



Market Intelligence

March 2021



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**GAS
REVIEW**



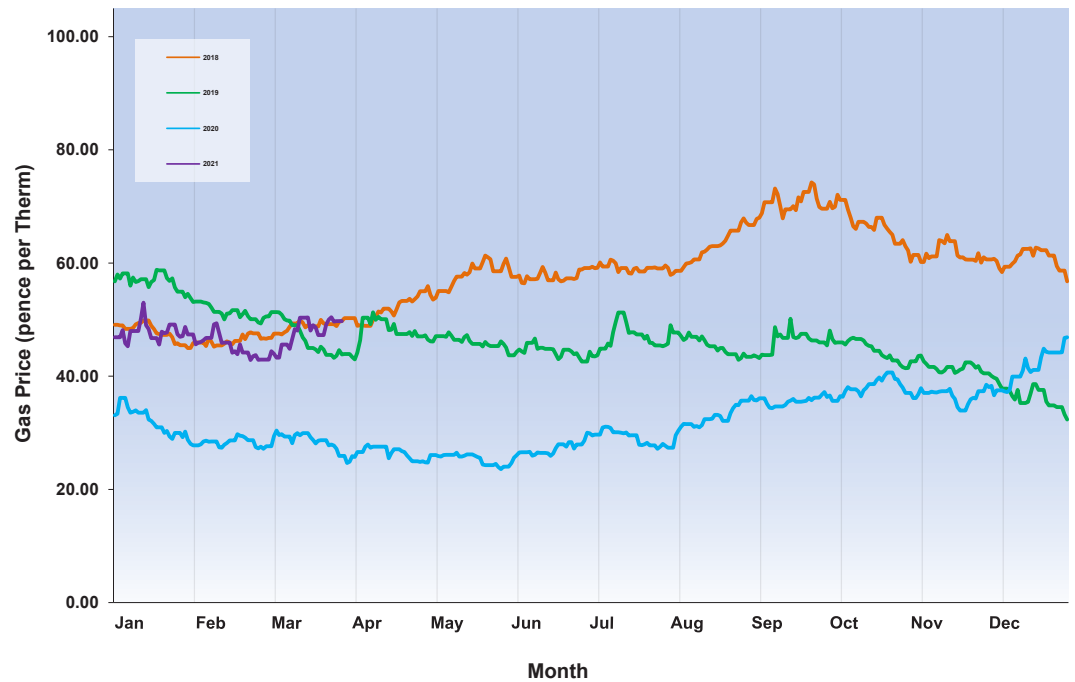
Gas News

Hot and cold

Colder weather and the need to increase gas-fired power generation all added to the upward pressure on prices. While, Norwegian production issues and reductions in Russian exports into mainland Europe for a number of key days led to concerns over supply.

But by mid-March, there was some let up as meteorologists revised their weather forecasts in both the UK and mainland Europe. With higher temperatures comes a reduction in heating demand and, therefore, less need for gas.

