

Gas

p/therm	4 Jan 19	11 Jan 19	Change
Day-Ahead (DA)	60.00	58.20	-3.0%
Feb 2019	63.55	61.39	-3.4%
Summer 2019	54.54	53.06	-2.7%
Winter 2019/20	62.83	62.23	-1.0%

Source: Reuters

The UK's **Day-Ahead** gas price fell 3.0% to 58.20 p/therm as above seasonal normal temperatures for mid-January limited gas demand. Actual gas demand ended the week at 264 mcm, 11 mcm below normal levels.

High imports from Continental Europe also saw the Dutch BBL pipeline flowing at around 80% of capacity, leading to an oversupplied UK gas system.

Storage operators are predicting that the oversupply will be mopped up by Medium Range Storage (MRS) facilities which will inject gas to top up stockpiles over the next few days.

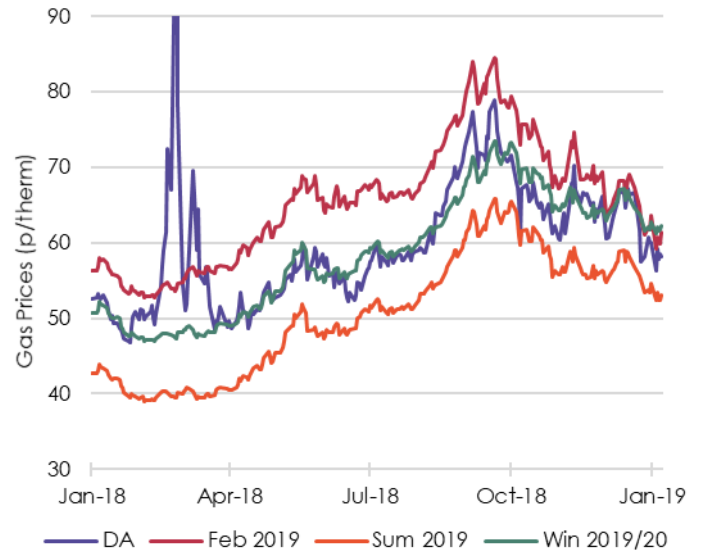
Three LNG tanker deliveries over the last week boosted total LNG send-out to around 50 mcm/d from all UK terminals. Three further cargoes are expected to arrive within the next two-week forecasting window.

Summer 2019 gas prices fell 2.7% to 53.06 p/therm reflecting losses in global LNG prices and lower carbon prices, making gas-fired power generation more profitable.

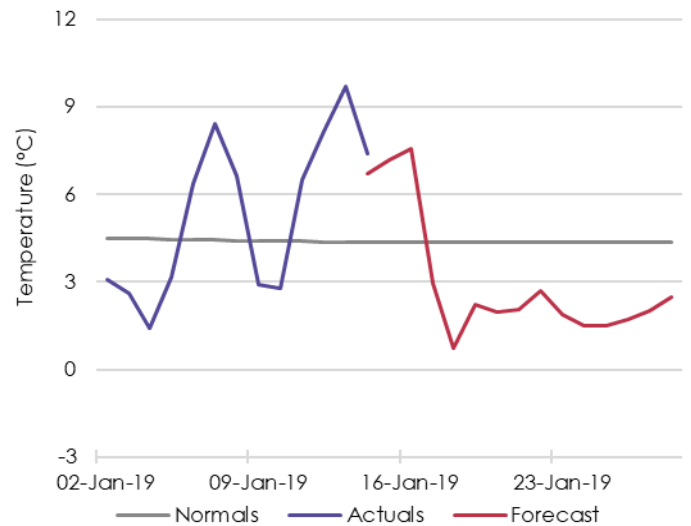
LNG prices have been trending down since September as new global projects coming online have added a steady supply of new gas, while high gas stocks in Asia has freed up supply heading for Europe.

The LNG supply side is very healthy. Late last year several new projects came online in Australia, Russia and the U.S. In December, a record of 42.8bcm was exported globally. This is 10% higher than in November and 17% higher than in December 2017.

