

Gas

p/therm	20 Mar 20	27 Mar 20	Change
Day-Ahead	23.15	19.00	-17.9%
Apr 2020	22.24	18.46	-17.0%
Summer 2020	22.38	19.35	-13.6%
Winter 2020/21	33.68	32.41	-3.8%

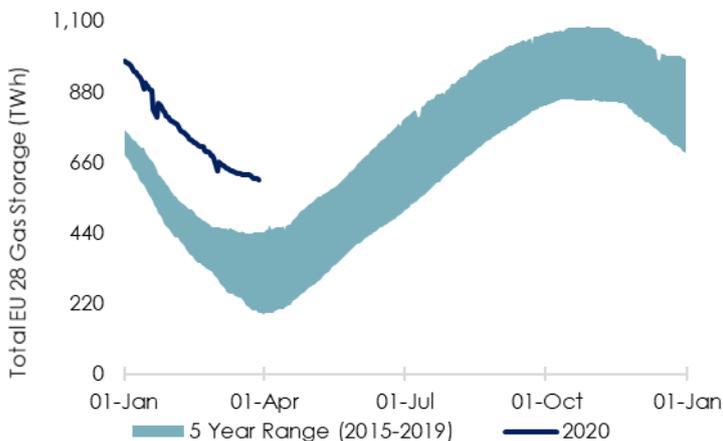
The UK's **Day-Ahead gas** price fell by 17.9% to 19.00 p/therm as the impacts of the Covid-19 pandemic weighs heavily on the UK wholesale market. The UK is currently oversupplied due to higher flows from Norway. Forecasts for lower gas demand for power generation from increased wind output also contributed to the sharp decline.

The **Summer 2020 gas** price fell by 13.6% week-on-week to 19.35 p/therm, with the equivalent **Summer 2020 power** seasonal price falling 8.6% to £27.82/MWh. Electricity demand dropped by a tenth in the UK last week as the British government enacted a lockdown in attempts to slow the spread of Covid-19. The ~10% fall represents a 30% drop compared to the same week in 2019.

As well as a reduction in gas demand all across Europe, Norway have cancelled much of their planned gas maintenance for the second quarter of 2020 due to the Covid-19 outbreak which increases the likelihood of stronger than expected gas production for the start of Summer 2020. This represents one of the first supply side bearish factors since the impact of the pandemic on global gas demand started.

Seasonal contracts remain low and continued to fall. **Sum-21 and Win-21** once again 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



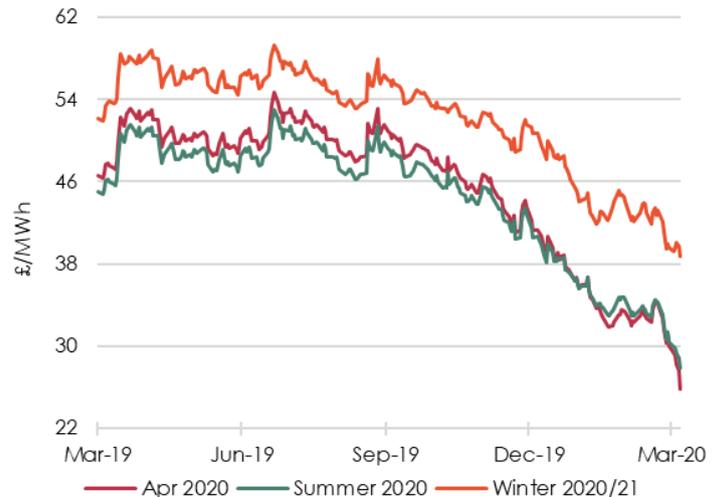
Power

£/MWh	20 Mar 20	27 Mar 20	Change
Day-Ahead	31.78	22.44	-29.4%
Apr 2020	30.10	25.85	-14.1%
Summer 2020	30.45	27.82	-8.6%
Winter 2020/21	39.62	38.71	-2.3%

UK Gas



UK Power



Global LNG (Japan v UK v USA)



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Beond Weekly UK Insight

30 March 2020

Oil

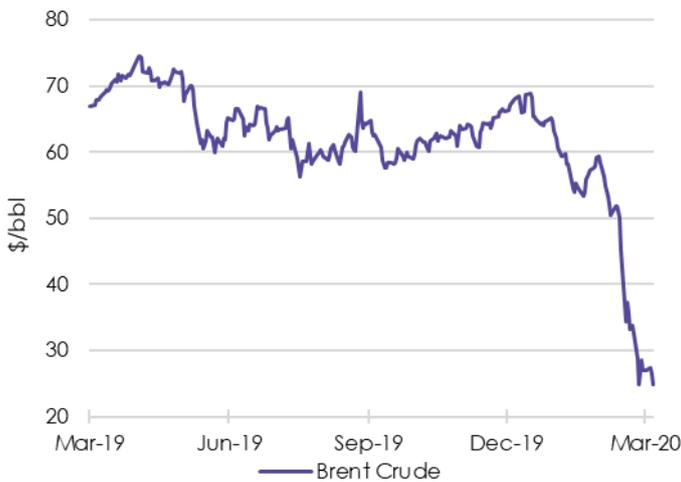
\$/bbl	20 Mar 20	27 Mar 20	Change
Brent Crude May 20	26.98	24.93	-7.6%

Source: Reuters

Brent crude oil prices fell last week to \$24.93/bbl, a loss of 7.6%, driven by both demand and supply side factors as a result of the coronavirus.

Global petrol demand looks to be the next part of the oil market to be impacted. Some are predicting demand for petrol in the US to fall by almost 5 million bpd next month, equal to a 5% drop in global demand.

