

Gas

p/therm	28 Aug 20	4 Sep 20	Change
Day-Ahead	26.90	30.40	13.0%
Oct 2020	28.95	30.31	4.7%
Winter 2020/21	38.22	38.66	1.1%
Summer 2021	34.25	33.42	-2.4%

The UK's **Day-Ahead gas** rose by 13.0% to 30.40/therm as gas to be used in power generation was expected to ramp up over the weekend due to an expected drop in both wind and solar output.

Day-Ahead power saw a rise of 4.7% to £37.58/MWh as wind and solar availability was expected to fall below the seasonal norms over the weekend and into the start of this week.

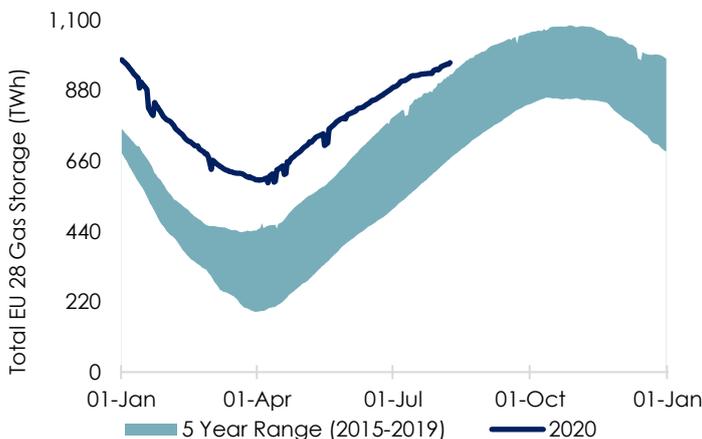
Winter 2020/21 power prices saw a slight fall of -0.5% to £50.79/MWh. This follows a marked reduction in the carbon price this week after the previous week's rise because of French nuclear outages and reduced Bank Holiday Carbon Credit auction volumes. A reduction in European Coal prices also had a bearish impact on the power price.

Winter 2020/21 gas rose 1.1% to 38.66p/therm. UK production was cut by Forties pipeline maintenance last week. The maintenance was scheduled to last two days, but the signs of slow production led to some uncertainty around the return of Forties to provide some bullish sentiment to prices this week. This was mostly offset by a surge in Norwegian supply.

UK production is expected to increase substantially this week following the resumption of production impacted by the Forties Pipeline System maintenance. UK Continental Shelf gas production is expected to average 95 mcm/d this week compared to 51 mcm/d last week. Additionally, maintenance at Bacton Perenco terminal which began at the end of August should end at the start of this week.

With temperatures trending lower as we head towards the start of winter, our recommendation for clients with open Winter volume remains to lock this in as soon as possible.

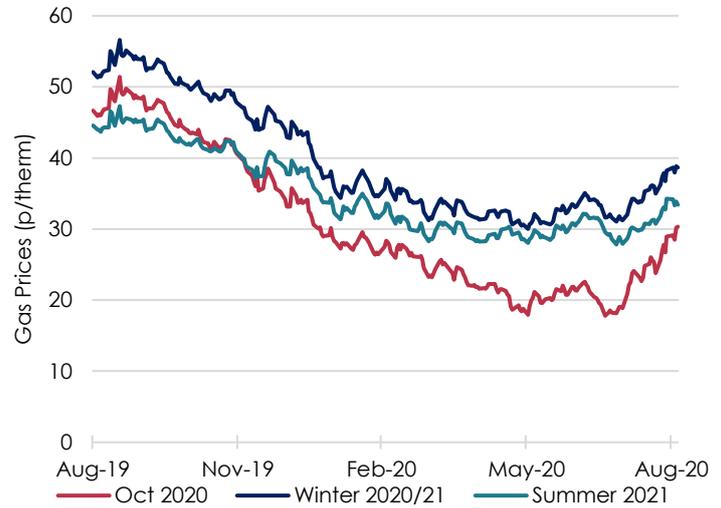
European Gas Storage



Power

£/MWh	28 Aug 20	4 Sep 20	Change
Day-Ahead	35.89	37.58	4.7%
Oct 2020	43.62	43.87	0.6%
Winter 2020/21	51.07	50.79	-0.5%
Summer 2021	44.41	43.76	-1.5%

UK Gas



UK Power



Global LNG (Japan v UK v USA)



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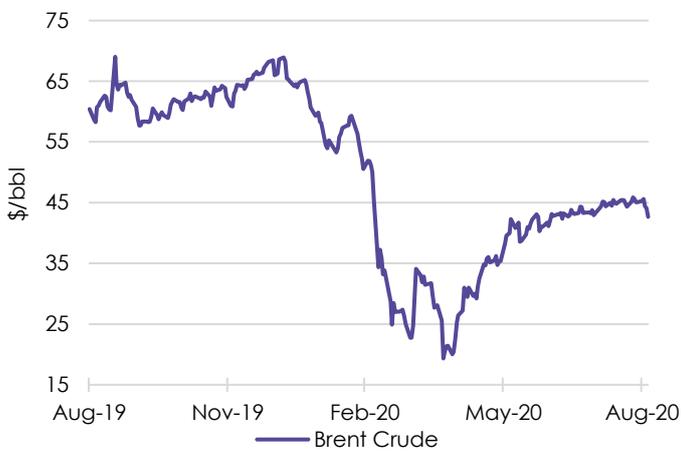
Oil

\$/bbl	28 Aug 20	4 Sep 20	Change
Brent Crude Nov 20	45.05	42.66	-5.3%

Source: Reuters

Brent Crude oil fell by 5.3% last week, to \$42.66/bbl, reaching the lowest levels since July. This comes amid lower optimism over the rate of recovery from COVID-19, as well as price cuts from Saudi Arabia.