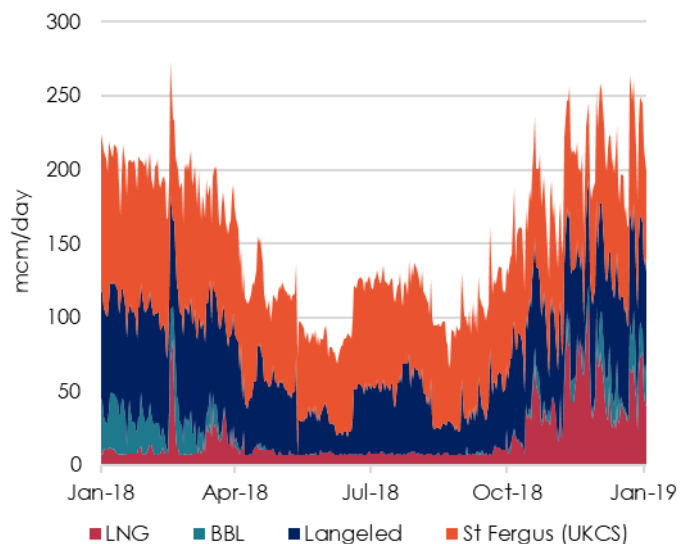
UK NBP



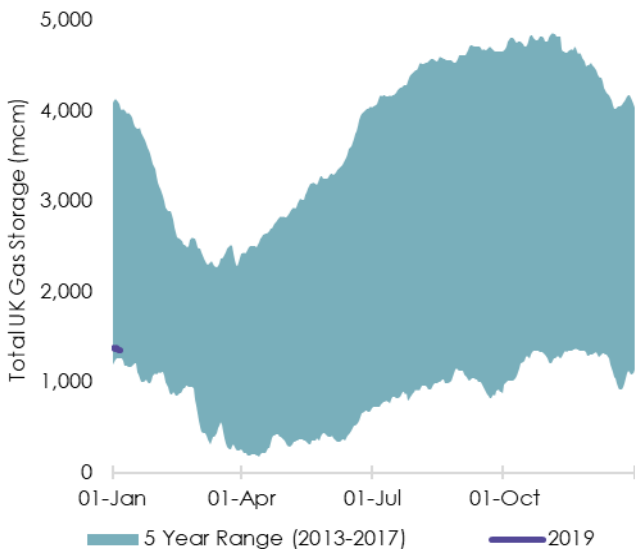
UK Temperature Forecast



Major UK Gas Imports & Supplies



Total UK Gas Storage

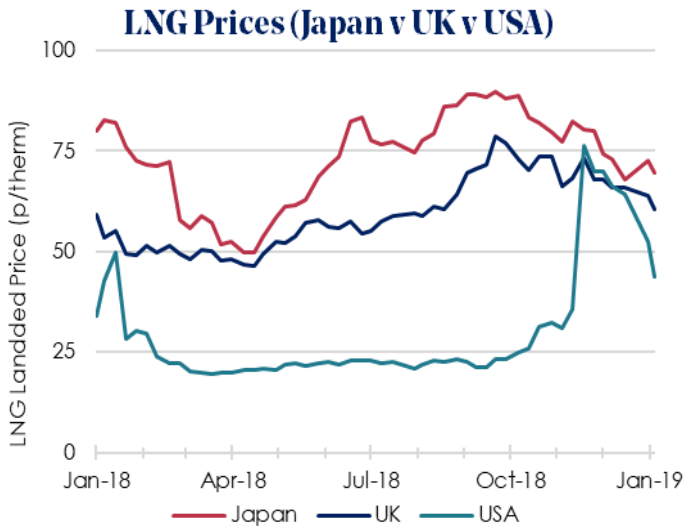


Beond Weekly UK Insight

14 January 2019

LNG Tanker	Regas Volume (mcm)	Expected Arrival Date	From	LNG Terminal
Kinisis	106	14 Jan	Trinidad and Tobago	Isle of Grain
Al Ghariya	128	19 Jan	Qatar	Milford Haven
Arwa Spirit	99	21 Jan	USA	Milford Haven

