

Market Intelligence

April & May 2021



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GAS REVIEW



Gas News

Prices go North

In April, UK gas prices were underpinned by the disappointing weather conditions, whilst the disruption to LNG flows caused by the Ever Given cargo ship running aground in the Suez canal, and rising forward Asian LNG prices also came into play.

The start of the maintenance season in the North Sea, in Norway in particular, alongside low European storage levels, and fears that rising LNG prices in Asia may cause cargoes to be diverted there and away from Europe, have been other drivers.

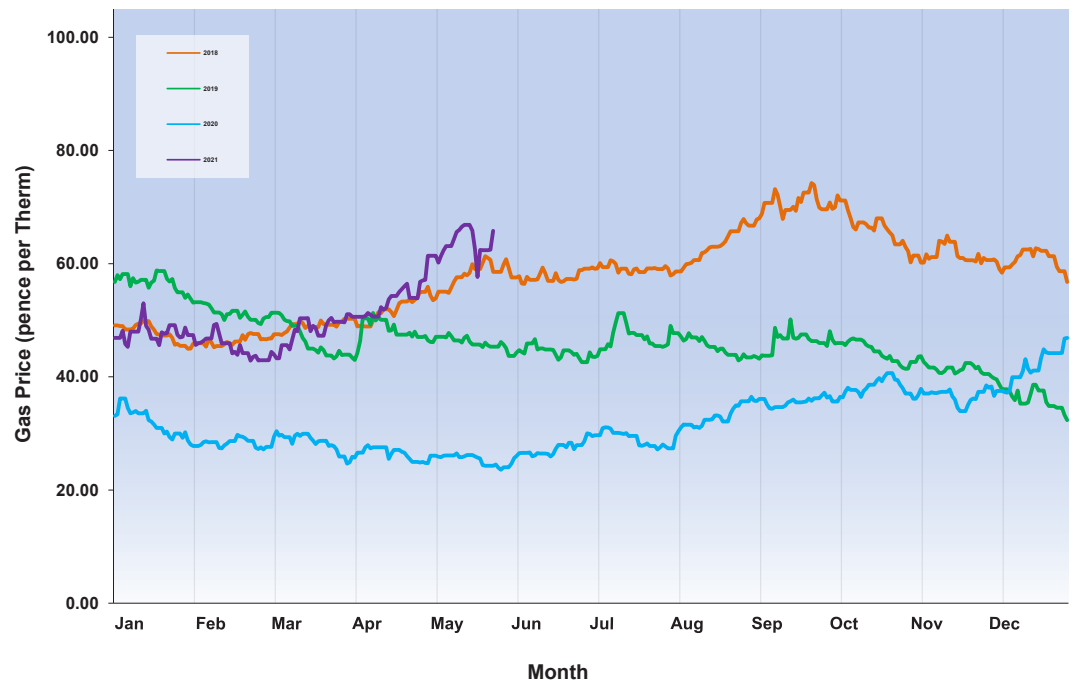
More hefty and unflinching bullishness was seen across UK gas periods, and across

energy markets in general, over the first half of May, with many seeing further double-digit percentage gains.

Meanwhile, European gas storage volumes remain unseasonably low as sites have struggled to replenish in the colder than normal weather – at 32% fullness, compared to more than 67% fullness at this time last year when the country basked in days of wall-to-wall sunshine.

The most intense period of planned maintenance in the Norwegian offshore this year has now started and will last until late June.

