

Gas

p/therm	7 Feb 20	14 Feb 20	Change
Day-Ahead	22.63	21.45	-5.2%
Mar 2020	22.13	20.86	-5.7%
Summer 2020	23.73	23.31	-1.8%
Winter 2020/21	35.99	37.01	2.9%

The UK's **Day-Ahead** gas price fell 5.2% to 21.45 p/therm, as very high LNG imports consolidate a gas supply already 61% more supplied than the 5-year mean. This supply is complemented by the warmest start to the year on record.

The **Summer 2020** gas price declined 1.8% week-on-week to 23.31 p/therm, with the equivalent power contract dropping marginally by 0.2% to £33.69/MWh, less affected by the warm start to the year.

As has been the story for some weeks, European high levels of gas storage, record deliveries of LNG and what's being described as "the largest weather-driven cut in fuel consumption in the Northern Hemisphere's history" all bolster confidence in next summer's supply and demand balance.

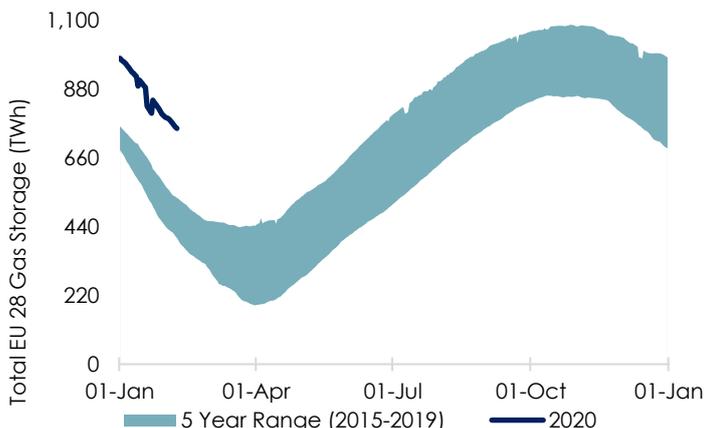
On a shorter scope, bullish risk caused by Storm Dennis has reduced LNG send-out from all three UK terminals, however this is somewhat mitigated by greater than normal Norwegian Imports.

Fourteen LNG tankers are scheduled to arrive in Britain over the coming week set to bring a total of 3.1 million m³ of LNG into the UK.

Last week's low crude oil prices have now seen an upswing after demand dropped to new lows, with China now importing to South Korean storage as mainland storage nears capacity. This has led to OPEC+ agreeing to drop supply by 1.7million bpd.

Seasonal contracts are mixed, with S-20 and W-20 being very low but then S-21 and W-21 are increasing. Therefore, our recommendation is to lock in contracts before June 2020.

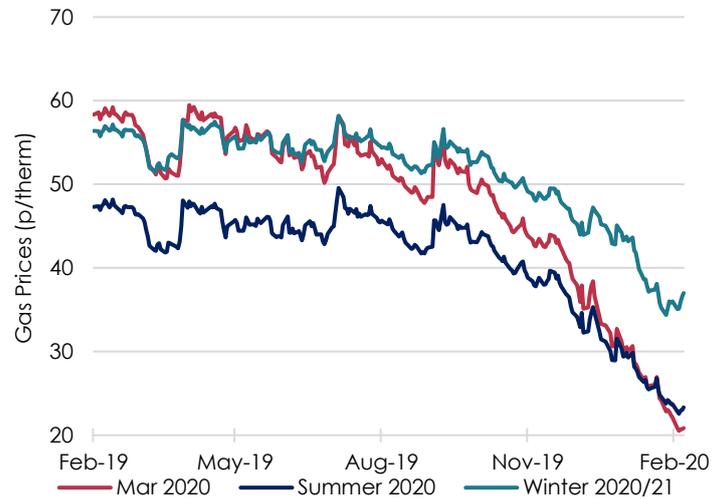
European Gas Storage



Power

£/MWh	7 Feb 20	14 Feb 20	Change
Day-Ahead	30.36	30.20	-0.5%
Mar 2020	32.50	31.97	-1.6%
Summer 2020	33.76	33.69	-0.2%
Winter 2020/21	43.02	44.04	2.4%

