

Gas

p/therm	3 Apr 20	9 Apr 20	Change
Day-Ahead	16.00	14.80	-7.5%
May 2020	16.22	16.86	3.9%
Winter 2020/21	32.71	33.86	3.5%
Summer 2021	29.66	30.90	4.2%

The UK's Day-Ahead gas price fell by 7.5% to 14.80 p/therm as the UK wholesale market continues to feel the effects of the COVID-19 pandemic. Lockdowns have been seen around the world in an attempt to limit the spread of the disease, which has caused huge losses in demand of up to a quarter of global consumption.

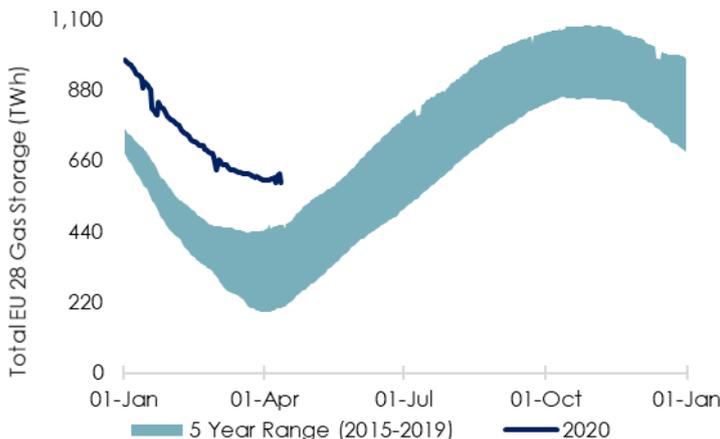
The Winter 2020/21 gas price rose by 3.5% week-on-week to 33.86 p/therm, with the equivalent Winter 2020/21 power price also rising, by 5.8% to £41.51/MWh. Increases in the gas market were fuelled by hopes of a cut in oil output, although an already oversupplied system capped upward movement.

Pipeline gas flows from Norway to the UK remained low as the summer gas season started. Pipeline gas flows to Britain were only around 45 mcm/d on Friday, down from 50 mcm/d week-on-week.

Besides the decline in oil prices and reduced demand the gas market is already under pressure from record-high stocks, which are currently 25% fuller than the average level at this time of year compared to the past five years. This is the result of last year's record-high shipments, combined with a mild winter.

Seasonal contracts remain low and continue to fall. Sum-21 and Win-21 once again posted decreases across gas and power. Our recommendation is to lock in contracts before June 2020 ahead of expected volatility related to Covid-19 driven economic slowdown.

