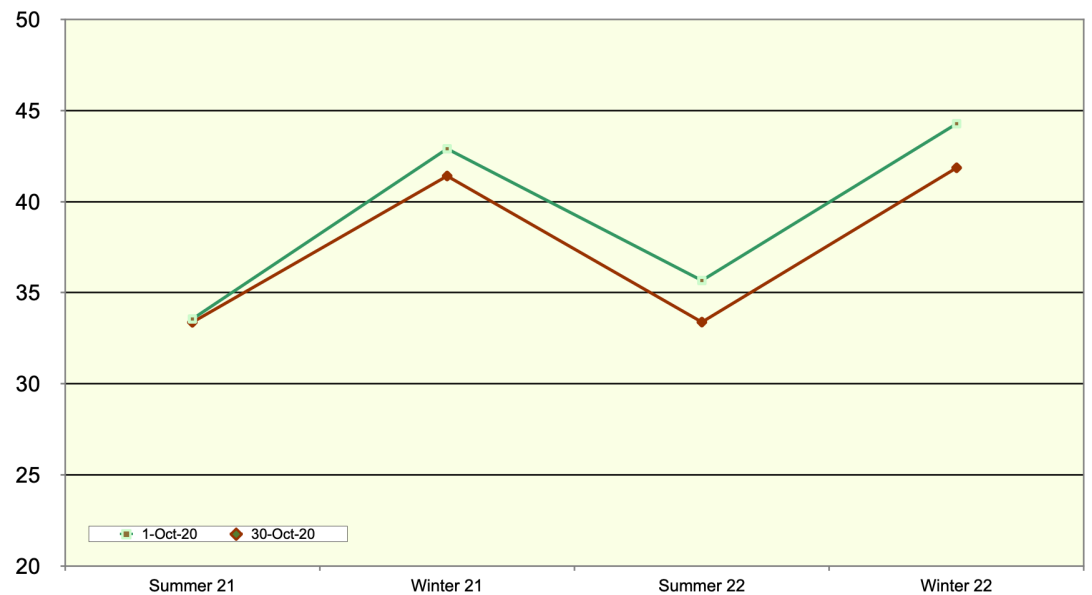
**GAS
REVIEW**



NBP Gas Prices

	Trading date		
	1-Oct-20	30-Oct-20	Increase
Summer 21	33.56	33.38	-0.18
Winter 21	42.89	41.40	-1.49
Summer 22	35.67	33.39	-2.28
Winter 22	44.27	41.85	-2.42

Forward NBP Gas Curve



**ELECTRICITY
REVIEW**



Electricity News

Steady as she blows

Wholesale costs across October have remained similar to those in September with no real advances made over the past four weeks, although there were plenty of short-term runs in either direction to prevent a complete flat-line month. UK short-term prices were the most volatile as seasonal and geopolitical influences dominated the market.

With autumn turning to winter, temperatures generally cooled down, however daytime temperatures did surge into the upper teens at the end of October as a period of unsettled weather brought high winds and a lot of rain as a result of

various storms sweeping in across the UK. Storm Aiden and other such weather systems helped the market out with increased wind generation output and a temporary halt in early heating demand

Meanwhile, market confidence was given a boost when two key nuclear reactors were given the green light to return to operation after maintenance downtime.

Elsewhere, rising infection rates throughout Europe, President Trump's positive coronavirus test, and the impending US election were at the front and centre of the COVID-19 news agenda and contributed to a bearish market.