Historic NBP Gas Graph



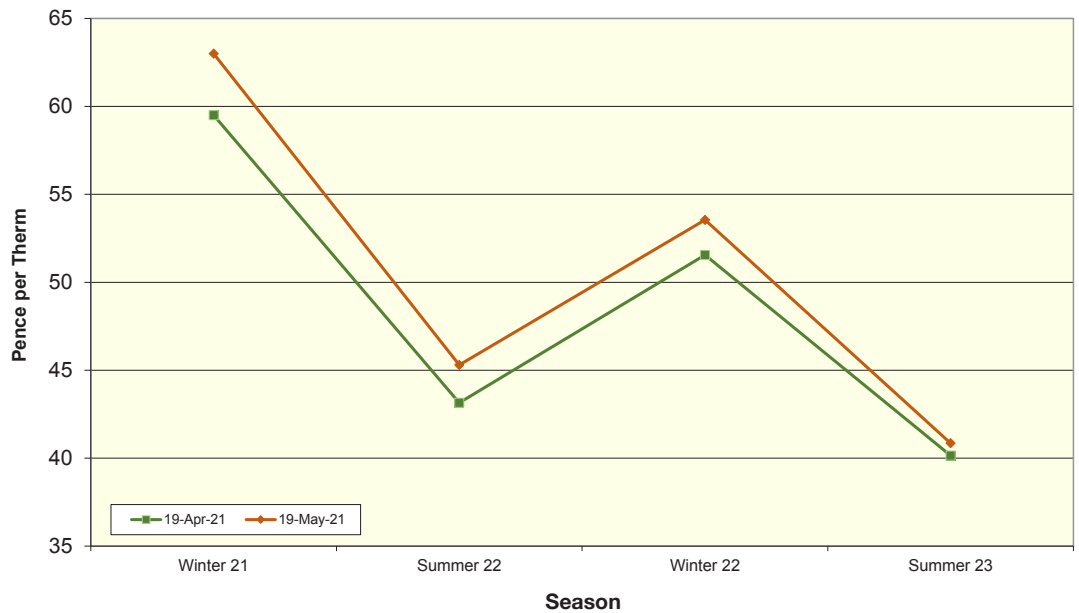
GAS REVIEW



NBP Gas Prices

	Trading date		
	19-Apr-21	19-May-21	Increase
Winter 21	59.50	63.00	3.50
Summer 22	43.15	45.30	2.15
Winter 22	51.55	53.55	2.00
Summer 23	40.15	40.85	0.70

Forward NBP Gas Curve



ELECTRICITY REVIEW



Electricity News

Cold comfort

The market has been bullish throughout April and May with April '21 Annual Prices reaching their highest level in 27 months and Month-Ahead pushing to its highest level at this time of the year since 2013.

In May, the bullish theme continued due to a number of factors, one being the

unseasonably cold weather and low wind levels.

Post-vaccine global economic optimism, record carbon prices and firmer forward gas and LNG prices have helped lift longer-term levels.

Undelivered Wholesale Electricity Rates



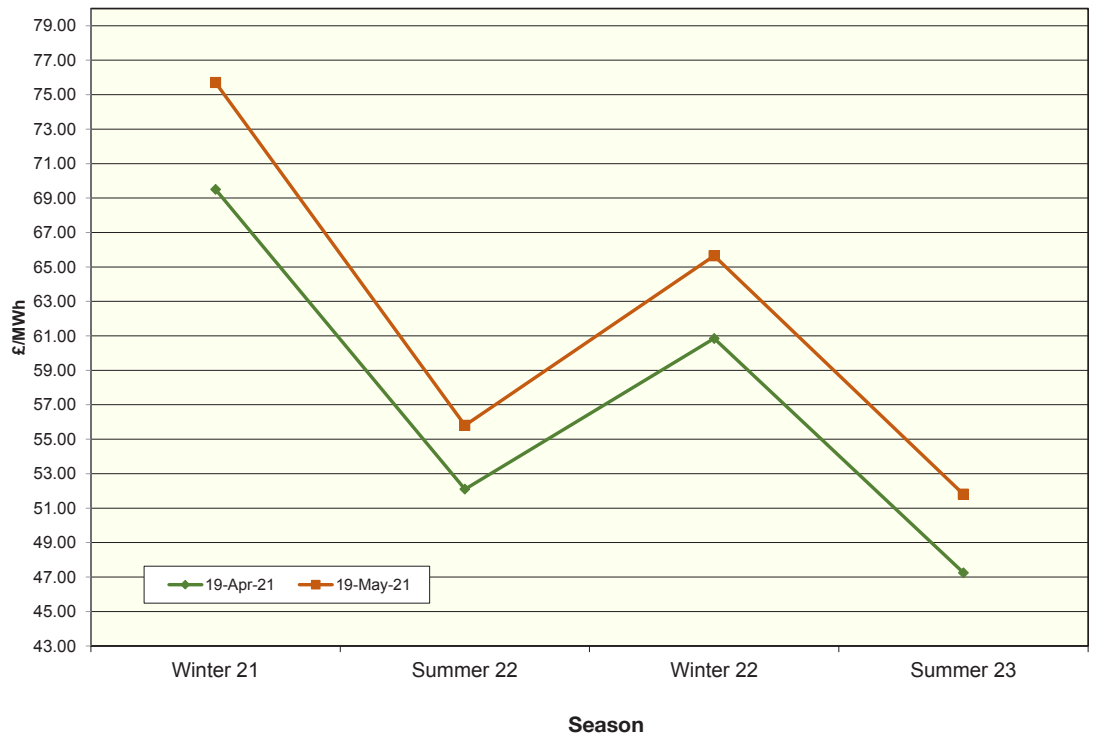
ELECTRICITY REVIEW



OTC Power Price Assessments £/MWh

	Trading date		
	19-Apr-21	19-May-21	Increase
Winter 21	69.50	75.70	6.20
Summer 22	52.10	55.80	3.70
Winter 22	60.85	65.65	4.80
Summer 23	47.25	51.80	4.55

OTC Electricity Forward Price Curve



OIL REVIEW



Increased demand

Forecasts of global oil demand growth were revised upwardly and this, along with unexpectedly large falls in US oil inventories, contributed to a bullish start to the period.