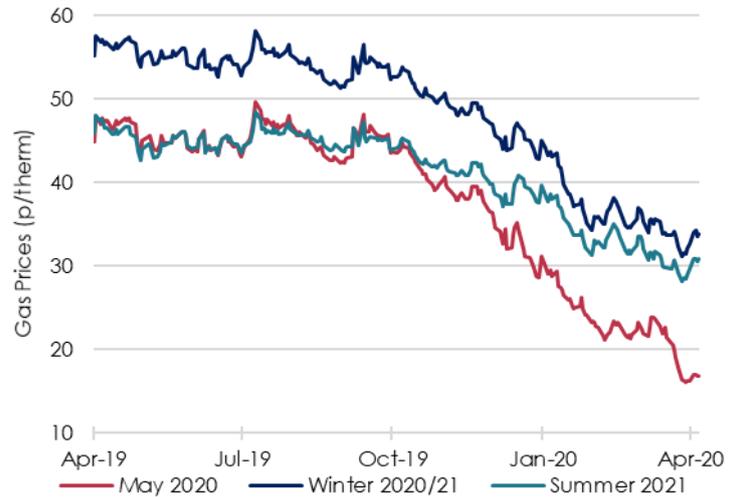
European Gas Storage



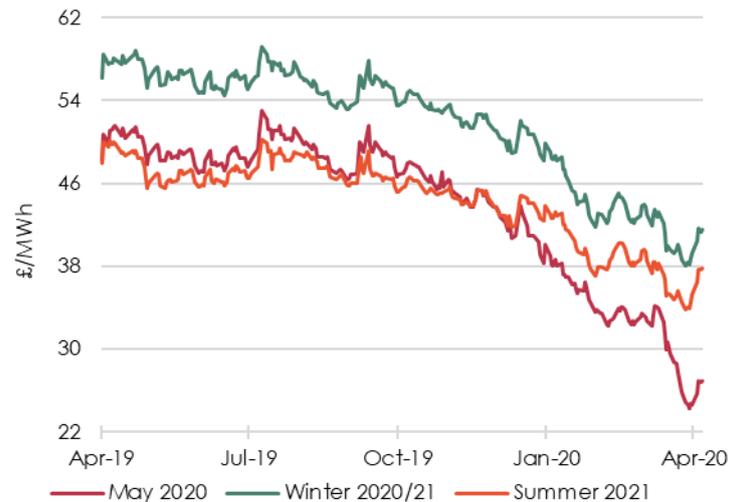
Power

£/MWh	3 Apr 20	9 Apr 20	Change
Day-Ahead	27.50	28.54	3.8%
May 2020	24.70	26.95	9.1%
Winter 2020/21	39.22	41.51	5.8%
Summer 2021	35.22	37.82	7.4%

UK Gas



UK Power



Global LNG (Japan v UK v USA)



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Beond Weekly UK Insight

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Oil

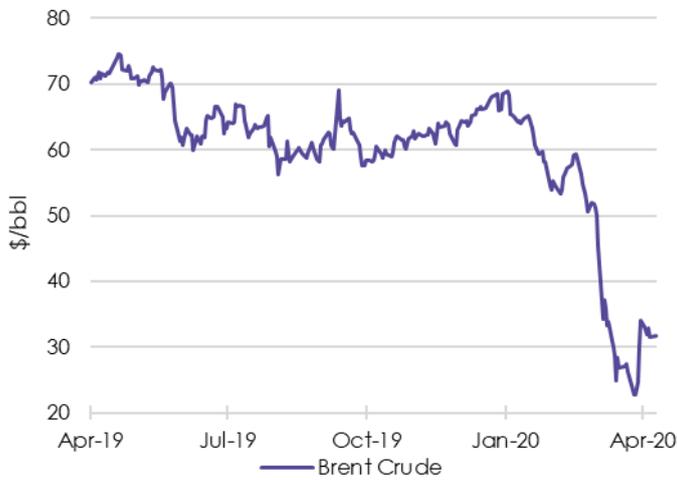
\$/bbl	3 Apr 20	9 Apr 20	Change
Brent Crude Jun 20	34.11	31.48	-7.7%

Source: Reuters

Brent crude oil prices dropped again last week to \$31.48/bbl, a fall of 7.7%.

Despite this recent drop, prices are expected to increase again as OPEC announces a reduction to global output of 10% during the COVID-19 pandemic from May to June. There are also additional restrictions to supply planned until April 2022.

Global oil demand is estimated to have fallen by a third over the last few weeks as more than 3 billion people are locked down in their homes.



Exchange Rates & Economics

£/\$	3 Apr 20	9 Apr 20	Change
GBP/USD	1.2260	1.2455	1.6%

Source: Reuters

The **Pound Sterling** rose 1.6% to a three-week high last week as the dollar tumbled after the US Federal Reserve rolled out a \$2.3 trillion effort to bolster local governments and small and mid-sized businesses in its latest move to support the U.S. economy.

Over six million Americans sought unemployment benefits for the second straight week, with businesses closed across the country to stem the spread of the coronavirus.



Carbon

€/tCO2	3 Apr 20	9 Apr 20	Change
EUA Dec 2019	17.86	20.98	17.5%

Source: Reuters

European carbon prices rose 17.5% to €20.98/tCO₂ following the news that the COVID-19 response may not need to be as extreme as first thought, with a slowdown in cases. Particularly news from China, easing the lockdown, has seen wider sentimental rises.



Coal

\$/tonne	3 Apr 20	9 Apr 20	Change
API2 CIF ARA 2019	54.20	55.90	3.1%

Source: Reuters

European coal prices rose 3.1% as coal demand increased due to the seasonal fall in European wind power generation. Meanwhile, 3 coal mines in Ukraine went offline this week amid extended coronavirus quarantine, contributing to lower European supply.



Regulatory and Market News

ENA closer to standardising flexible balancing contracts as DNOs eye 2GW

Regional Distribution Network Operators (DNO) are getting closer to a standardised way of buying flexibility in what could be a breakthrough year.

After much legal legwork, industry body the Energy Networks Association (ENA) has drafted a common agreement with input from DNOs and National Grid.

The ENA said the contract, which caps liabilities and indemnities at contract value, should boost market confidence and participation.