Undelivered Wholesale Electricity Rates



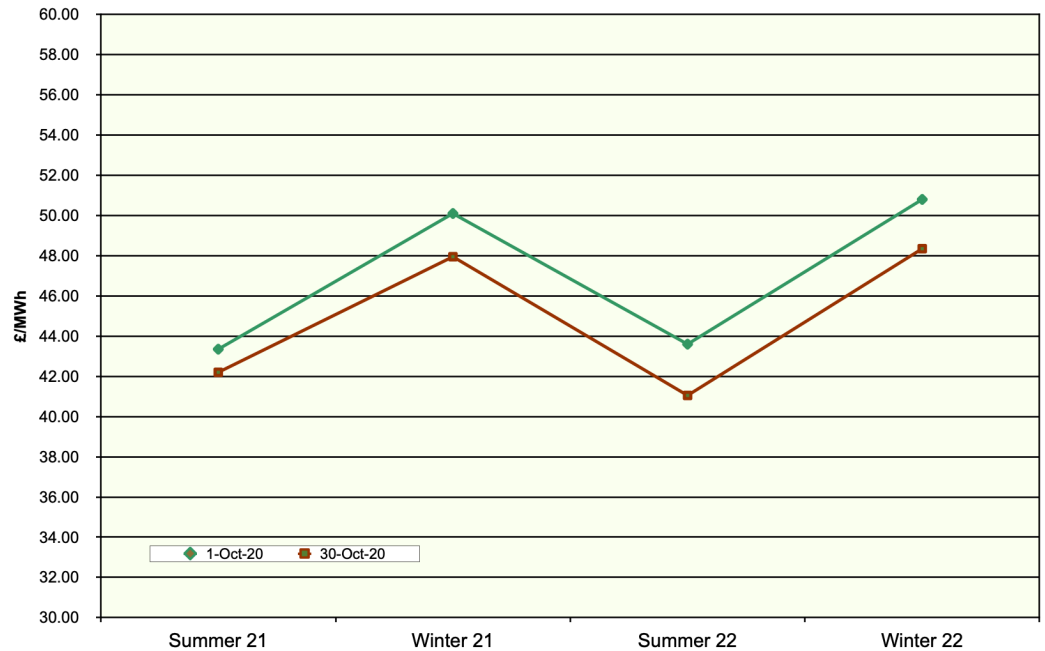
ELECTRICITY REVIEW



OTC Power Price Assessments £/MWh

	Trading date		
	1-Oct-20	30-Oct-20	Increase
Summer 21	43.35	42.20	-1.15
Winter 21	50.10	47.95	-2.15
Summer 22	43.60	41.05	-2.55
Winter 22	50.80	48.35	-2.45

OTC Electricity Forward Price Curve



OIL REVIEW



A Trump hand

Oil prices tumbled in the first three weeks of October, losing just over US\$4 at the peak of the fall.

President Trump's return to duty following his recovery from coronavirus coincided with an oil worker's strike which threatened up to 25% of Norwegian output of oil and gas.

Meanwhile, Hurricane Delta reportedly forced the biggest shutdown of oil and gas infrastructure in the Gulf of Mexico in 15

years and led to an increase in Asian LNG demand.

OPEC continue to influence pricing through output control and inventory levels but two member countries, Iran and Libya, are not subject to quota limits and are ramping up oil exports. Combined with falling US inventories, this is likely to result in prices remaining close to the US\$40 per barrel mark seen in recent months.

MARKET FOCUS

Watch this space

As this *Market Intelligence* bulletin goes to press, some of the potential trigger points for global energy price changes – both negative and positive – are getting close to a measurable outcome and could be reached before the next edition is published.

In line with other major European nations, England has entered into another lockdown in a bid to slowdown the rate of COVID-19 infections. Whilst not as severe as the first lockdown between March and May, large parts of commerce will have to shut for a month, until 2 December and possibly beyond if the restrictions do not have the desired effect.

Industry will remain largely open but the closure of some offices and shops, restaurants, pubs and cafes will undoubtedly lead to a drop in energy demand.

The outcome of the US Presidential election also looks set to drag on for days if not weeks amidst a backdrop of acrimony.

Financial markets don't like uncertainty, and the delay in knowing whether Trump will serve a second term or be succeeded in the White House by Joe Biden, will no doubt spill over into key energy markets such as oil, natural gas and power.

While planning for the future is never easy at the best of times, let alone during the uncertainty of living through a global pandemic, an effective energy procurement



strategy will help mitigate against some of the peaks and troughs

Business energy deals offer a wide procurement window for tendering contracts and are more flexible than those available to domestic users in that they can be fixed from anything up to four years.

Whilst business energy is cheaper per unit of electricity and gas used, it is important to be aware of associated non-energy costs, such as the Climate Change Levy (CCL), when considering which contract to sign.

Non-energy costs are those that are incurred around the purchase and supply of energy rather than the actual unit spend on gas and electricity, and have risen incrementally in the last few years to form a larger percentage of the overall energy bill.

If you would like an informed discussion about the business energy contract that best serves your business needs, please get in touch on 01225-86772.