

## Gas

| p/therm        | 13 Mar 20 | 20 Mar 20 | Change |
|----------------|-----------|-----------|--------|
| Day-Ahead      | 24.00     | 23.15     | -3.5%  |
| Apr 2020       | 23.98     | 22.24     | -7.3%  |
| Summer 2020    | 24.34     | 22.38     | -8.1%  |
| Winter 2020/21 | 35.64     | 33.68     | -5.5%  |

The UK's **Day-Ahead gas** price fell by 3.5% to 23.15 p/therm as higher LNG send-out and Norwegian pipeline imports created an oversupplied market. Higher wind outputs also reduced demand from gas-to-power plants.

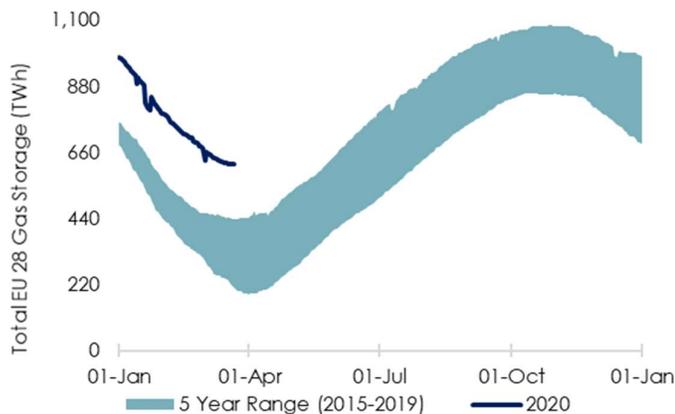
The **Summer 2020 gas** price fell by 8.1% week-on-week to 22.38 p/therm, with the equivalent **Summer 2020 power** seasonal price falling 11.3% to £30.45/MWh. UK and European demand have been significantly decreased as the bearish effects from the spread of coronavirus (Covid-19) are felt across the continent. Fears of a UK-wide lockdown like those already seen in Italy, Spain and France help to weaken demand in an already weak gas market.

Bullish drivers this week are mainly due to below normal temperatures recorded towards the end of the week and forecast to continue into next week.

There were various bearish drivers this week caused by the current global pandemic. US futures saw their worst trading day since 1987 this week impacting markets all over the world, the price of jet fuel and gasoline fell below the cost of crude production making the refining process unprofitable. Further reduction in demand is expected across Europe as the spread of Covid-19.

Seasonal contracts overall remain low. Unlike last week, **Sum-21 and Win-21** posted significant decreases across gas and power as the duration and longer-term effects of the Coronavirus outbreak are realised. Our recommendation is to lock in contracts before June 2020 ahead of expected volatility related to Covid-19 driven economic slowdown.

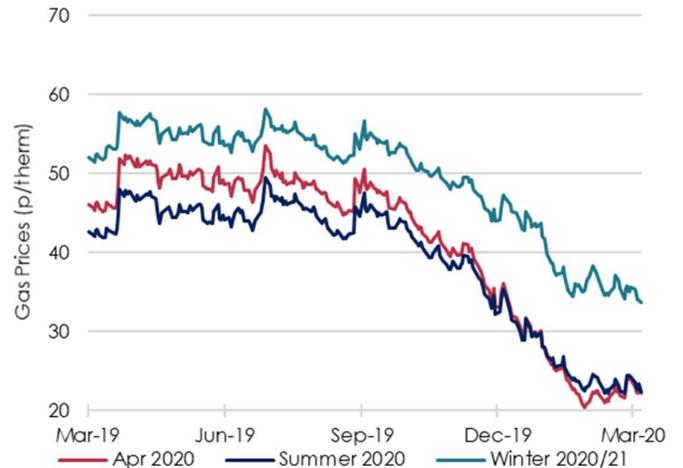
## European Gas Storage



## Power

| £/MWh          | 13 Mar 20 | 20 Mar 20 | Change |
|----------------|-----------|-----------|--------|
| Day-Ahead      | 33.92     | 31.78     | -6.3%  |
| Apr 2020       | 34.11     | 30.10     | -11.8% |
| Summer 2020    | 34.34     | 30.45     | -11.3% |
| Winter 2020/21 | 43.19     | 39.62     | -8.3%  |

