

Gas

p/therm	4 Dec 20	11 Dec 20	Change
Day-Ahead	42.60	43.25	1.5%
Jan 2021	42.57	46.35	8.9%
Summer 2021	33.64	37.07	10.2%
Winter 2021/22	42.53	45.43	6.8%
12M Annual Apr 2021	38.09	41.25	8.3%

Source: ICE

The **January 2021 Gas** contract rose 8.9% last week, following concerns of a looming strike at EDF's French Power plants that is likely to increase gas-for-power demand to fill the gap, contributing to a tighter supply outlook. In addition, several scheduled maintenance outages across Norwegian gas facilities could see pipeline imports drop by as much as 31 mcm/d over the holiday season.

The **January 2021 Power** contract increased 3.5% tracking increases in UK gas, as well as European carbon and coal. While French nuclear outages are not expected to have any major effect on power output, the UK has been impacted by severe nuclear disruptions in recent years. Therefore, it makes sense not to dismiss the strikes as irrelevant.

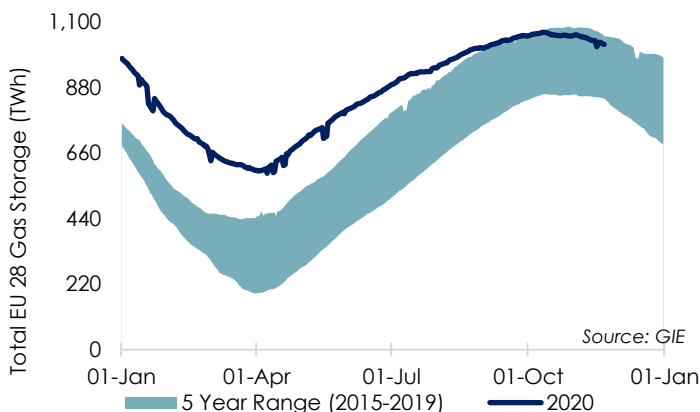
The forward **April 2021 12 Month Gas** price rose by 8.3% last week. Price rises were driven by a ramp up in withdrawals from UK gas storage combined with the continued increase in European coal prices.

The **April 2021 12 Month Power** price rose 4.8% last week, tracking significant gains in gas.

The significant price gains in both UK Gas and Power follow news that the UK has already started to rollout Covid-19 vaccines with the United States to follow suit shortly potentially represent a major boost for economic and energy demand forecasts for next year.

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

European Gas Storage

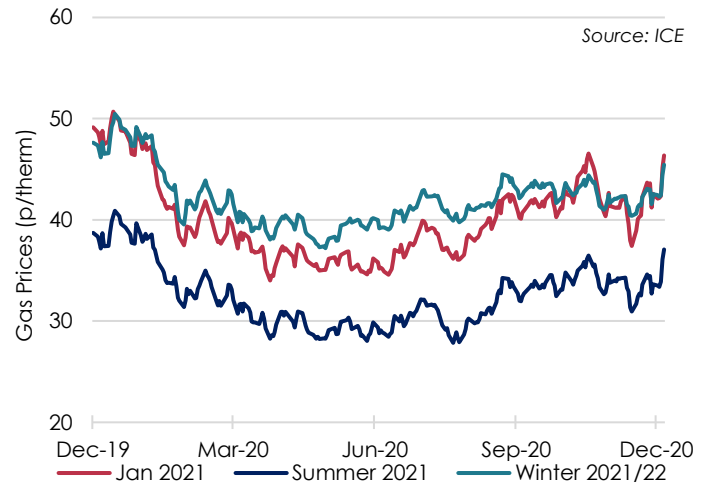


Power

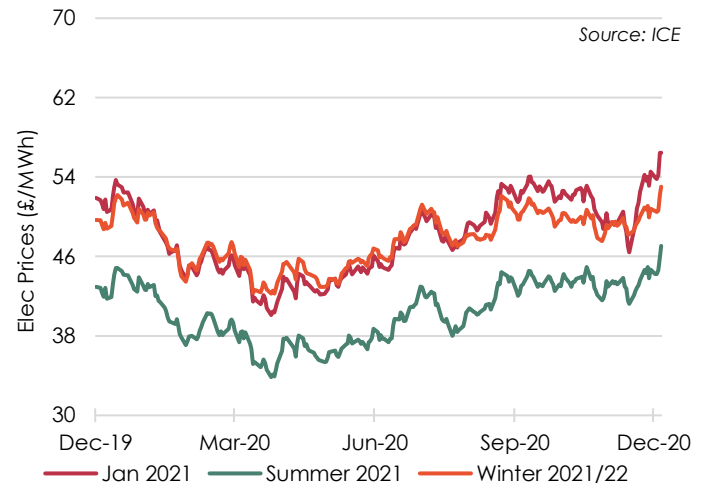
£/MWh	4 Dec 20	11 Dec 20	Change
Day-Ahead	59.34	52.28	-11.9%
Jan 2021	54.53	56.45	3.5%
Summer 2021	44.68	47.06	5.3%
Winter 2021/22	50.80	53.04	4.4%
12M Annual Apr 2021	47.74	50.05	4.8%

