

Gas

p/therm	20 Nov 20	27 Nov 20	Change
Day-Ahead	34.25	41.30	20.6%
Dec 2020	36.21	41.68	15.1%
Summer 2021	30.93	33.58	8.6%
Winter 2021/22	40.40	42.27	4.6%

Source: ICE

The UK's **Day-Ahead gas** rose 20.6% to 41.30 p/therm as the temperature outlook forecasts colder weather on the way as we approach the end of the UK's second national lockdown. The National Grid predicts the gas system to be 10.9% oversupplied moving into this week.

Day-Ahead power rose by 27.1% to £48.91/MWh. The gain was a result of low wind and hydro generation, a colder weather outlook and many people in the UK expected to return to workplaces this week providing an expected boost to power demand.

December 2020 gas saw a significant rise of 15.1% to 41.68 p/therm. Gas prices have been boosted by the possibility of an effective Covid-19 vaccine. The oversupplied gas system tightened following a significant rise in gas-fired power generation this week. Temperatures are also expected to fall further in the coming weeks.

December 2020 power also saw a rise of 13.3% to £48.81/MWh following bullish movements of gas, carbon and coal.

Summer 2021 gas and power also saw rises of 8.6% and 5.8% respectively, as optimism that the rollout of an effective vaccine may begin to increase global demand as early as next summer, boosting gas, power, and oil prices.

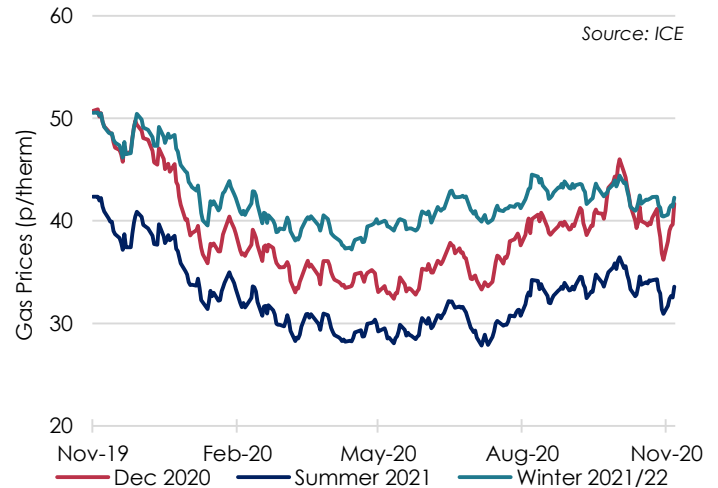
It is likely that average prices will continue to rise as we move further into winter, therefore the recommendation remains to lock-in now or, if possible, wait until Summer 21.

Power

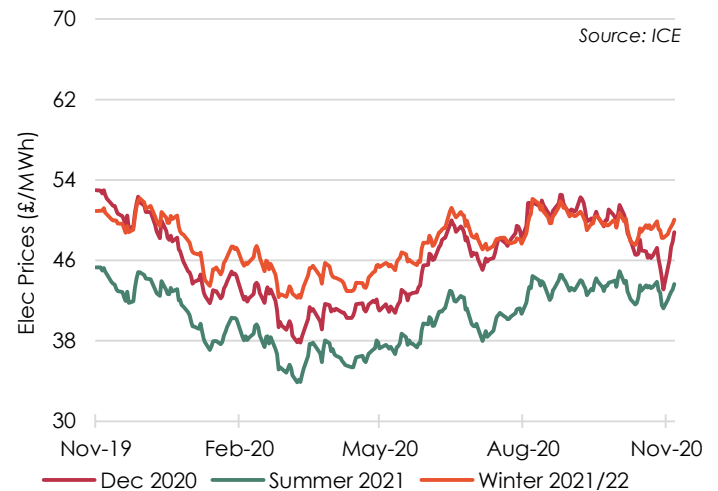
£/MWh	20 Nov 20	27 Nov 20	Change
Day-Ahead	38.47	48.91	27.1%
Dec 2020	43.09	48.81	13.3%
Summer 2021	41.22	43.61	5.8%
Winter 2021/22	48.23	50.03	3.7%

