

Gas

p/therm	27 Nov 20	4 Dec 20	Change
Day-Ahead	41.30	42.60	3.1%
Jan 2021	42.24	42.57	0.8%
Summer 2021	33.58	33.64	0.2%
Winter 2021/22	42.27	42.53	0.6%

Source: ICE

The UK's **Day-Ahead gas** rose 3.1% to 42.60 p/therm. Prices were driven by cold temperatures and low renewable output creating increased demand for gas for power generation. Gains were limited as the system, although tightening, remains oversupplied and this week saw the end of strikes at Norwegian gas fields increasing Norwegian pipeline supply. The National Grid predicts the gas system is currently 2.6% oversupplied moving into this week.

Day-Ahead power rose by 21.3% to £59.34/MWh following cold weather with temperatures across the UK below seasonal norms, a tightening gas supply and low wind generation all acting as bullish drivers.

January 2021 gas rose 0.8% to 42.57 p/therm, prices increased slightly following an increased demand outlook although the oversupplied system limited gains. Meanwhile, **Summer 2021 gas** contracts were little changed.

January 2021 power increased 3.9% to £54.53/MWh supported by the UK's tightening gas supply and predictions of the current cold weather continuing for a few weeks. **Summer 2021 power** also rose 2.5% supported by carbon EUAs rising above €30/tCO₂ and increased coal prices.

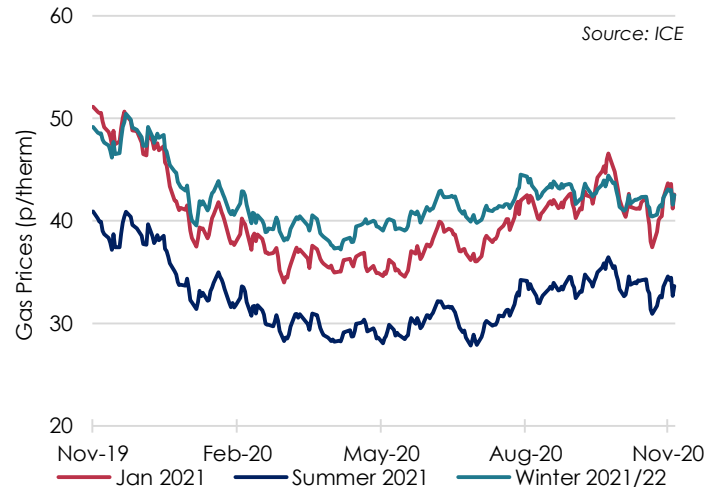
It is likely that average prices will continue to rise as we move further into winter, therefore the recommendation remains to lock-in now or, if possible, wait until Summer 21.

Power

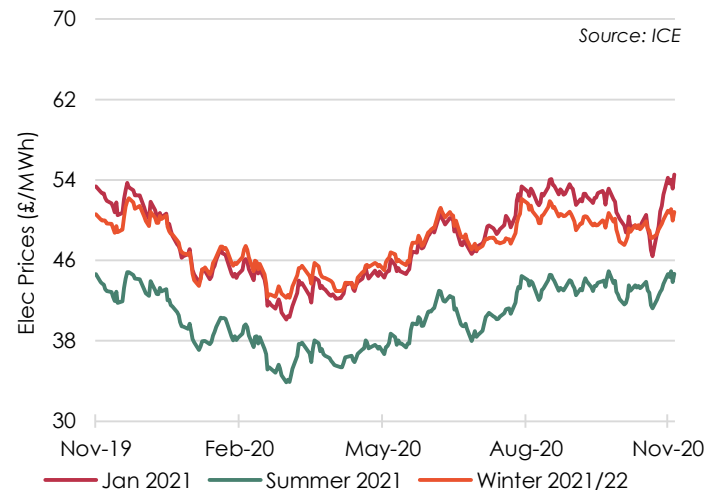
£/MWh	27 Nov 20	4 Dec 20	Change
Day-Ahead	48.91	59.34	21.3%
Jan 2021	52.50	54.53	3.9%
Summer 2021	43.61	44.68	2.5%
Winter 2021/22	50.03	50.80	1.5%

