

Gas

p/therm	8 Jan 21	15 Jan 21	Change
Day-Ahead	62.25	57.75	-7.2%
Feb 2021	60.69	59.35	-2.2%
Summer 2021	43.37	41.46	-4.4%
Winter 2021/22	51.33	49.71	-3.1%
12M Annual Apr 2021	47.35	45.58	-3.7%

Source: ICE

The **February 2021 Gas** contract fell 2.2% last week, retreating from their highest levels in over two years trading last Tuesday. While ongoing LNG supply concerns continued, milder weather forecasts helped curb heating demand.

The **February 2021 Power** contract rose and fell back, ending the week largely unchanged, following concerns about short term power availability last week.

The **April 2021 12 Month Gas** price reversed previous gains and fell by 3.7% last week, despite European gas storage levels remaining relatively low compared to last year. Facilities are currently just over 64% full, while mid-January 2019 was around 81%.

LNG prices remained strong, fuelled by cold weather, tight supply, and strong demand in Japan, who rely on LNG to meet heating, manufacturing and electricity generation demands. As a result, many cargoes have been diverted to Asia. However, moving forwards it is expected Asian LNG prices will recede with warmer weather, bringing more supply to Europe.

Meanwhile the Nord Stream 2 gas pipeline operator plans to lay the final 150km of pipes in 2021, after Germany and Denmark granted permission to restart construction immediately.

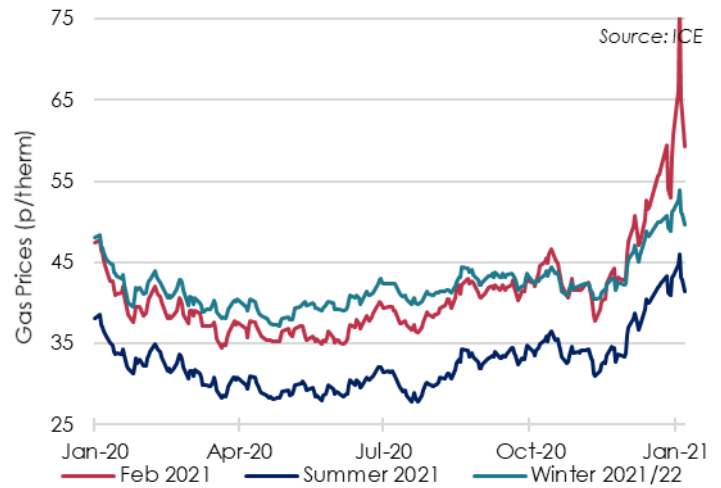
The **April 2021 12 Month Power** price fell 4.2% last week, tracking losses in gas and carbon prices. Power prices across the wider European market generally eased last week, reflecting forecasts for a ramp up in French nuclear production and German wind output.

Power

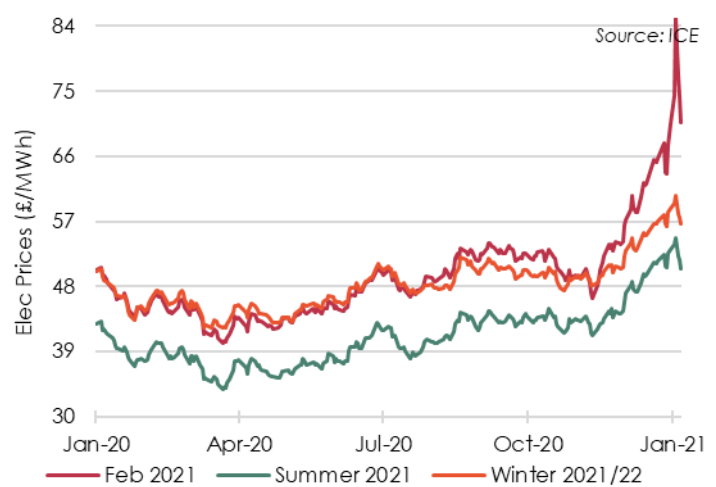
£/MWh	8 Jan 21	15 Jan 21	Change
Day-Ahead	68.95	57.68	-16.3%
Feb 2021	70.47	70.64	0.2%
Summer 2021	53.16	50.53	-4.9%
Winter 2021/22	58.72	56.65	-3.5%
12M Annual Apr 2021	55.94	53.59	-4.2%

Source: ICE

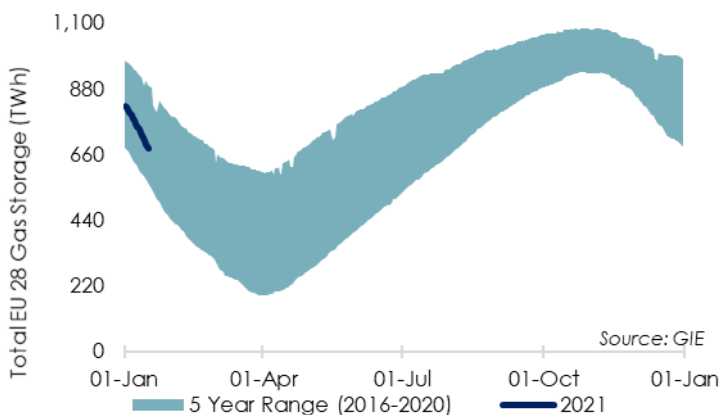
UK Gas



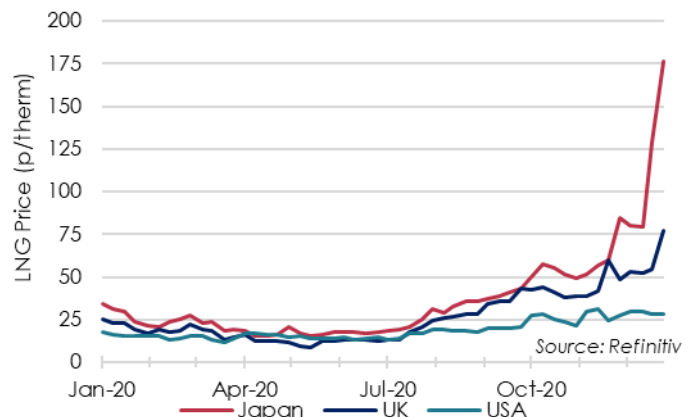
UK Power



European Gas Storage



Global LNG (Japan v UK v USA)