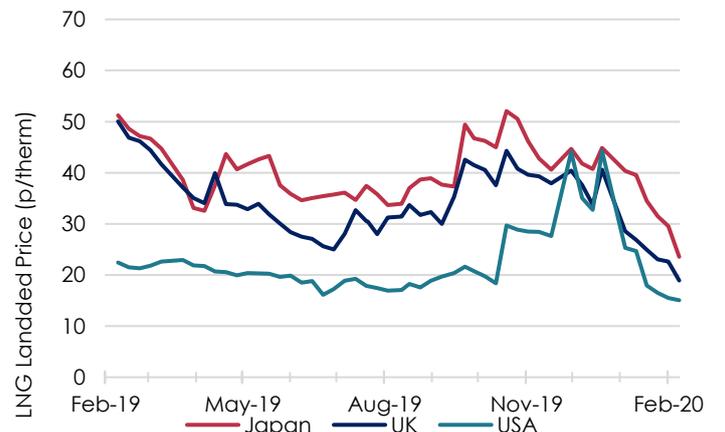
UK Gas



UK Power



Global LNG (Japan v UK v USA)



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Beond Weekly UK Insight

17 February 2020

Oil

\$/bbl	7 Feb 20	14 Feb 20	Change
Brent Crude Apr 20	54.47	57.32	5.2%

Source: Reuters

Brent crude oil rose 5.2% to \$57.32/bbl, the first weekly gain in six weeks, on hopes demand will rebound from the coronavirus effect as factories reopen in China.

However, trading houses have rented millions of barrels of crude storage in South Korea to keep excess oil supplies after the coronavirus outbreak dampened demand in the world's largest importer.

The International Energy Agency (IEA) predicts the outbreak may lead to the "first quarterly decrease in global oil demand in more than a decade".



Exchange Rates & Economics

£/\$	7 Feb 20	14 Feb 20	Change
GBP/USD	1.2891	1.3046	1.2%

Source: Reuters

The **Pound Sterling** saw a small increase of 1.2% versus the U.S. dollar last week, following news that Rishi Sunak would take over from Sajid Javid as Chancellor of the Exchequer. Javid had previously stated Britain should run a balanced budget by 2023. It is now understood Mr Sunak will ease Britain's fiscal rules in the upcoming budget to allow for more public expenditure.

The budget is scheduled to be issued on March 11th, although it is now thought this may be delayed given the reshuffle.



Carbon

€/tCO2	7 Feb 20	14 Feb 20	Change
EUA Dec 2019	23.26	24.24	4.2%

Source: Reuters

European carbon prices rose 4.2% to €24.24/tCO₂ as healthy auction demand and optimism over China's ability to overcome the coronavirus outbreak helped to lift Carbon prices to a two-week high. Strong wind generation combined with higher temperatures in the UK and Germany are likely to have a bearish impact on Carbon prices this week.



Coal

\$/tonne	7 Feb 20	14 Feb 20	Change
API2 CIF ARA 2019	59.60	61.00	2.3%

Source: Reuters

European coal prices rose last week, settling at \$61.00/tonne. This follows European coal prices for month ahead reaching the highest levels since mid-January at the end of last week, caused by falling coal stocks at ports and disruptions to Chinese production caused by the coronavirus.