Source: ICE

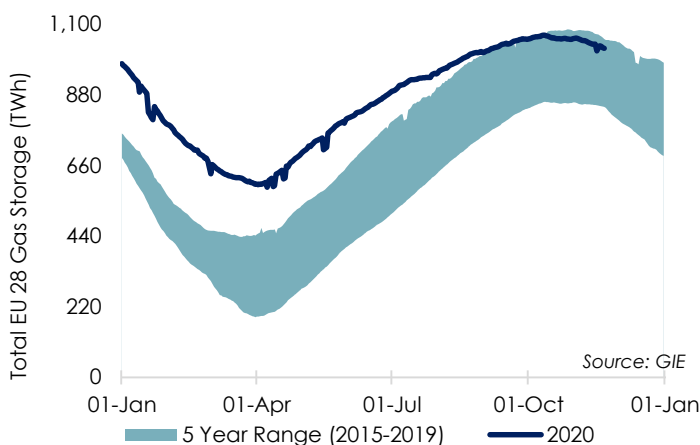
UK Gas



UK Power



European Gas Storage



Global LNG (Japan v UK v USA)



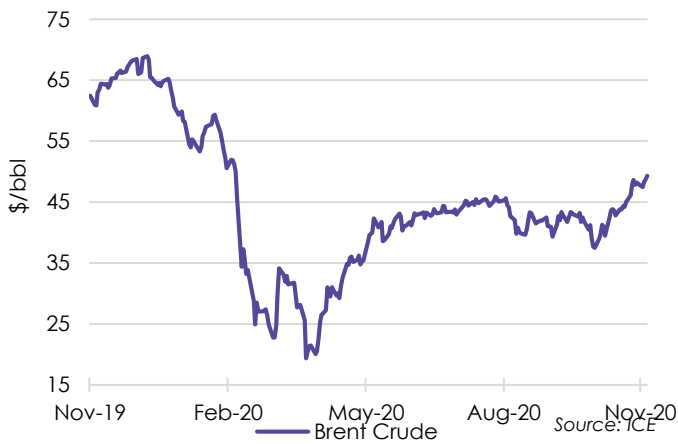
Oil

\$/bbl	27 Nov 20	4 Dec 20	Change
Brent Crude Feb 21	48.18	49.25	2.2%

Source: Reuters

Brent crude oil rose 2.2% to \$49.25/bbl, reaching nine-month highs. This follows news that OPEC+ have reached an agreement on production levels, which will see 500,000 bpd added to the market in January. This is only a quarter of what had previously been planned.

In other news, Denmark, the European Union's biggest oil producer, has announced plans to stop all new oil and gas exploration in the North Sea by 2050. It is hoped the move will help them reach their goal of being climate neutral by the same year.



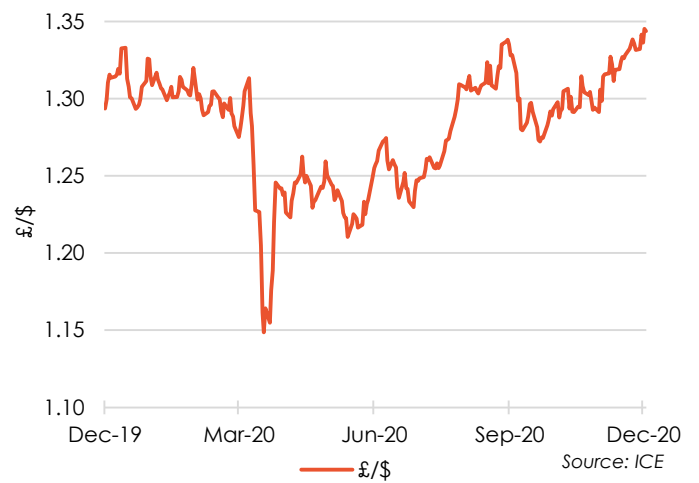
Exchange Rates & Economics

£/\$	27 Nov 20	4 Dec 20	Change
GBP/USD	1.3314	1.3437	0.9%

Source: Reuters

Pound Sterling increased 0.9% to 1.3437 US dollars to the Pound, reaching 2-year highs on Friday. Price rises were driven by three factors: Brexit optimism, vaccine approval and talks of US fiscal stimulus.

As markets reopened this morning, prices have already fallen 1.4% as the market awaits a finalised trade deal between the UK and EU. Announcements are expected this evening, however early signals are more negative with some talk of PM Boris Johnson threatening to walk out of talks.



Carbon

€/tCO2	27 Nov 20	4 Dec 20	Change
EUA Dec Yr	28.13	30.11	7.0%

Source: Reuters

European carbon rose 7.0% last week, reaching 11-month highs on Friday. Carbon prices have been supported by strong gas and power prices in recent weeks, as well as speculative buying during and reduced auctions. It is thought that prices could possibly exceed this year's high of €30.87/tCO2 if we see any more significant gains in gas and power prices.