A = Arrived; U = Unconfirmed



Power

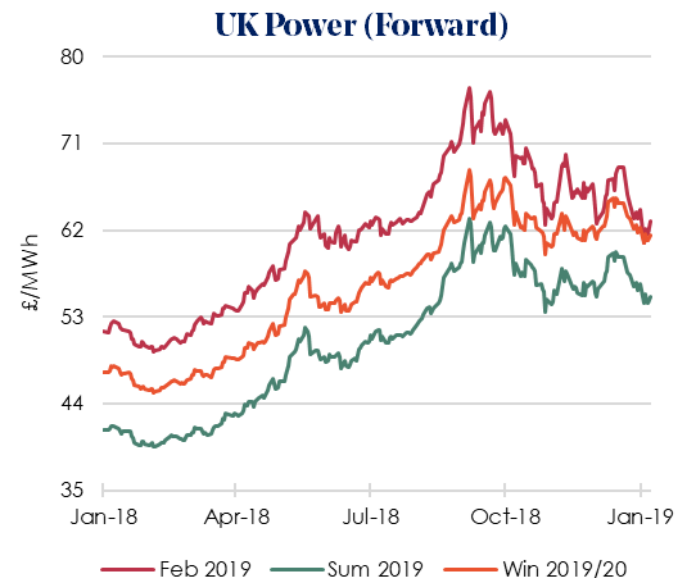
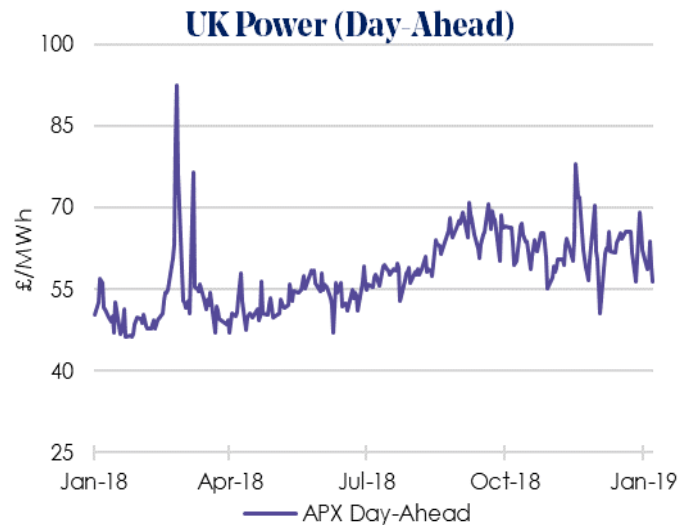
£/MWh	4 Jan 19	11 Jan 19	Change
Day-Ahead (DA)	62.38	56.47	-9.5%
Feb 2019	64.17	62.99	-1.8%
Summer 2019	56.44	55.08	-2.4%
Winter 2019/20	62.35	61.49	-1.4%

Source: Reuters

Day-Ahead power prices fell 9.5% to £56.47/MWh in response to lower gas spot prices and high wind power output, which is forecast to peak at 9GW today.

Summer 2019 power prices slid 2.4% to £55.08/MWh, falling in line with the equivalent gas contracts while lower carbon prices also contributing to losses.

Theresa May's comments suggesting that no Brexit was now more likely than a no-deal departure have boosted the value of the Pound Sterling, making gas and power imports from Continental Europe less expensive.



Beond Weekly UK Insight

14 January 2019

Oil

\$/bbl	4 Jan 19	11 Jan 19	Change
Brent Crude Mar 19	57.06	60.48	6.0%

Source: Reuters

Brent crude oil prices rose 6.0% to \$60.48/bbl last week, supported by hopes that demand may rise more quickly if talks between U.S. and Chinese officials resolve the trade dispute between the world's two biggest economies.

A possibility that OPEC-led supply cuts could be extended also supported prices. Saudi Arabia has floated plans to cut its crude exports by 800,000 barrels a day from around 7.9 million barrels a day in November 2019, in a move aimed at lifting prices above \$80/bbl.



Carbon

€/tCO2	4 Jan 19	11 Jan 19	Change
EUA Dec 18	23.50	22.59	-3.9%

Source: Reuters

European carbon prices fell 3.9% to €22.59/tCO₂ following confirmation that German auctions for carbon allowances will start on 1st February, adding to supply.

The market is also closely monitoring for any news released by the upcoming German coal exit commission meeting on Tuesday. The German coal exit commission is set to deliver its final recommendations for the country's coal exit in February 2019, but this report is likely to be only the beginning of a long and controversial policymaking process in the country.



Exchange Rates & Economics

£/\$	4 Jan 19	11 Jan 19	Change
GBP/USD	1.2726	1.2841	0.9%

Source: Reuters

The value of the **Pound Sterling** rose 0.9% in value versus the U.S. Dollar gained after the government lost a key Brexit finance bill in the commons, which reduced the likelihood of a 'no-deal'.