## UK Gas



## UK Power



## Global LNG (Japan v UK v USA)



# Beond Weekly UK Insight

23 March 2020

## Oil

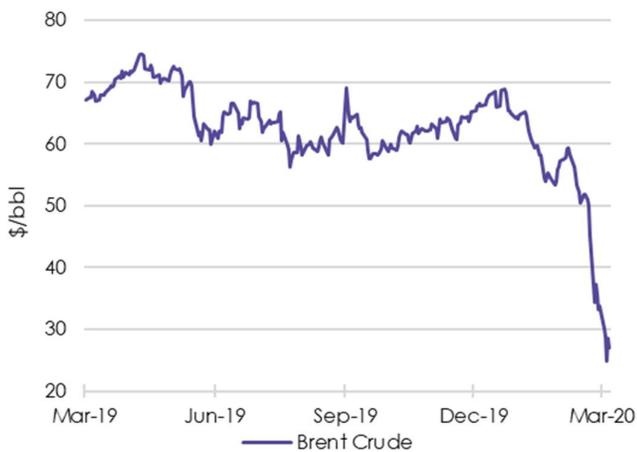
| \$/bbl             | 13 Mar 20 | 20 Mar 20 | Change |
|--------------------|-----------|-----------|--------|
| Brent Crude May 20 | 33.85     | 26.98     | -20.3% |

Source: Reuters

**Brent crude oil** continued to shed value last week, falling 20.3% to \$26.98/bbl, the fourth consecutive week of falling prices.

Contractions in global demand persist in response to coronavirus, slowing worldwide travel and business activity. This comes as governments roll out lockdowns in an attempt to limit the spread of the virus.

Meanwhile supply looks set to rise, as the end of the month signals the end of the OPEC+ production cuts.



## Carbon

| €/tCO2       | 13 Mar 20 | 20 Mar 20 | Change |
|--------------|-----------|-----------|--------|
| EUA Dec 2019 | 21.89     | 16.04     | -26.7% |

Source: Reuters

**European carbon prices** fell 26.7% to €16.04/tCO2 last week after a brief rebound in prices on Thursday. Any gains were short lived as coronavirus concerns persist. In other news, data released on Friday showed the UK and EU members handed out an additional 8.5 million free carbon allowances to industrial emitters.



## Exchange Rates & Economics

| £/\$    | 13 Mar 20 | 20 Mar 20 | Change |
|---------|-----------|-----------|--------|
| GBP/USD | 1.2276    | 1.1641    | -5.2%  |

Source: Reuters

The **Pound Sterling** has continued to plummet as global concerns about the impact of Covid-19 worsen. The FTSE index has now fallen below the '5,000 mark', the first time since 2011. This is amid Chancellor Rishi Sunak declaring £350bn as a lifeline for the British economy.

Angel Gurría, OECD Secretary General, has said that the current economic shock is already bigger than the Great Recession. Mr Gurría has compared the economic scope of fighting Covid-19 as the same as the reconstruction of post-WW2 Europe.

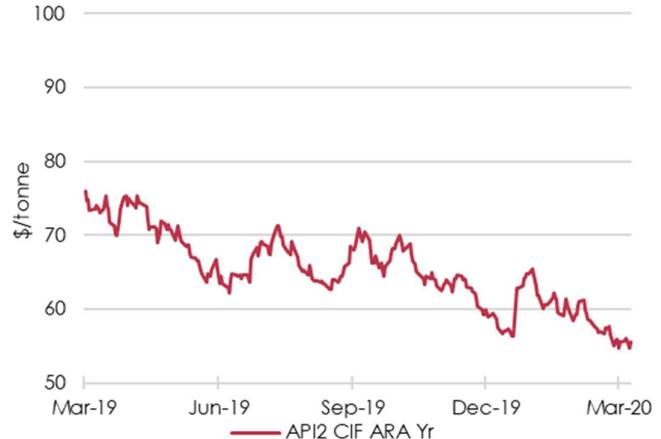


## Coal

| \$/tonne          | 13 Mar 20 | 20 Mar 20 | Change |
|-------------------|-----------|-----------|--------|
| API2 CIF ARA 2019 | 55.60     | 55.50     | -0.2%  |

