

## Gas

p/therm	10 Jul 20	17 Jul 20	Change
Day-Ahead	13.00	12.90	-0.8%
Aug 2020	13.67	13.42	-1.8%
Winter 2020/21	34.03	33.35	-2.0%
Summer 2021	31.50	31.07	-1.4%

The UK's **Day-Ahead gas** price fell 0.8% to 12.90p/therm last week as temperatures fluctuated around seasonal normal for most of the week. A notable fall in carbon prices towards the end of the week also caused downward pressure on prices

**Day-Ahead power** fell 1.1% to £28.27/MWh, again in part due to carbon prices. Across Europe, spot power prices slid as demand was lower than forecast, while renewable generation also ticked up.

**Winter 2020/21 gas** fell 2.0% week-on-week to 33.35 p/therm, with the equivalent **power** price falling 1.5% to £45.93/MWh, as a report from The Academy of Medical Scientists predicted a second wave of Covid-19 could peak in January and February, potentially impacting energy demand. The UK's chief scientific adviser said there is a high degree of uncertainty over how the pandemic will play out over the winter, which will weigh on prices.

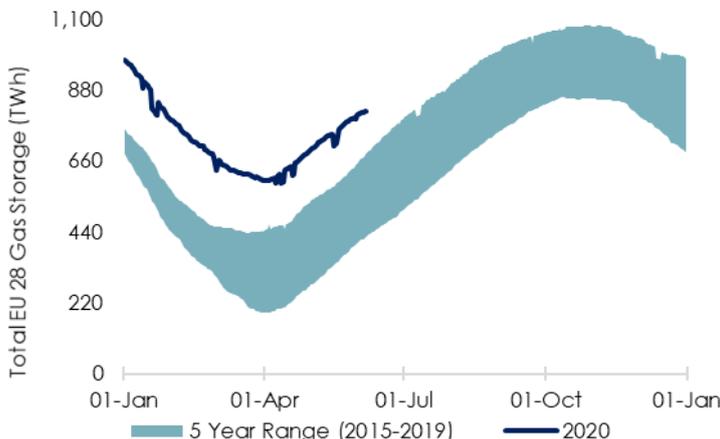
Week-on-week losses were seen across the forward energy market, as the U.S. set another one-day record of 77,000 coronavirus cases on Friday, raising concern that global fuel demand growth could stall again if we experience a second wave.

Gas storage remains strong with facilities up to 84% full, compared to 63% typically seen at this time of year. July has so far had four arrivals of LNG tankers, with two more currently scheduled.

Maintenance is expected at fields delivering to the SEGAL pipeline towards the end of the month, reducing capacity by 15mcm/d for two days.

Our recommendation remains to lock in contracts as soon as possible as prices gradually rise following the easing of lockdown restrictions.

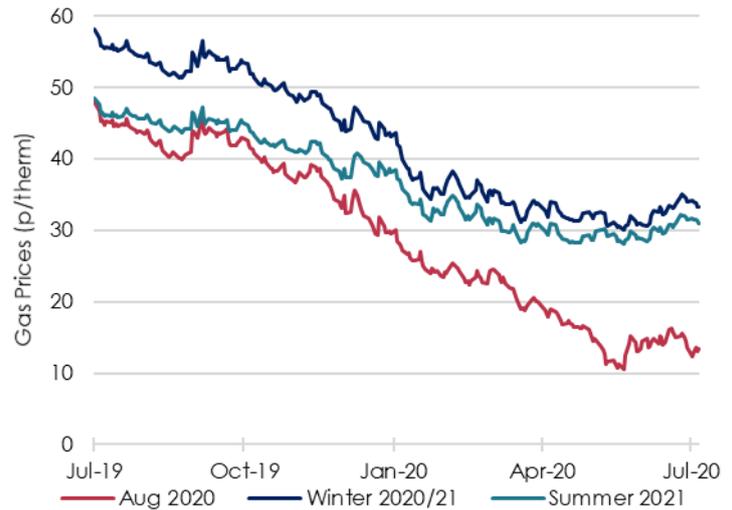
## European Gas Storage



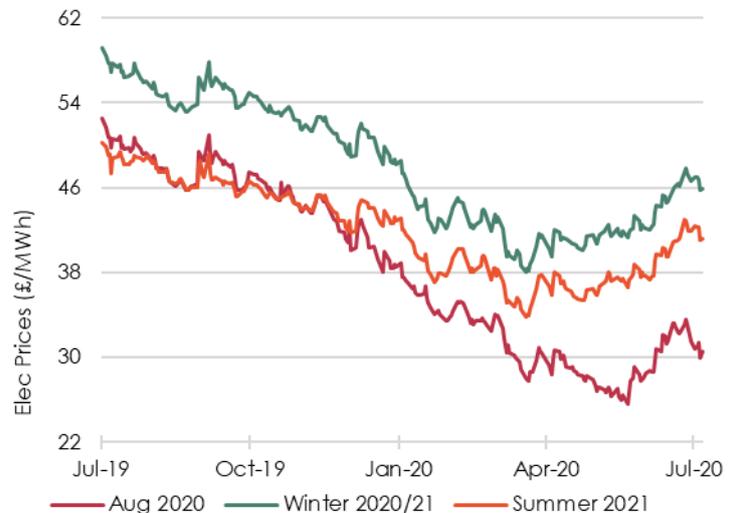
## Power

£/MWh	10 Jul 20	17 Jul 20	Change
Day-Ahead	28.57	28.27	-1.1%
Aug 2020	31.52	30.60	-2.9%
Winter 2020/21	46.63	45.93	-1.5%
Summer 2021	41.88	41.21	-1.6%

### UK Gas



### UK Power



## Global LNG (Japan v UK v USA)



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# Beond Weekly UK Insight

20 July 2020

## Oil

\$/bbl	10 Jul 20	17 Jul 20	Change
Brent Crude Sep 20	43.24	43.14	-0.2%

Source: Reuters

**Brent Crude oil** remained stable with a marginal decrease of 0.2% to \$43.14/bbl. This small drop is significant as prices were expected to continue rising following record lows in April.