Source: ICE

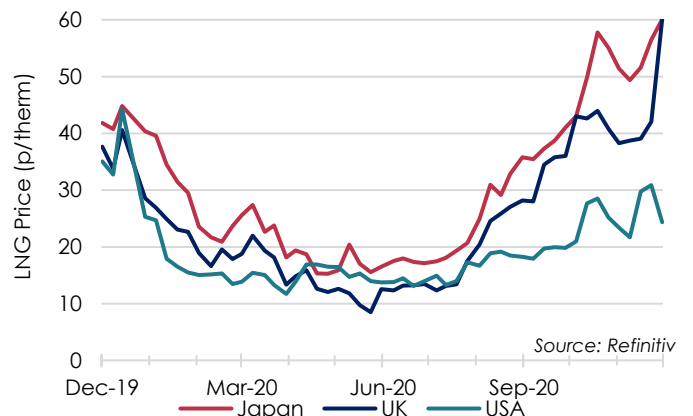
UK Gas



UK Power



Global LNG (Japan v UK v USA)



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Beond Weekly UK Insight

14 December 2020

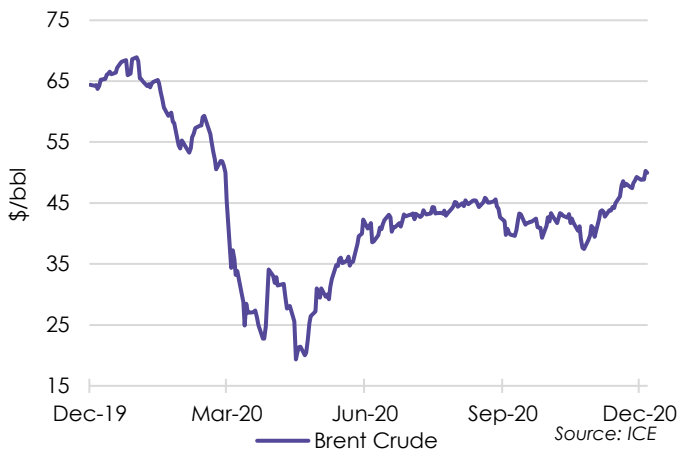
Oil

\$/bbl	4 Dec 20	11 Dec 20	Change
Brent Crude Feb 21	49.25	49.97	1.5%

Source: Reuters

Brent crude oil climbed 1.5% to \$49.97/bbl last week, its highest point since March. Prices have risen on the back of increased optimism for demand recovery, as the UK commenced its Covid-19 vaccination programme, with the United States set to follow this week.

Elsewhere, Boris Johnson has announced that the UK government will cease to support the fossil fuel energy sector overseas, including export finance and trade promotion. The policy change is expected to come in prior to COP26 hosted in Glasgow, November 2021



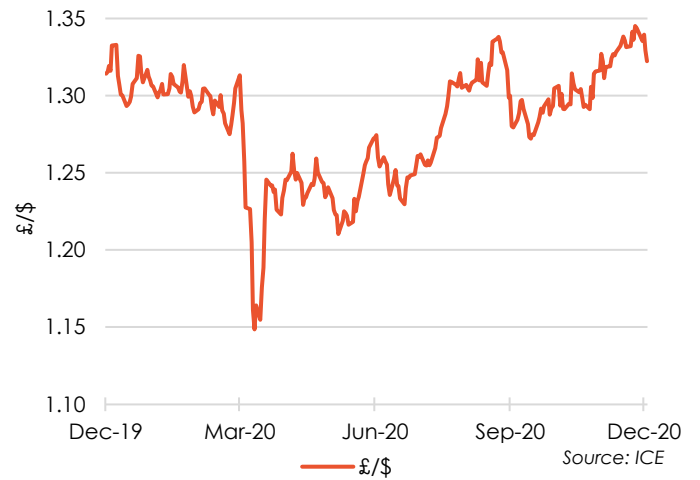
Exchange Rates & Economics

£/\$	4 Dec 20	11 Dec 20	Change
GBP/USD	1.3437	1.3223	-1.6%

Source: Reuters

Pound Sterling fell by 1.6% in value against US Dollars, having reached 2-year highs in the first week of December. The main driver was changing expectations over post-Brexit trade talks. Optimism waned last week as little progress was made, and yesterday's deadline rolled closer.