It plans to launch a second version "that aligns with the needs of the ESO following a consultation later this year".

Market participants have long urged DNOs to standardise procurement if they are serious about buying flexibility over network reinforcement.

Western Power Distribution has been most successful in terms of volumes procured to date, followed by UK Power Networks.

However, both Scottish network operators aim to significantly step up flex procurement this year.

According to the ENA, DNOs will attempt to procure around 2GW of flexibility in 2020.

- Scottish and Southern Energy Networks and Scottish Power Energy Networks are together eyeing around 1GW;
- Western Power Distribution aims to buy up to 667MW;
- UK Power Networks 170MW and Northern Powergrid 100MW.

DNO Flexibility Tenders		Sustain (MW)	Secure (MW)	Dynamic (MW)	Restore (MW)	Reactive Power (MVar) (if applicable)
ENWL	End of 2018			0	3	
	End of 2019			0	3	
	Projections for 2020			11	2	
NPG	End of 2018				0	
	End of 2019				0	
	Projections for 2020				100	
SPEN	End of 2018	0	0	0	0	0
	End of 2019	0	0	0	0	0
	Projections for 2020	125	125	125	125	30
SSEN	End of 2018	0	0	0	0	0
	End of 2019	0	2	2	2	0
	Projections for 2020	20	150	150	150	30
UKPN	End of 2018		0.3			
	End of 2019		19.29			
	Projections for 2020		170			
WPD	End of 2018		23.5	33.8	58.5	
	End of 2019		7.3	115.8	123.1	
	Projections for 2020		47.52	286.05	333.57	
Industry Total - End of 2018		0.0	23.8	33.8	61.5	0.0
Industry Total - End of 2019		0.0	28.6	117.8	128.1	0.0
Projections for 2020		145.0	492.5	572.1	710.6	60.0

Source: ENA

By making it easier than ever for customers and networks to work together, the Open Networks Project will boost market confidence in flexibility services, encourage more low-carbon, flexible energy to connect and ensure a secure supply of clean energy.

[LINK: ENA - Standardised DNO flexibility contracts](#)

Disclaimer: These views and recommendations are offered for your consideration and Beond makes every effort to ensure that the data and information in this report is accurate. However, due to the volatile and unpredictable nature of the energy markets, Beond cannot guarantee the accuracy of both the information and the recommendations provided. Beond does not accept any responsibility for errors or misstatements, or for any direct, indirect, consequential or other loss arising from any use of this information and/or further communication in relation to this information.

Wind generation in Europe sets new records

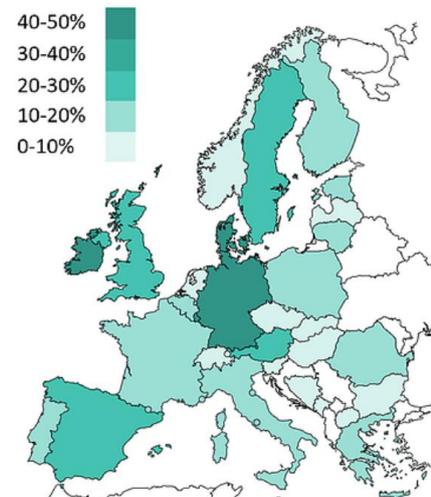
Volatile weather saw levels of wind generation across Europe hit record levels last month. New data from energy market analyst EnAppSys showed that wind power amounted to an average output of 85.4GW – equivalent to over two hundred 400MW coal units of power generation – in February 2020.

Wind speeds were consistently high across Europe last month and this led to exceptionally high levels of wind generation. As a result, the levels of electricity produced by wind farms in this period increased by 68% from February 2019 levels.

This comes as monthly records for wind generation have been broken each month since November 2019.

In addition, wind output as a proportion of total generation in Europe reached a record 27% in February 2020, significantly higher than the previous high of 18% in February 2019.

Average Wind Generation in Each European Country as a Proportion of its Demand during February 2020



Source: EnAppSys

Looking at country-specific wind generation, the highest wind output for February occurred by far in Germany, at an average of 29.1GW over the course of the month.

This is the highest ever monthly wind generation in Germany, and was followed by Great Britain (9.6GW average) and France (8GW average). Although these were the countries with the highest output, it was Denmark, Ireland and Germany that had the highest share of generation as a proportion of its demand from wind farms at around 50%.

[LINK: EnnAppsSys - wind power](#)