A cyber-attack on a key US pipeline also

caused a short-lived spike, whilst low stocks, increasing transportation activity and a weaker dollar provided a more sustained uplift, despite the continuing Covid crisis in India and the Far East.

MARKET INFO



When the wind blows

Renewable sources of electricity such as wind and solar grew at their fastest rate in two decades in 2020 and the upward trend has continued well into 2021.

Wind accounted for 15% of all electricity generated in April and this form of renewable energy enjoyed a very strong start to the month of May. Buoyed by blustery conditions, the UK's wind farms helped the UK to establish a new clean energy record on Monday, May 3rd.

More than 17.6 gigawatts (GW) – was generated by onshore and offshore wind turbines, eclipsing the amount of electricity generated by nuclear, biomass and gas combined. That represented nearly half (48.5%) of the electricity grid in England, Scotland and Wales, according to data from operator National Grid ESO, and beat the previous record of 17.5GW set on 13 February.

Last month, April showers may have been conspicuous by their absence but windy and sunny conditions combined to make Easter Monday a landmark day for green energy.

Over 80% of our electricity was produced by either wind, solar, nuclear or hydro, making the grid the greenest it's ever been.

Meanwhile, plans to build the world's first 100% hydrogen-fuelled power station in the UK were announced by SSE and Norwegian state energy company Equinor.

Looking ahead, there appears to be a reduced chance of a summer heatwave supporting European power prices this year. Some forecasters are predicting that Northwest Europe is likely to experience a cooler and windier summer than usual. Ongoing heavy rainfall is also currently helping to replenish hydro power reservoir levels.



INDUSTRY UPDATE

Budget Report - WYZ Company

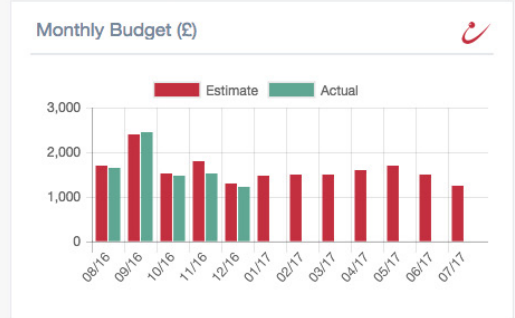
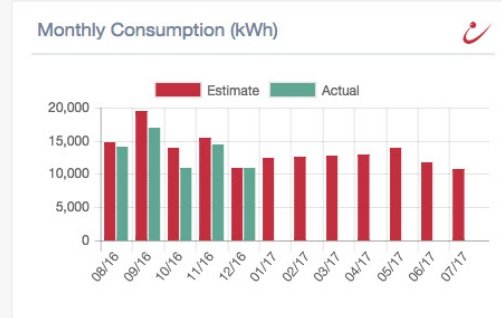
01/01/2016 - 01/25/2016

Energy: Electricity

Estimated Budget: £78,500

Budget Performance: £1,300 - **Underspend**

Budget Performance: 1.6% - **Underspend**



Estimated consumption is based on historical data
Estimated Budget is based on negotiated contract average p/kwh inc CCL
Actual are those amounts billed by the supplier inc. CCL

Power sharing

Securing the right energy contract for a business can be a time-consuming process due to the complexities of the energy market, the large number of suppliers, and the variety of different terms available.

Those organisations who have the necessary in-house expertise and staff resources to pinpoint the right time and the right energy contract may decide to take care of this aspect of energy management themselves. But not all energy or facilities managers have a team around them; some work in isolation, and they may be facing an ever-growing list of responsibilities, including the reduction of carbon dioxide emissions, waste management and sustainable development.

As the energy markets are fast-moving and often volatile, given the huge range of factors that affect prices, it is important to stay completely up-to-date with the current picture.

Whilst no-one could have foreseen that a giant cargo ship longer than four rugby pitches would have blocked off the world's largest trade route for a week and thus prevent fuel supplies from getting to their intended destinations on time, a trained

eye, with the right analysis tools to assist them, can spot energy price trends in advance.

Outsourcing energy procurement to a trusted and reputable energy consultancy can take the pressure away from businesses and ensure they are not paying over the odds for their gas and electricity, or signing up to unfavourable terms and conditions that may lead to penalty charges down the line. With an ever-changing renewables landscape and related Third Party Charges (TPCs), compliance and legislation is another area of energy management that is increasingly taking up more of an energy manager's time.

At Energy Management, we have been helping clients with their whole energy services portfolio for over two decades and support clients in a variety of different industries, in both the private and public sectors.

As the name implies, our Choice Energy Framework (CEF) offers more choice and a better deal for those public sector organisations that join. If you would like to know more about the CEF, you can speak to a member of our team on 01225 867722