Historic NBP Gas Graph



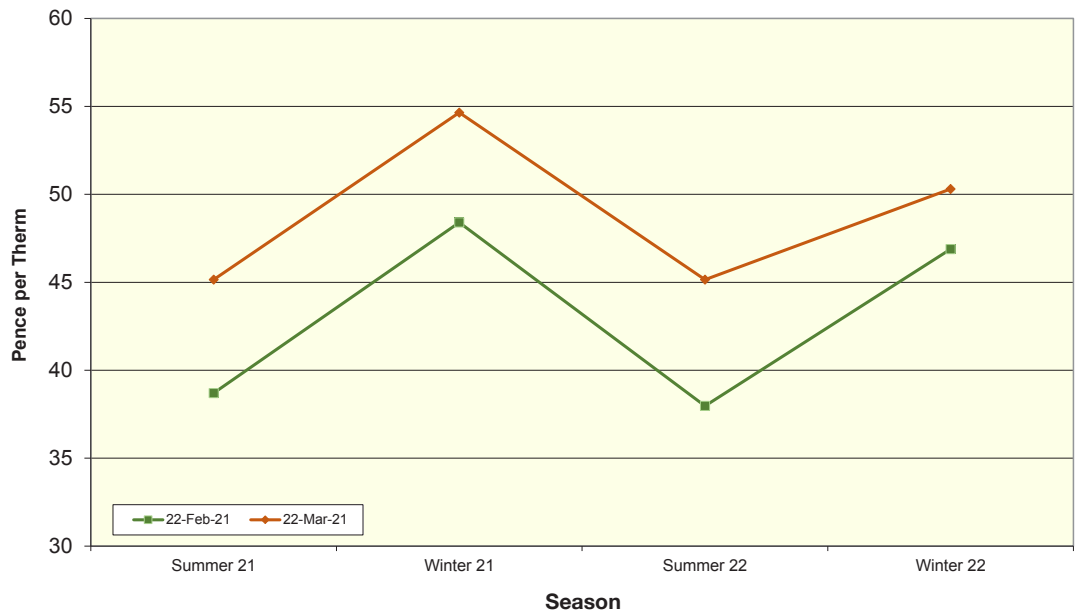
**GAS
REVIEW**



NBP Gas Prices

	Trading date		
	22-Feb-21	22-Mar-21	Increase
Summer 21	38.70	45.15	6.45
Winter 21	48.40	54.65	6.25
Summer 22	37.97	45.15	7.18
Winter 22	46.89	50.30	3.41

Forward NBP Gas Curve



ELECTRICITY REVIEW



Electricity News

Bulls take over

While UK power prices were relatively quiet in terms of movement over the second half of February, the market began to kick back into life and rise once again in the first half of March. This was due to less windy conditions and generally colder weather, as well as outages on both sides of the channel.

The UK's increasing reliance on wind generation was once again tested with output dropping below 2% of generated capacity, simply due to the vagaries of nature. Add in plant outages at several

conventional gas-fired power stations, including Great Yarmouth, Saltend and Lynemouth, together with issues with the Heysham 1-2 and Hartlepool 2 nuclear reactors, and the short-term market went on a significant bullish run.

The news was no better for UK long-term power prices, as Asian LNG prices rebounded off the back of strong regional buying for restocking purposes. Russian and Australian supply concerns were an additional factor in shaping the situation.