Saudi Arabia made the largest price cuts for supply to Asia in five months as supply of crude oil continues to outweigh demand. Meanwhile China, the world's largest oil importer, reduced its imports over August to 11.18 million bpd, compared to almost 13 million bpd in June this year.



Exchange Rates & Economics

£/\$	28 Aug 20	4 Sep 20	Change
GBP/USD	1.3349	1.3282	-0.5%

Source: Reuters

The **Pound Sterling** fell 0.5% against the US Dollar last week, as foreign secretary Dominic Raab warned lockdown had led to a 'massive shrinking of the economy' and that a return to the office for workers was important to help support economic recovery.

However, Alex Brazier, executive director for financial stability at The Bank of England has warned a sudden return to the workplace should not be expected, with social distancing on public transport and in the workplace acting as factors holding people back.



Carbon

€/tCO2	28 Aug 20	4 Sep 20	Change
EUA Dec Yr	29.50	27.34	-7.3%

Source: Reuters

European carbon fell by 7.3% to €27.34/tCO2 last week, driven by increased auction volumes following last week's European bank holiday.

Analysts are expecting EU carbon prices to remain stable at current levels around €27-28 for the rest of 2020, before rising to new highs in 2021.



Coal

\$/tonne	28 Aug 20	4 Sep 20	Change
API2 CIF ARA Yr	57.05	56.10	-1.7%

Source: Reuters

European coal prices fell 1.7% to \$56.10/tonne last week, as global coal demand looks to have weakened.

In India, the world's second biggest coal importer, August coal imports are estimated to be 24% lower than the same period in 2019 as the country overtakes Brazil in terms of the number of confirmed COVID-19 cases.



Regulatory and Market News

Failing council-owned energy supplier Robin Hood Energy sold to British Gas after years of losses

Nottingham City Council-owned Robin Hood Energy has been sold to British Gas' owner Centrica.

Robin Hood Energy made a £23m loss for 2018/19 and a cumulative loss of £34.4m according to a damning report by auditors published last month, which states Robin Hood Energy was on track to make a £12m loss for 2019/20. As of 31 March 2020 the council's liabilities, including guarantees for the firm stood at £59.6m.

Relations between the company and the council became increasingly strained as its financial position fluctuated along with market and regulatory developments. In October 2019 Ofgem ordered it to pay £9.5m in overdue Renewables Obligation (RO) payments within 30 days, leaving the council having to bail out the firm or risk it being stripped of its licence. The RO loan was due to be repaid this month.

Three weeks after receiving the loan, Robin Hood approached the council for another £4.5m in November.

Robin Hood Energy is the supplier for several other councils through white labelling agreements, which had initially underpinned its growth plan. The firm has 112,000 residential customers, and 2,600 business customers across 10,000 sites. Completion of the transaction is expected on 16 September.

[LINK: BBC - Robin Hood Energy sold to Centrica](#)

Boris Johnson tells EU that free trade deal must be done by 15 October

Prime Minister Boris Johnson has told the EU that a free trade deal must be done by 15 October, otherwise the UK will "move on".

The prime minister said Britain was entering the "final phase" of negotiations, which resume on Tuesday.

"There is no sense in thinking about timelines that go beyond that point," he said.

"The EU have been very clear about the timetable. I am too. There needs to be an agreement with our European friends by the time of the European Council on 15 October if it's going to be in force by the end of the year.

Mr Johnson continued: "We will of course always be ready to talk to our EU friends even in these circumstances. We will be ready to find sensible accommodations on practical issues such as flights, lorry transport, or scientific cooperation, if the EU wants to do that.

[LINK: Sky - UK-EU Trade Deal Negotiations](#)

RWE throws spanner in works for UK's biggest hybrid battery plant

RWE has taken issue with Statera's plans for a 750MW hybrid flexible power plant at Thurrock, adjacent to its former Tilbury power station.

The firm has written to the Planning Inspectorate expressing concern that its land has been included in planning documents.

Thurrock Power aims to deliver a 600MW flexible gas plant combined with a 150MW/600MWh battery – which would make it the biggest battery in the UK.

To build it requires construction of a causeway on the River Thames, heavy haul roads, further access to the adopted highway, environmental mitigation and grid connections, according to documents submitted to the inspectorate. "RWE is the owner of the land where such rights are sought and holds an interest on that land for the purposes of its undertaking," states the firm.

While in negotiations with Statera, and "generally supportive" of the project, RWE said it "strongly objects"

RWE states it will "strongly resist the compulsory acquisition of land and rights over land which RWE owns and requires for development purposes".

RWE floated plans to build a 100MW battery at Tilbury two years ago, but later shelved them.

[LINK: Gov - Thurrock Power](#)

Britain's electricity demand returns to 2019 levels as lockdown lifts

Demand for power plummeted as Covid-19 measures kicked in, but levels now look to have returned to that seen last year, according to Cornwall Insight.

After the government implemented measures aimed at combating the Covid-19 outbreak in March, demand for electricity in Britain initially fell 15% below 2019 levels, as businesses shut up shop, major industries wound down, and millions of workers were furloughed or worked from home.

However, levels saw an uptick in July and by the beginning of August were once again on a par with demand levels seen in 2019.

While millions of people are still working effectively from home, the increase in power demand suggests wider UK economic activity has risen as lockdown measures have eased. Unless further lockdown measures are imposed the lows in energy demand observed earlier in the year are now likely to be over.

[LINK: Business Green - Power demand returns to 2019](#)