Coal

\$/tonne	27 Nov 20	4 Dec 20	Change
API2 CIF ARA Yr	60.00	61.85	3.1%

Source: Reuters

European coal prices rose 3.1% to \$61.85/tonne with temperatures falling below seasonal norms, as the 'La Nina' weather event drives a dry winter with the coldest period expected to occur in the next 1-2 months.

Across Asia, significant increases in steel demand is also fuelling the recovery of coal for industry globally.



Regulatory and Market News

UK targets 68% reduction in emissions by 2030 ahead of UN Summit

The Prime Minister has announced a new ambitious target to reduce the UK's emissions by at least 68% by 2030, compared to 1990 levels.

Recognising the urgency to go further to tackle climate change, the UK's new target to reduce greenhouse gas emissions – our Nationally Determined Contribution (NDC) under the Paris Climate Agreement – is among the highest in the world and commits the UK to cutting emissions at the fastest rate of any major economy.

The target is the first set by the UK following its departure from the EU, demonstrating the UK's leadership in tackling climate change. Over the past decade, the UK has cut carbon emissions by more than any similar developed country and was the first major economy to legislate for net zero emissions by 2050.

The announcement comes ahead of the UK co-hosting the Climate Ambition Summit on Saturday 12 December, which will coincide with the fifth anniversary of the historic Paris Agreement. The summit calls on countries around the world to submit ambitious NDCs or other climate plans as we head towards the UN COP26 climate talks, which the UK government is hosting in Glasgow next year.

This new target meets the recommendation of experts at the independent Climate Change Committee who advise the government on emissions targets.

The UK's path to meeting this target is backed by the Prime Minister's Ten Point Plan for a green industrial revolution. The plan sets out ambitious policies and investment, with the potential to deliver over £40 billion of private investment by 2030, so that we can develop innovative technologies and make significant strides in cutting emissions across energy, transport and buildings. It also provides a roadmap of further action the UK will be taking to reduce emissions in the coming decades, encouraging similar levels of ambition from businesses, organisations and nations around the world.

Prime Minister Boris Johnson said, "Today, we are taking the lead with an ambitious new target to reduce our emissions by 2030, faster than any major economy, with our Ten Point Plan helping us on our path to reach it.

"But this is a global effort, which is why the UK is urging world leaders as part of next week's Climate Ambition Summit to bring forward their own ambitious plans to cut emissions and set net zero targets."

[LINK: BEIS - UK targets 68% emissions reduction by 2030](#)

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CMA launches market study into UK EV charging sector

The Competition and Markets Authority (CMA) is launching a market study into electric vehicle (EV) charging in the UK to ensure the sector works well for drivers in the UK. The announcement comes as the government has brought forward the ban of new petrol and diesel vehicles to 2030.

It is considering two broad themes, including how to develop a competitive sector while also attracting private investment and how to ensure people using EV charging points have confidence that they can get the best out of the service.

The sector is still in the early stages of development but is growing quickly, with almost 20,000 charge points currently in the UK – up from around 1,500 in 2011.

The CMA is therefore considering how to ensure the sector works well for consumers now and in the future, which will help to build trust in the service and address any competition issues.

It believes if people can see the service will work for them, they are more likely to make the switch to EVs, which is crucial to achieving the government's ambition for a net zero economy by 2050.

It will look at charging in a range of different settings, including home and off-street parking, on-street parking, workplace, hub and destination and en-route charging.

[LINK: BEIS - CMA examine EV charging sector](#)

2020 is on track to become 'one of the three hottest years on record' says WMO

This year is on track to become one of the three warmest years ever recorded. That's according to the new Global Climate report by the UN's World Meteorological Organisation (WMO), which suggests the decade from 2011 to 2020 will be the warmest decade on record, with the hottest six years all having happened since 2015.

Based on five global temperature datasets, WMO's research on these datasets places 2020 as the 2nd warmest over this period, following 2016 and ahead of 2019.

WMO Secretary-General Professor Petteri Taalas said: "The average global temperature in 2020 is set to be about 1.2°C above the pre-industrial 1850-1900 level. There is at least a one in five chance of it temporarily exceeding 1.5°C by 2024."

[LINK: WMO - 2020 one of three warmest years on record](#)