The last-minute decision on Sunday to remove the deadline and allow talks to continue to the end of the transition period was a boon to the Pound, and over the last 24 hours it has again strengthened.



Carbon

€/tCO2	4 Dec 20	11 Dec 20	Change
EUA Dec Yr	30.11	30.52	1.4%

Source: Reuters

European carbon rose 1.4% last week, at times breaching €31.00, a record high that had stood since 2006 as reduced auction volumes caused prices to rise.

The UK is set to launch its own emission trading system for domestic industry and power generation, replacing the EU scheme from January 2021.



Coal

\$/tonne	4 Dec 20	11 Dec 20	Change
API2 CIF ARA Yr	61.85	64.35	4.0%

Source: Reuters

European coal prices rose 4.0% to \$64.35/tonne last week as we move further into what is now being described as a "severe northern hemisphere winter".

Chinese production is also being curtailed due to pressure to step up safety inspections. The extent of this curtailment is being felt globally as China looks to recover its losses through imports.



Regulatory and Market News

Beond Acquired by eEnergy Group plc

eEnergy Group plc ("eEnergy"), a leading "Energy Efficiency-as-a-Service" (EEaaS) business, has agreed to acquire Beond Group Limited ("Beond"), a renewable energy consulting and procurement business that helps organisations source zero carbon energy contracts at the most competitive prices.

Beond helps its clients to transition to the lowest cost zero carbon energy available in the market. Working with small businesses to large corporates and public sector organisations it runs competitive reverse auctions through its proprietary technology. This ensures that its clients have access to the lowest prices across the market while achieving their net zero energy ambitions.

It offers a Risk Managed service for clients that wish to have access to the energy wholesale markets and implements hedging strategies to help protect against rising market prices.

Beond CEO Derek Myers, is expected to join the Board of eEnergy on completion of the acquisition, which marks the latest step in eEnergy's strategy to broaden its portfolio of energy services by acquiring complementary energy management businesses.

eEnergy, listed on AIM, is the parent company of eLight and RSL, which help businesses and schools switch to energy-efficient LED lighting for a fixed monthly service fee, avoiding any upfront payments.

For customers, the energy savings are greater than the monthly service fee, allowing them to unlock free cash-flow from day one while improving the quality of their lighting and reduce carbon emissions. The customer has no risk as the LED lighting is procured, funded, installed and maintained for them.

Harvey Sinclair, CEO of eEnergy, commented: "The acquisition of Beond is the next step in our journey to delivering a sustainable future for our clients. Beond is a climate action business that uses its award-winning technology to secure the lowest cost zero carbon energy supply for its customers – truly the leanest and greenest energy available.

"Beond's customer base is highly complementary to our own and our expanded range of services should bring significant benefits to both sets of clients looking to achieve a zero carbon future. I would like to welcome Derek and the Beond team to the eEnergy family."

[LINK: Beond Group - Acquired by eEnergy](#)

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CCC reviews Procurement of Renewable Energy

The Climate Change Committee has published a report on Corporate Procurement of Renewable Energy as an accompaniment to the Sixth Carbon Budget.

Author Terri Willis says that the public and private sectors is procuring renewable electricity as they seek to reduce their emissions in pursuit of Net Zero strategies and targets. This is done primarily through Power Purchase Agreements and/or green tariffs.

The report argues this procurement is having a limited impact, and in many cases, no impact at all on emissions reductions either for the company or for the country. There are two reasons for this:

1) Most forms of procurement do not actually lead to increased renewable electricity generation within the wider UK system, as the majority of renewable electricity being purchased either already exists or is being supported through Government mechanisms including Contracts for Difference;

2) Most forms of procurement do not lead to renewable electricity generating the actual power that is consumed by the corporation; meaning, in most cases the electrons flowing into the company's buildings and operations are comprised of a mix of fossil fuel generated electrons and renewable electricity generated electrons that are representative of the grid to which the company is connected.

The report recommends consumers prioritise:

- Beneficial procurement (more PPAs!)
- Energy efficiency
- Demand side-resposne and storage
- Tracking carbon emissions

For next steps to improve policy, the report recommends:

- Measuring the scale of renewable procurement
- Comparing the UK market with Germany where the REGO system does support renewable generation
- Assessing the link between private and public sector procurement and "macro support"
- Changing REGOs so they do support new generation and also link to the when the energy was produced (is it "stable" or "mid-merit")
- Recognising corporate/public sector PPAs might coinvest in projects alongside government CFDs
- Improve transparency of "additionality" when customers pick a green tariff

[LINK: Climate Change Committee](#)