This small dip in price follows the announcement at the end of last week that OPEC would boost crude oil production by a further 2 million bpd.

Demand optimism appears stifled by the rising pace of Covid-19 infections globally.



## Exchange Rates & Economics

£/\$	10 Jul 20	17 Jul 20	Change
GBP/USD	1.2620	1.2565	-0.4%

Source: Reuters

The **Pound Sterling** moved laterally with a small drop of 0.4%. This is despite robust data from both sides of the Atlantic from UK retail sales, UK jobless claims and new Covid-19 data. Retail sales surged by 7.5% in the UK, with jobless claims seeing a drop of 28,100 in June. Additionally, Covid-19 deaths appear to have flatlined despite easing lockdown conditions.

Some concern remains related to continued easing of restrictions and the potential for a second wave of lockdown conditions.



## Carbon

€/tCO2	10 Jul 20	17 Jul 20	Change
EUA Dec Yr	28.96	27.74	-4.2%

Source: Reuters

**European carbon** dropped by 4.2% to €27.74/tCO<sub>2</sub>, the first significant drop in price after over a month of market rises to a 14-year high last week.

Sentiment has been dampened as the pace of Covid-19 infections rises and a deadlock over the EU's economic recovery package. The impact of high auction volumes has also weighed on prices.



## Coal

\$/tonne	10 Jul 20	17 Jul 20	Change
API2 CIF ARA Yr	57.85	60.00	3.7%

Source: Reuters

**European coal** prices saw an increase of 3.7% to \$60.00/tonne as global demand increases following easing lockdown restrictions. On the supply side, supply cuts have an ongoing effect on increasing prices as the supply chain is reorganised.



## Regulatory and Market News

### **Government plans to boost large-scale green energy storage - and reduce energy bills in the process**

The UK Government has announced that it will relax planning legislation around the construction of large-scale batteries, to make it easier for energy storage systems to be developed.

It is hoped that by loosening these restrictions, the number of grid-scale batteries on the National electricity grid could be trebled to over 100. It is also thought that the storage cells themselves will be up to "five times bigger" than those currently in use. The Government wants these batteries to primarily be used to store renewable energy from the country's wind and solar farms.

The increased efficiency and supply of renewables could mean a reduction in energy costs for consumers - which means lower bills. It is also another example of the UK's efforts to lower carbon levels and hit Net Zero by 2050.

These legislative changes will mean that more storage projects over 50MW in England and over 350MW in Wales will be approved. More green energy resources can then be "stored and used all year round".

Currently, planning permission is needed from local authorities before such projects can be rolled out.

The Government has also stated that these battery technologies will be a part of the country's 'smarter electricity grid', which will support a wider integration of low-carbon power sources. It predicts that this could lead to savings of up to £40bn by the middle of the century.

Despite having the "largest installed capacity of offshore wind in the world," the speed and availability of wind isn't always a constant in the UK. That means that green wind energy is sometimes created when we already have a surplus. At other times, only low levels can be produced.

Having more - and larger - batteries in place should help the Grid handle surplus energy. It should also work to keep the overall mix of renewables on the Grid at higher levels when generation is not as productive.

The UK Minister for Energy and Clean Growth, Kwasi Kwarteng, has described the Government's move as "key to capturing the full value of renewables". He championed the plans as a means of fostering the UK's "smarter electricity network" and "creating more green-collar jobs".

[LINK: BEIS - Gov relaxing battery storage rules](#)

### **TfL sets out plans for London Underground to be powered by renewable electricity**

Transport for London (TfL) has launched a market test for tube networks to be supplied with renewable electricity directly from generators, as part of Mayor Sadiq Khan's commitment to deliver a zero-carbon rail network by 2030.

TfL currently sources its electricity directly from the National Grid via the Crown Commercial Service. The market test will see the body, which is London's single largest consumer of electricity, develop plans to purchase renewable electricity through external Power Purchase Agreements (PPAs) with wind and solar generators.

Additionally, City Hall has publicly disclosed the energy demands of TfL for the first time, in a bid to help renewable electricity generators and other stakeholders plot a feasible path to 100% renewables.

It revealed that TfL currently consumes 1.6 TWh of electricity annually, as all trains on its network are electrically powered and it operates more than 3,800 hybrid and electric buses. This is equivalent to the electricity consumed by 437,000 average greater London homes.

TfL and the wider Greater London Authority (GLA) will strive to purchase up to 10% of the tube network's energy demand from renewable PPAs by spring 2022.

[LINK: Edie - TFL renewable plans](#)

### **Smartest Energy signs Power Purchase Agreement for 42MW Newhurst Energy-from-Waste plant**

Smartest Energy has signed what it claims is one of the largest power purchase agreements to date in the energy-from-waste sector.

The Marubeni-owned firm has agreed a 15-year deal to take power from the new facility at Newhurst, Leicestershire. It is expected to be operational by 2023 and will have a power generation capacity of 42MW.

Biffa and Covanta are behind the plant, along with with Macquarie's Green Investment Group. The joint venture is also proposing a plant at the Protos Energy Park near Ellesmere Port in Cheshire.

Cornwall Insight conducted the PPA tender process, which Smartest says has a number of bespoke features to enable additional returns through future routes to market as opportunities emerge.

[LINK: Energyst - Smartest signs Energy from Waste PPA](#)