Source: ICE

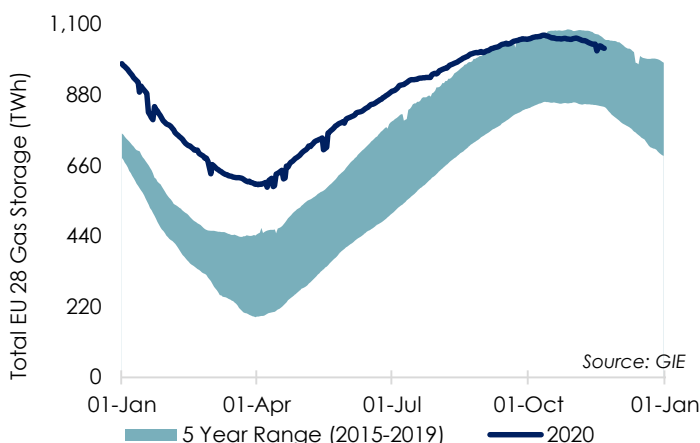
UK Gas



UK Power



European Gas Storage



Global LNG (Japan v UK v USA)



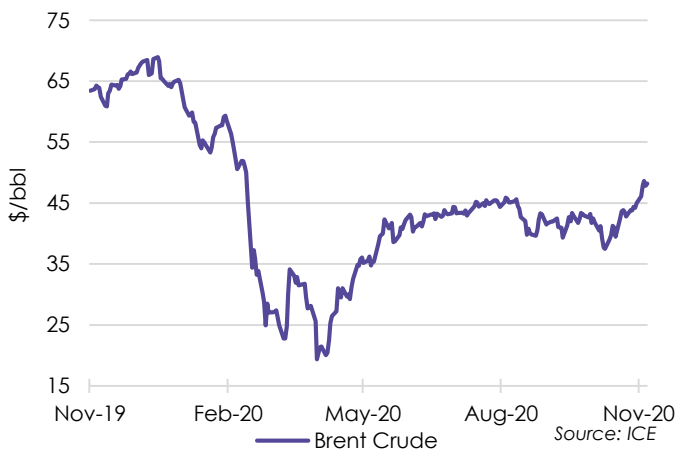
Oil

\$/bbl	20 Nov 20	27 Nov 20	Change
Brent Crude Jan 21	44.96	48.18	7.2%

Source: Reuters

Brent crude oil continued to rise last week, up 7.2% to \$48.18/bbl. Brent prices strengthened on growing optimism of a vaccine, with prices reaching their highest level since March.

Prices have also been supported by news that OPEC+ are expected to extend production cuts introduced in April this year. It had previously been expected that production would be increased by 2m bpd in January 2021, but a delay to this is looking increasingly likely.



Exchange Rates & Economics

£/\$	20 Nov 20	27 Nov 20	Change
GBP/USD	1.3282	1.3314	0.2%

Source: Reuters

The **Pound Sterling** moved laterally last week, however, remains close to nine-month highs as Brexit discussions continue and both sides push towards a trade deal.

As the UK enters the last month of trade discussions with the EU, optimism is growing as both sides engage around the two main remaining issues, fisheries and state aid. Original fears of economic paralysis related to a 'No Deal' Brexit are unlikely to be fully felt as the damage of the Covid-19 pandemic is far more significant.



Carbon

€/tCO2	20 Nov 20	27 Nov 20	Change
EUA Dec Yr	26.74	28.13	5.2%

Source: Reuters

European carbon rose 5.2% last week, reaching two-month highs. Prices have been bolstered on concerns of colder weather, paired with a prolonged period with no auctions.

In other news, the European Commission have confirmed that the allocation of free allowances for 2021 will be postponed until at least Q2 2021.



