

Gas

p/therm	24 Jul 20	31 Jul 20	Change
Day-Ahead	12.60	13.40	6.3%
Sep 2020	14.78	15.64	5.8%
Winter 2020/21	31.62	31.20	-1.3%
Summer 2021	28.62	27.91	-2.5%

The UK's **Day-Ahead gas** price rose 6.3% to 13.40p/therm as unplanned maintenance at the North Sea Segal pipeline reduced Norwegian flows to the UK by 15 mcm/d.

Day-Ahead power rose 3.6% to £31.02/MWh, as weak renewable generation across impacted on prices. The start of last week saw low solar generation, while wind output fell midweek. Prices rose further as demand for cooling increased towards back end of the week, with the UK experiencing temperatures of up to 37.8C on Friday.

Winter 2020/21 gas fell 1.3% week-on-week to 31.20 p/therm, with the equivalent **power** price seeing a small rise of 0.3% to £44.42/MWh.

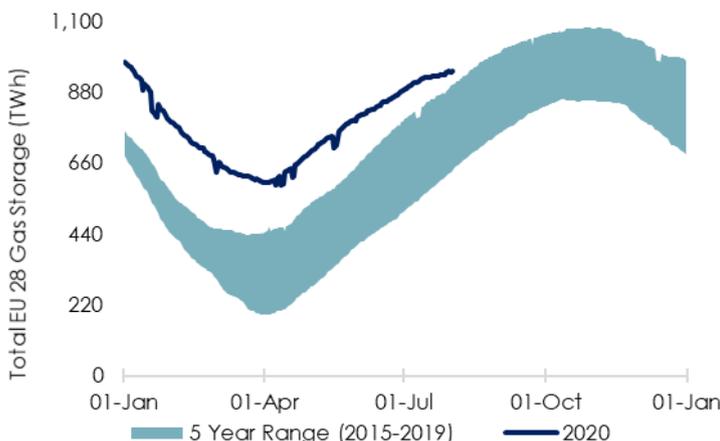
Week-on-week losses were seen across parts of the forward energy market, with Summer 2021 experiencing the biggest losses. This comes as British Prime Minister Boris Johnson delayed the easing of Covid-19 in England as spikes in infections in the UK, Europe and the US have hindered the timeline for of economic recovery. Concerns remain that global fuel demand growth could stall.

Gas storage remains strong at around 88% full, compared to 66% typically seen at this time of year. Meanwhile, two Qatari LNG cargoes are expected to unload this week to supplement UK gas supply.

With the risk of a second wave counteracting the impact of businesses returning to normal, we could see forward energy prices rangebound for the coming weeks. With gas stockpiles so high, it would not be any surprise to see prices peak earlier on in winter. However, we continue to keep an eye open for further shocks to the market.

Our recommendation remains to lock in contracts as soon as possible as prices are at risk of further volatility following the easing of lockdown restrictions.