Undelivered Wholesale Electricity Rates



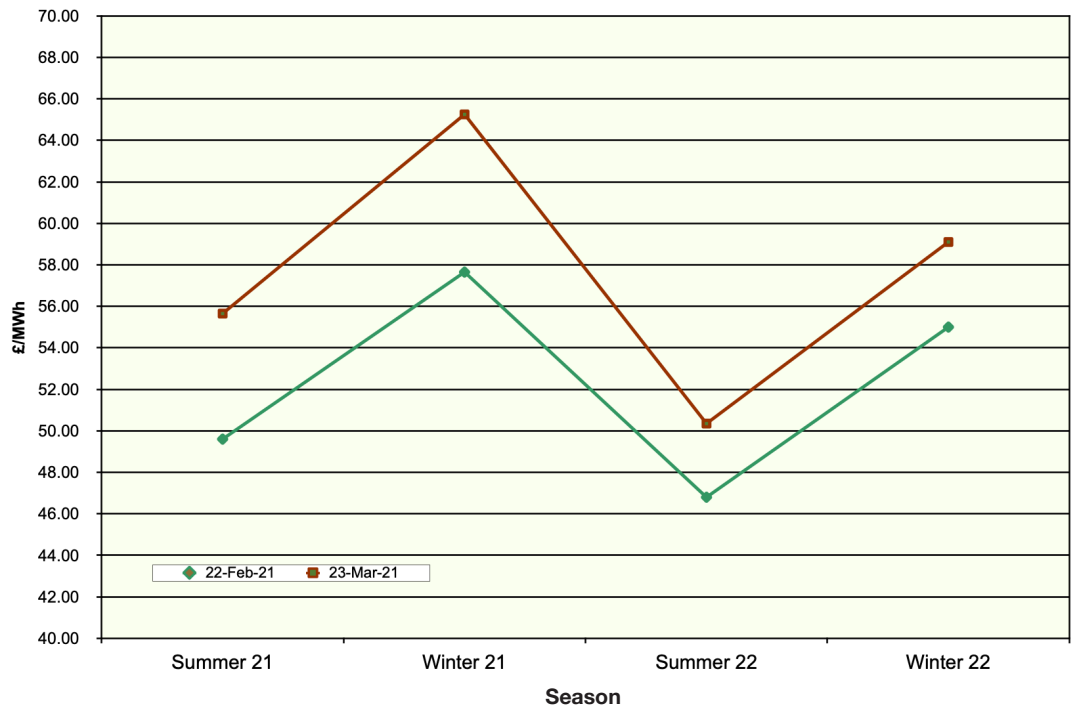
**ELECTRICITY
REVIEW**



OTC Power Price Assessments £/MWh

	Trading date		
	22-Feb-21	23-Mar-21	Increase
Summer 21	49.60	55.65	6.05
Winter 21	57.65	65.25	7.60
Summer 22	46.80	50.35	3.55
Winter 22	55.00	59.10	4.10

OTC Electricity Forward Price Curve



OIL REVIEW



Not Biden his time

Oil and coal markets simultaneously witnessed strong gains for the beginning of March. Despite the end of the freak arctic period in the southern States of America, oil prices continued to be bullish for the first time since the end of 2019, amid heightened economic/travel optimism.

The approval of President Biden's \$1.9 trillion US stimulus package by the House of Representatives (it now only needs Senate approval), and the post-vaccine feel-good

factor, led to a bullish market before fears of OPEC+ states increasing production came into play.

Oil prices have since eased, losing US\$6 in the past week. This trend was triggered by the publication of IEA reports that said oil demand may not recover to pre-pandemic levels for five years as well as the swelling US inventories, although other markets, including EUAs and LNG, are on the rise again after briefly deflating.



FUTURE INSIGHT

Ever a worry

Plans for offshore production of hydrogen are still in place, potentially in Scotland, and it's possible that work could start in 2024 and 2025. Meanwhile, other companies such as Siemens Gamesa are ploughing money into developing their own technologies.

As *Market Intelligence* went to press, continued efforts to move the giant stricken cargo ship "Ever Given" have

been unsuccessful. The 400m-long, 200,000-tonne vessel became wedged across the Suez Canal, amid high winds and a dust storm, and has blocked off this key trade route. While energy markets have not instantly reacted to the situation, there will be a knock-on effect if the situation continues for much longer. LNG deliveries from the Asian market are likely to be affected by the situation.

SALES

Spoilt for choice!

With so many different gas and electricity suppliers touting for business, choosing the right one for your business can sometimes feel a little overwhelming.

All offer different tariffs, different contract terms and conditions, and different levels of customer service so making a decision can often be time consuming. But for public sector bodies unsure about the right path to take, or those that don't have the time or the resources to dedicate to energy procurement, there is a solution: Energy Management's Choice Energy Framework (CEF).

The CEF allows for a mini-competition involving up to six energy suppliers, who

are based on price, quality and service.

As anyone involved in the OJEU tender process will appreciate, there is a mountain of paperwork to negotiate before securing an energy supplier. But the CEF cuts through some of the red tape, whilst still being fully compliant with public contract regulations, with just a simple access agreement to complete.

If your energy procurement is renewable energy focussed or tracking the wholesale energy markets, all this and more will be open to you.

For a no-obligation discussion on the CEF, please call Ian Scattergood on 01225-867722