Source: Reuters

**European coal prices** moved laterally with a drop of 0.2% to \$55.50/tonne since last week. Bloomberg has ranked coal as the most expensive fossil fuel amidst oil prices plummeting. European demand has dropped due to Covid-19, with prices held up by easing winds.



## Regulatory and Market News

### UK's electricity industry preparing for negative impact of Covid-19 virus

The UK Government is adopting all measures to tackle the adverse situation that might arise due to the ongoing spread of Covid-19 virus. This includes measures that have been put in place to reduce the risk of further human-to-human transmission by keeping individuals in isolation.

The government issued a 'Stay at home guidance for households with possible coronavirus infection' on 12 March. As of 9am on 16 March, 44,105 people had been tested in the UK, of which 42,562 were confirmed to be negative and 1,543 tested positive. The risk level to the UK has been raised to high.

As many of the working population are preparing to work from home, the electricity demand pattern is expected to take a new shape. It is widely anticipated that the electricity demand in the coming weeks and months will largely resemble the consumption pattern on the weekends as more people stay at home.

In terms of proportions of electricity demand by the consumer category, domestic demand has the largest share at 30%, followed by industrial demand at 26% and commercial demand at 21%.

Experts believe that the total demand across the country will fall in coming days, mainly factored by the considerable reduction in industrial and commercial demand, which would likely be higher than the increase in domestic demand as people stay at home.

Globally, Covid-19 has affected the sourcing and supply chains across the power industry. However, the industry is not able to predict the long-term impact of Covid-19.

### Advice to Beond's clients:

- If your business is expecting to see a material reduction in energy consumption as a result of closures and/or home-working over the next month or so, please notify **Beond first**.
- Suppliers will continue to expect bill payments and direct debits to be made on time. If this is a problem, please contact your **supplier directly**. Some suppliers are already asking clients if they will pay on time.
- You may want to take manual meter readings for NHH and Gas meters and send these to your supplier so they only bill you for the energy you actually consume.

[LINK: BEIS - Covid-19](#)

### UK generated more electricity from renewables than gas for the first time in Q3-2019

The UK's electricity generation from renewable sources surpassed generation from gas for the first time since records began during the third quarter of 2019, the latest Government figures have shown.

In its latest renewables update, covering July-September 2019, the Department for Business, Energy and Industrial Strategy (BEIS) reveals that renewable electricity generation during the period was 28.8TWh, compared to 28.6TWh for gas.

This meant Renewables accounted for 38.9% of generation during the quarter – the highest generation proportion secured by renewables on record. Wind alone comprised 19% of generation during the quarter.



Source: BEIS

BEIS attributes the success of renewable generation during this period to increased load factors and generation capacity for wind, taking into account both seasonal weather and the initial investments compounded by the Offshore Wind Sector Deal.

Onshore wind experienced a 24% quarter-on-quarter increase in generation and offshore wind saw a 43% increase within the same metrics.

While generation levels from solar and hydropower plateaued on both a year-on-year and quarter-on-quarter basis, the update does document an uptick in bioenergy generation and consumption. Bioenergy generated 12% of the UK's electricity in the third quarter of 2019, compared to 11.5% in the third quarter of 2018.

As for consumption outside of the electricity space, the update documents a 29% year-on-year increase in biodiesel consumption in transport. This increase means that liquid biofuels accounted for 5.8% of road transport fuel consumed in the UK during the quarter, compared with 4.9% during the same period in 2018.

[LINK: BEIS - Renewable generate more than gas](#)