Regulatory and Market News

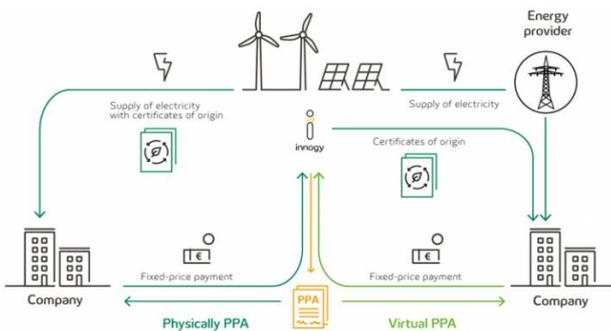
Innogy brings 770MW of wind and solar assets to PPA market

Innogy is advertising renewable power from 13 wind and solar projects with a total capacity of 770MW across seven countries to companies seeking green Power Purchase Agreements (PPA). The generator will use the Instatrust trading marketplace, run by Oslo-based DNV GL as a route to market.

Innogy has a pipeline of 6,900 MW green assets under construction or planned, on top of 3,600 MW already operating in 10 countries.

DNV GL's CEO Ditlev Engel commented: "Hundreds of corporations worldwide are committing to run their operations on 100% renewable electricity. Links between suppliers and purchasers based on expertise and trust are needed to bring about transparent deals in renewables".

Green Power Purchase Agreements



In 2019, corporates have more than doubled the volume of green power purchase directly, through PPA, reaching a record of 19.5 GW or roughly 10% of the global volume of renewables installed last year.

With energy buyers seeing opportunities to reduce energy costs, price volatility and their carbon footprint, they have strongly increasing interests to close power purchase agreements with renewable energy sellers.

As renewable energy sellers want to reduce their exposure to risks and to ensure the bankability of their projects, a user-friendly platform to link these needs between each other solves their challenges.

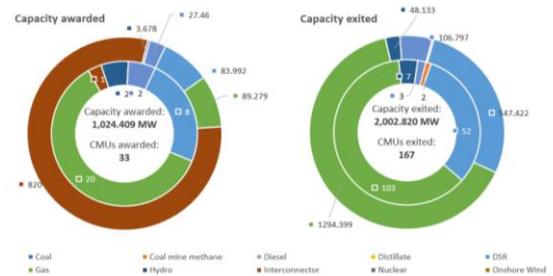
With the world's largest asset managers threatening to withhold money from companies that drag their feet on sustainability; pressure from governments and citizens pushing companies towards net zero; and the removal of subsidies forcing developers to seek new partners, the corporate PPA market is on the cusp of a boom.

[LINK: Innogy - PPAs on offer](#)

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T-1 Capacity Market auction for winter 2020/21 delivery clears at £1/kW/year

The capacity market auction for delivery next winter cleared at £1/kW/year. The low price reflects a large volume of capacity, around 3GW, bidding for a requirement of just 300MW. In the end, the EMR delivery body ended buying just over a gigawatt of derated capacity, with the Nemo interconnector taking the lion's share, some 820MW.



The Capacity Market pays generators and demand-side response providers to be available to deliver power or reduce consumption if there is a shortage of power during winter, with the cost added to energy bills.

Last Friday, the T-3 CM auction for power to be delivered in three year's time cleared at £6.44/kW, a new low for a multi-year auction.

[LINK: National Grid - T-1 CM auction results for 2020-21](#)

EDF buys EV charging firm Pod Point to accelerate growth in EV market

EDF has bought a majority stake in electric vehicle (EV) charging company Pod Point. EDF says the deal will bring benefits including reduced costs to customers, through the combination of its energy solutions and Pod Point's chargers in the UK.

Pod Point has rolled out around 62,000 charging points in the UK and a further 6,600 in Norway and offers charging solutions at home, at work and destinations.

The announcement follows EDF Group's acquisition of Pivot Power last year, which specialises in grid-scale batteries and provides power infrastructure required for rapid EV charging points.

Simone Rossi, UK CEO of EDF said: "Electric vehicles will be crucial in reducing the UK's carbon emissions and fighting climate change. With the addition of charge points, we can help our customers to reduce their carbon footprints and benefit from lower fuel costs by going electric."

[LINK: Pod Point - EDF acquires Pod Point for EVs](#)