Supply continues to increase due to the price war between Saudi Arabia and Russia. Traders believe the surplus could get close to 25 million bpd next month.



Exchange Rates & Economics

£/\$	20 Mar 20	27 Mar 20	Change
GBP/USD	1.1641	1.2456	7.0%

Source: Reuters

The **Pound Sterling** has seen a rise against the US dollar as global concern grows over the US response to COVID-19 and US unemployment hits a record high.

The UK itself has had its credit rating dropped from AA to AA- by Fitch. Investors expect this will have little effect on UK markets as they anticipate a series of cuts to sovereign ratings globally in response to COVID-19. Despite this decrease in credit rating, some economic strategists see this as recognition of acting earlier rather than later, saving greater damage down the line.



Carbon

€/tCO2	20 Mar 20	27 Mar 20	Change
EUA Dec 2019	16.04	16.26	1.4%

Source: Reuters

European carbon prices had a small increase of 1.4% to €16.26/tCO2 last week. This was caused by US jobless numbers being less than some expected, and the promise of a \$2 trillion stimulus package by US President Donald Trump.



Coal

\$/tonne	20 Mar 20	27 Mar 20	Change
API2 CIF ARA 2019	55.50	56.35	1.5%

Source: Reuters

European coal prices increased by 1.5% following a colder spell in Europe for the second half of March and falling carbon prices supporting coal burn. The key factor holding the prices down is the lockdown of India, stifling consumption.



Regulatory and Market News

Triad dates for 2019/20 published by National Grid, with all 3 falling in 2019

National Grid has officially published the confirmed Triad dates for 2019/20.

The Triads are the three half-hour settlement periods of highest net system demand on the GB electricity transmission system between November and February (inclusive) each year, separated by at least 10 clear days. The Triads are used to determine Transmission Network Use of System (TNUoS) demand charges for customers with half hourly (HH) meters.

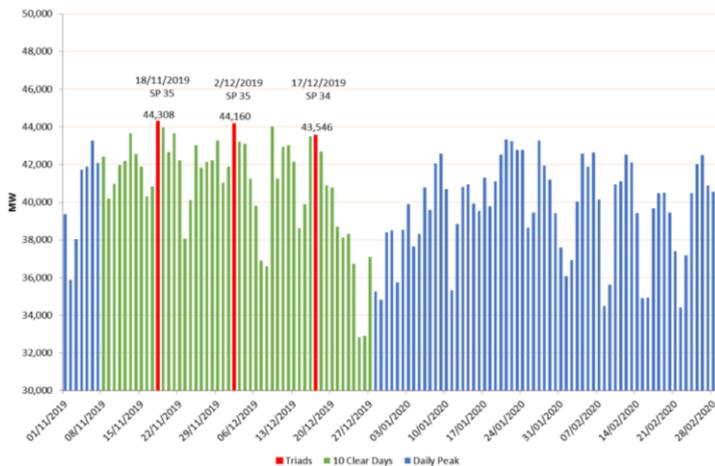
The confirmed Triads for 2019/20 are:

Date	Time	Net System Demand (MW)
Mon, 18 Nov 2019	17:00-17:30	44,308
Mon, 2 Dec 2019	17:00-17:30	44,160
Tues, 17 Dec 2019	16:30-17:00	43,546

The more power companies are using on these dates, the bigger their bill. For some, the difference can be seven figures.

National Grid only reveals Triad periods retrospectively, some companies switch to onsite generation or significantly reduce grid draw when they think a Triad is likely.

The effect is to dampen demand on cold evenings across winter, creating headroom on the system.



Source: National Grid

However, the Triads are being removed as part of an overhaul of network charging by regulator Ofgem (CMP332). Although it is still unclear when this will happen or how the new charging system will work exactly.

[LINK: National Grid - Triads 2019/20 confirmed](#)

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National Grid asks Ofgem to withdraw CMP332 Transmission and Distribution reform proposal

National Grid Electricity System Operator (ESO) has requested the withdrawal of CMP332 Transmission Demand Residual Bandings and Allocation (TCR). This modification would have given effect to the changes to TNUoS proposed by Ofgem's Targeted Charging Review.

National Grid said that "significant issues" have been raised that question the value and impacts of reforms to the transmission demand residual, and that withdrawing the proposal would give further time to consider the issues and implementation timescales.

In particular it highlighted a lack of visibility to the workgroup of modelled tariffs, and said that suppliers and users have not been able to understand the effects of the methodologies.

The ESO also said that the full extent and impact of changes would only be known after Ofgem's decision, providing only a few months for parties to truly understand the impacts on them, adjust their business models, and pass through benefits to customers.

[LINK: National Grid - CMP332 Proposal to Ofgem](#)

Smart meter rollout on hold following government guidance, says trade body Energy UK

Trade association Energy UK has said that due to Covid-19, its members have suspended all non-essential field-based activity in line with the very latest guidance from government.

Energy UK said that all suppliers were following the latest government, NHS and Public Health England guidelines in relation to home visits for any purpose.

"This currently means non-essential field-based activity has largely been suspended in line with this latest guidance.

"Smart meters will still be installed in emergency or essential situations, for example if there is a fault or loss of supply. Energy suppliers will seek to reduce social interactions with customers in these situations in line with the latest guidance."

This hiatus comes as the smart meter rollout was picking up pace, surging 8.2% in Q4 2019 compared to the year before. The Data Communications Company (DCC) announced in February that the four millionth second-generation smart meter (SMETS2) had been installed, just two months after the three million milestone was hit.

[LINK: Current News - Smart meter rollout on hold](#)