Further gains may be possible if the Brexit deadline itself is delayed if Prime Minister Theresa May's deal is rejected by parliament in Tuesday's crucial House of Commons vote, thus further diminishing the prospect of a 'no deal' outcome.



Coal

\$/tonne	4 Jan 19	11 Jan 19	Change
API2 CIF ARA 2018	80.60	82.60	2.5%

Source: Reuters

European coal prices rose 2.5% to \$82.60/tonne, reflecting news that China's coal imports rose to 251.5 million tonnes in 2018, the highest annual figure in four years, despite a government push to cap shipments at last year's level.

Going forward however, imports of coal, used in China for power generation, heating and steelmaking, to remain low in January as the country continues to curb imports in order to boost domestic coal prices.



Regulatory and Market News

Ofgem awards £46.8 million to winners of 2018 Network Innovation Competition

Ofgem has announced the winners of its 2018 Network Innovation Competition (NIC) with four projects set to share funding of £46.8 million.

The NIC is an annual competition for electricity and gas, where network companies compete for funding for research, development and trialling of new technologies, operating and commercial arrangements.

Funding is provided for the best innovation projects, with the aim of providing environmental benefits and security of supply at value for money as Great Britain moves to a low-carbon economy.

Projects testing how networks will manage demand from commercial fleets of electric vehicles and incorporate hydrogen on the gas grid are among those that have been awarded funding.

The projects and winning bidders are:

- **Optimise Prime, UK Power Networks** - Trialling and gathering data on the charging patterns of different commercial fleets of electric vehicles.
- **Charge, SP Energy Networks** - Plotting the ideal locations for electric vehicle charging points, including testing of on street charging and charge points in other locations including the work place and shopping centres.
- **HyDeploy2, Cadent** - Further testing of blending hydrogen with natural gas supplied to homes and businesses with a view to deploying it across Britain's gas networks.
- **Black Start from Distributed Energy Resources, National Grid** - Trialling new ways of enhancing electricity security of supply.

Jonathan Brearley, Ofgem's executive director for systems and networks, said: "Millions of us will be driving electric vehicles in future. There is also significant potential for using hydrogen blended gas to help decarbonise how we heat the country's homes and businesses.

"This year's Network Innovation Competitions will help network companies to react quickly to these changes in the most effective and lowest cost way. As the energy system continues to transform, it is vital that network companies incorporate innovation which benefits consumers into their daily working practices. We also want to see increased collaboration on innovation projects.

[LINK: Ofgem - Network Innovation Competition 2018](#)

UK government hoping to restart Capacity Market scheme with auction scheduled for summer 2019

The UK government has reiterated that it hopes to re-start the Capacity Market as soon as possible and intends to run a 'top up' auction next summer.

The market was suspended last month following a legal challenge by Tempus Energy. The European Commission now has to undertake a formal investigation after the General Court of the European Union ruled it did not effectively scrutinise the UK's plans the first time around.

If the investigation puts the CM in the clear, it would mean that auction results to date still stand and payments are legal, according to the Department for Business, Energy & Industrial Strategy (BEIS).

But in the meantime, BEIS has asked National Grid to keep running the Capacity Market scheme "short of making payments". If those with contracts deliver their obligations, they may then be eligible for deferred payments if the market is reinstated.

If all goes to plan, the T-1 top up auction will be held in summer 2019 for delivery the following winter.

BEIS said it would shortly consult on regulatory changes needed to allow that auction to take place.

[LINK: BEIS - CM update](#)

MPs scold Ofgem for failing to punish suppliers as 2020 smart meter deadline likely to slip

MPs have scolded Ofgem for failing to punish energy suppliers that are not meeting smart meter obligations. Meanwhile, the business and energy department's public stance on the 2020 deadline may be starting to soften.

Around 25% of households currently have a smart meter, or at least an early 'SMETS1' version, with 12.8m meters installed. Only 250,000 properly functional smart meters, or 'SMETS2' versions, have been installed to date.

Daron Walker, director of smart meters and systems at BEIS, said the installation rate must increase to around 8-9m meters a year from around 4-5m a year at present to hit 70-75% of households by 2020.

Questioned by the BEIS Select Committee following a critical report by the National Audit Office (NAO), minister Claire Perry said it was "absolutely right" to look beyond 2020.

The NAO suggested the rollout might only get to 75% of homes by the 2020 deadline, which is broadly in line with suppliers' best guesses.

[LINK: NAO - Smart meter rollout deadline delay](#)