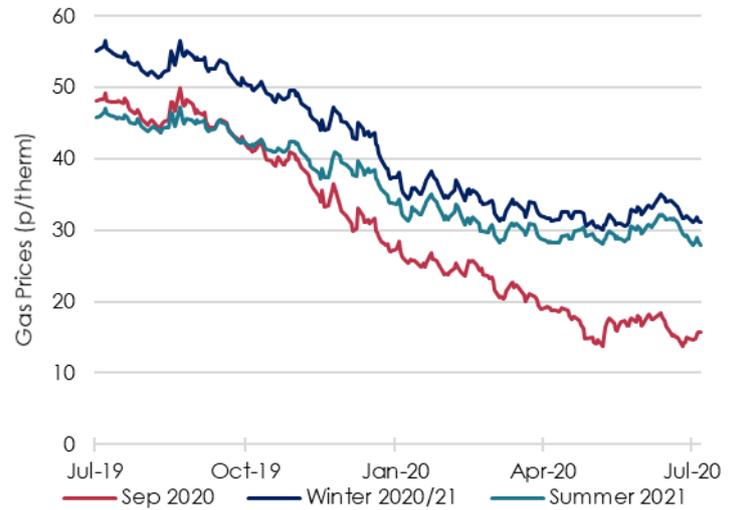
European Gas Storage



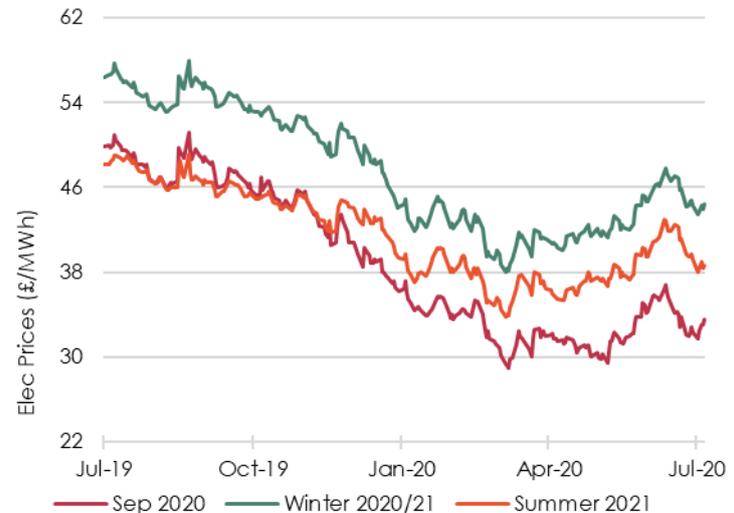
Power

£/MWh	24 Jul 20	31 Jul 20	Change
Day-Ahead	29.93	31.02	3.6%
Sep 2020	32.35	33.57	3.8%
Winter 2020/21	44.28	44.42	0.3%
Summer 2021	39.20	38.58	-1.6%

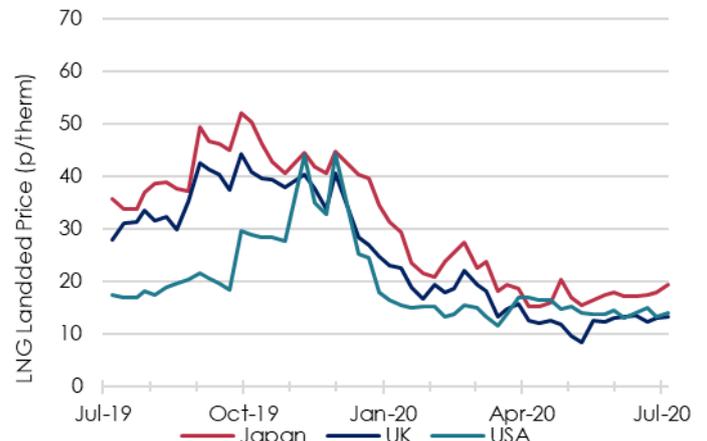
UK Gas



UK Power



Global LNG (Japan v UK v USA)



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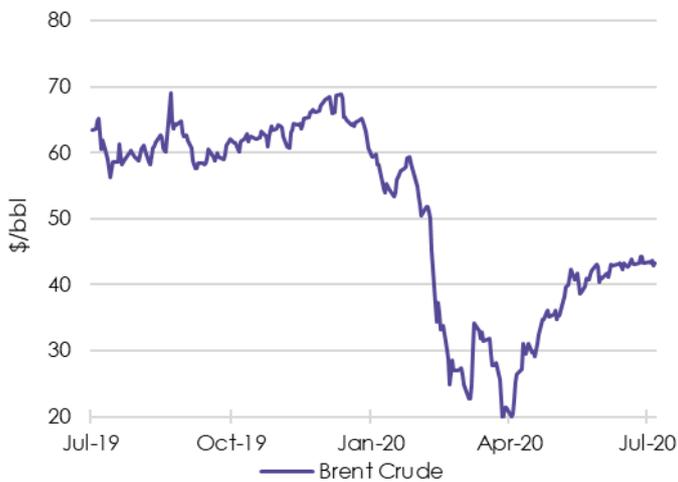
Oil

\$/bbl	24 Jul 20	31 Jul 20	Change
Brent Crude Oct 20	43.34	43.30	-0.1%

Source: Reuters

Brent Crude oil remains largely unchanged as market volatility remains stifled, trading between \$41-\$45 for the last three weeks. Speculators remain nervous that the gradual price rise expected throughout the rest of 2020 (due to easing restrictions) is already falling behind expectations.

More tangibly, OPEC has announced they will continue to increase output with the current 9.7 million bpd production cut dropping to 7.7 million bpd. A further 2 million bpd in the market is likely to facilitate a drop in oil price.



Exchange Rates & Economics

£/\$	24 Jul 20	31 Jul 20	Change
GBP/USD	1.2789	1.3088	2.3%

Source: Reuters

The **Pound Sterling** increased by 2.3% last week against the US Dollar

The US Federal Reserve acknowledged this week the deterioration in value of the US dollar; "The path of the economy will depend significantly on the course of the virus". The Fed will continue with financial assistance such as lending programs or implement new ones.

The U.S Dollar has a unique position as the world's reserve currency meaning that cheap lending conditions could cause funds to move overseas, boosting other currencies such as Sterling.