Coal

\$/tonne	20 Nov 20	27 Nov 20	Change
API2 CIF ARA Yr	55.50	60.00	8.1%

Source: Reuters

European coal prices rose 8.1% last week following a colder forecast for Europe over the coming weeks. An improving economic outlook has also bolstered prices as a Covid-19 vaccine looks ready for rollout at the start of 2021 and the continued economic impact of pandemic lockdowns across Europe seem to be diminishing.



Regulatory and Market News

EDF seeking partners for hydrogen and direct capture at Sizewell C

EDF Energy is looking for commercial partners for demonstration projects to test the viability of hydrogen and direct air capture (DAC) technologies at the proposed Sizewell C nuclear power station in the UK.

It has issued two "expression of interest" proposals and is calling on companies with relevant expertise to come forward to help deliver the projects in Suffolk.

The energy company is planning to develop a small demonstrator project using an electrolyser with the potential to produce up to 800kg of hydrogen per day, which would be used to fuel some of the vehicles and equipment used in the construction of the power station and reduce diesel consumption.

Further uses could include supplying hydrogen to meet the requirements of local authorities, nearby ports, industry and for local bus and rail transport.

The project is seeking interested partners to supply the electrolyser, provide hydrogen-fuelled vehicles or equipment or express interest in hydrogen consumption for their own uses and provide project management.

A permanent facility supplied with low-carbon heat and power by Sizewell C could produce hydrogen at scale.

The second project will test the feasibility of using heat from the plant to power a DAC system that would capture carbon dioxide.

It is asking companies with experience in DAC, or other relevant technologies, to provide the air capture system, design the plant, provide project management and explore scalability with a view to establishing a future large-scale integrated DAC plant on site.

Julia Pyke, Sizewell C Director of Finance and Regulation said: "Sizewell C will supply around six million British homes with always-on low carbon power but it has enormous potential to do much more in support of our net zero future.

"By using spare heat to enable some of the other low carbon technologies needed alongside nuclear, Sizewell C will become a flexible energy hub and provide even greater value for energy users."

Interested parties for the DAC demonstrator can submit their applications by 18 December 2020 and those interested in the hydrogen demonstrator can send submissions until 8 January 2021.

[LINK: EDF Sizewell C - Hydrogen & direct capture](#)

Government Spending Review announces billions of pounds of new net zero funding

Chancellor Rishi Sunak has unveiled a wealth of net zero funding in his Spending Review. The new spending plan includes a total budget of £23.5 billion for the Department for Transport and in particular for rail, roads, buses, cycling infrastructure and the decarbonisation of transport.

Nearly £1.9 billion will be spent on electric vehicle infrastructure and grants for zero and ultra-low emissions vehicles.

A further £120 million will be invested for more than 500 zero-emission buses while cycling infrastructure will benefit from £257 million grant.

The Department for Business, Energy and Industrial Strategy (BEIS) will attract a total budget of £18 billion.

The budget includes £3 billion to help the UK reach net zero and £11.1 billion for research and development and innovation projects.

The new settlement laid out by the UK government also increases the budget for Department for Environment, Food and Rural Affairs by almost £1 billion – nearly £92 million are committed to supporting planting 30,000 hectares of trees every year by 2025.

[LINK: ELN - Net Zero funding from gov](#)

Dogger Bank Wind Farm A and B reaches financial close for 2.4GW of offshore wind

The owners of Dogger Bank Wind Farm A & B have closed what is claimed to be the world's largest offshore wind project financing to date. SSE Renewables and Equinor announced the landmark £5.5 billion financial deal for the offshore wind farm in the UK.

The project is being constructed in three 1.2GW phases, with the first two phases being built at the same time to maximise the synergies due to their geographical proximity and make use of common technology. The third phase, Dogger Bank C, is being developed on a different timescale with financial close to follow at a later stage.

The wind farm secured 15-year contracts through the UK Government's Contract for Difference (CfD) in September 2019.

Alistair Phillips-Davies, SSE Chief Executive said: "This investment will help drive a green recovery from coronavirus through the project's construction over the next five years, creating jobs and boosting the local economy."

[LINK: DoggerBank - Financial close Wind Farm A & B](#)