Carbon

€/tCO2	24 Jul 20	31 Jul 20	Change
EUA Dec Yr	26.29	26.22	-0.3%

Source: Reuters

European carbon saw a small decrease of 0.3% to €26.22/tCO₂, reflecting uncertainty over energy demand as emerging data implies a possible early second wave of Covid-19. With auction volumes set to drop by 54% in August, relative to July, there will be technical support for prices.



Coal

\$/tonne	24 Jul 20	31 Jul 20	Change
API2 CIF ARA Yr	59.50	60.20	1.2%

Source: Reuters

European coal prices saw a gain of 1.2% to \$60.20/tonne last week as incremental improvements in global economic activity and therefore power demand as Covid-19 lockdown measures are relaxed in many parts of the world outweighed bearish low global gas prices.



Regulatory and Market News

Ofgem calls for fairer deals for microbusinesses

Ofgem are continuing to highlight the treatment of small energy consumers by unscrupulous energy brokers. They are consulting with a deadline of 23 October and intend to publish a statutory consultation in winter 2020/21 and implement changes later in 2021.

In their introduction they say small businesses spend £3.8bn per annum on energy. Three out of four small business actively choose a contract and businesses “obtain valuable market insight and contracting services from brokers”. However there are poor practices for Ofgem to address.

For example customers mistakenly move “away from costly deemed rates onto slightly cheaper, but in practice poor value fixed-term rates in their haste to move off deemed rates.”

The Ofgem press release mentions a company who describe themselves as energy and legal experts helping businesses to recover hidden commissions and losses from the mis-selling of energy contracts. Beond are not experts in mis-selling because we don't do it; however there is a case-study on Beond's website of us breaking such a contract for one of our clients.

Ofgem don't have powers to regulate energy brokers but they do regulate energy suppliers. Ofgem want to help microbusinesses in the following ways:

- Requirement for suppliers to ensure brokers they work with conduct themselves appropriately
- Requirement for suppliers to only work with brokers signed up to an alternative dispute resolution scheme
- Applying targeted sales and marketing rules to suppliers and brokers they work with via supply licence changes
- Clarifying and strengthening existing supply licence obligations to provide information about broker commission payments on contracts, bills and account statements
- Introducing a 14 day cooling-off period for microbusiness contracts
- Requiring suppliers to maintain existing contract rates for up to 30 days while issues with a blocked switch are being resolved
- Banning notification requirements (“termination”)

Ofgem's consultation document includes the text they wish to add to the suppliers' licences in order to regulate brokers.

[LINK: Ofgem - Consultation](#)

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.

Portsmouth residents saving £800k on energy bills with council scheme

An energy efficiency scheme has helped residents in Portsmouth save more than £810k on energy bills.

The local authority launched the initiative in a bid to tackle fuel poverty and climate change and has provided eligible residents with fully funded gas central heating, free energy-saving advice, energy top-ups and free boiler replacements.

The Switched On Portsmouth Impact Report provides details of the 1,500 households helped in Portsmouth, Gosport and Havant from June 2019 through to May 2020, and the extent to which households have been helped. The report shows:

- £818,844 saved from people's bills or delivered from benefit maximisation service and securing Warm Homes Discount payments
- Carbon emissions equivalent to 1,487 tonnes of carbon dioxide reduced from homes

Councillor Vernon-Jackson, Leader of the council, said: “The energy saved in each home contributes to an important reduction in carbon emissions in the city; improving air quality and helping Portsmouth City Council towards its target of net zero carbon by 2030.”

[LINK: Portsmouth City Council - energy efficiency](#)

Heat Pumps continue to be the most popular technology in domestic RHI

Ofgem has published its sixth annual report for the Domestic Renewable Heat Incentive (RHI) scheme. The past financial year 2019-20 saw an increase in applications, with 14,000 received between 1 April 2019 and 31 March 2020, up from 9,500 in the previous year. Of these, 12,502 were approved taking the total accreditations on the scheme to 78,206.

Payments made in the previous scheme year totalled £132.9 million, taking the total spend on this scheme since launch to £529.2 million. The total renewable heat generated by accredited installations now stands at 4,596.9GWh and Ofgem estimates that carbon savings over the lifetime of the scheme will now be 4.95MtCO₂.

The regulator conducted a total of 1,587 audits over the scheme year, which it considers will result in savings of over £1.1 million of public funds.

Originally set to close at the end of the 2020-21 financial year, it was announced by the Government that the Domestic RHI scheme would be extended by an additional year and will now close at the end of March 2022

[LINK: Ofgem - Domestic RHI report 2019-20](#)

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