T: +44 208 634 7533

E: strategicclients@beondgroup.com

W: www.beondgroup.com

Beond Weekly UK Insight

18 January 2021

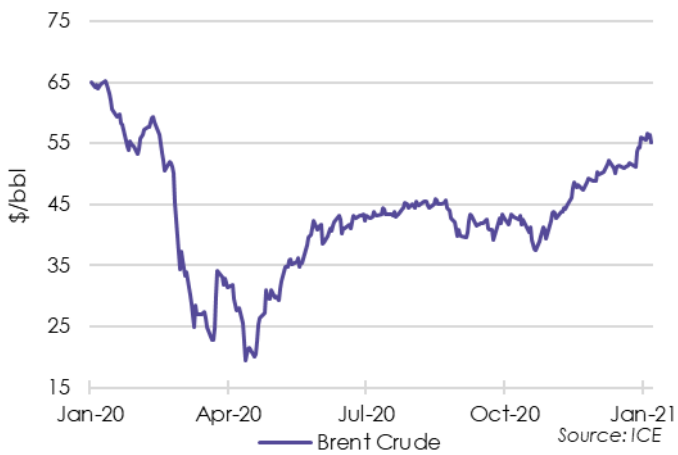
Oil

\$/bbl	8 Jan 21	15 Jan 21	Change
Brent Crude Mar 21	55.99	55.10	-1.6%

Source: Reuters

Brent crude oil fell 1.6% to \$55.10/bbl last week, largely due to an increasing number of countries re-entering lockdown conditions. It is currently unclear whether the main driver is genuinely increased risk or if price falls are more closely related to a downwards correction following vaccine optimism.

The market awaits Chinese economic data this week that will set the scene for commodity prices. New outbreaks across China may stifle global production, which will in turn drop the price of oil.



Exchange Rates & Economics

£/\$	8 Jan 21	15 Jan 21	Change
GBP/USD	1.3563	1.3586	0.2%

Source: Reuters

Pound Sterling gained marginally by 0.2% last week versus the US dollar as the UK announced a less severe drop in economic GDP than traders expected.

Joe Biden, US president-elect, will take office next week with an ambitious agenda including plans to approve a \$1.9tn stimulus for the pandemic-battered economy.

Mr Biden has revealed several executive orders that he will sign on his first day as President, including an order for the US to return to the Paris climate agreement.



Carbon

€/tCO2	8 Jan 21	15 Jan 21	Change
EUA Dec Yr	34.80	31.64	-9.1%

Source: Reuters

European carbon fell 9.1% to €31.64/tCO2 alongside as French nuclear production and German wind generation are both forecasting a material ramp up in output for the coming week. Milder weather forecasts have also had a significant effect on a reduced carbon price, reducing the demand for gas and emissions, therefore reducing demand for carbon credits.



Coal

\$/tonne	8 Jan 21	15 Jan 21	Change
API2 CIF ARA Yr	71.00	69.90	-1.5%

Source: Reuters

European coal prices fell 1.5% last week as European countries secured LNG shipments despite the increased demand from Asia. Milder weather is forecasted across Europe, while increased German wind and French nuclear production this week reduced demand for coal. Meanwhile, a significant fall in European carbon prices provided further bearish pressure.



Regulatory and Market News

Asda teams up with French gas firm Air Liquide for UK biomethane production

French industrial gas firm Air Liquide will install and operate six biomethane distribution stations in the UK for retail group Asda, part of the latter's aim to move its fleet of 1,000 trucks from diesel to gas by 2024.

Asda plans to commission more than 300 new trucks that run on biomethane in 2021, to reduce the environmental footprint of its transport activities.

Air Liquide's will install a biomethane production plant by the summer of 2021 with a production capacity of 90 GWh. This will be its 10th biogas plant in the UK, and will raise its biomethane production capacity in the country to 650 GWh.

Compressed biogas (bio-CNG) and liquified biogas (bio-LNG) have comparable energy efficiencies to diesel, but produce significantly lower CO2 emissions. The European Biogas Association (EBA) estimated earlier this year that a rising share of renewable gas in the road fuel mix has the potential to reduce greenhouse gas (GHG) emissions by up to 55% by 2030 compared with conventional fuels.

[LINK: Air Liquide - Biomethane](#)

TfL milestone as its entire core bus fleet 'meets the strictest emissions standards' after huge retrofit

All buses in Transport for London's 9,000-strong bus fleet now meet or exceed the cleanest Euro VI emissions standards. Since 2017, TfL says it has worked to phase out polluting diesel buses and to retrofit older buses with cleaner engines.

According to TfL, this has significantly reduced the contribution from London buses to transport-related NOx emissions, with the proportion of transport nitrogen oxide (NOx) emissions coming from TfL's buses reducing from 15% to just 4%.

Around £85m has been invested in retrofitting older diesel buses to meet or exceed the Euro VI emissions standards since 2017. Each retrofitted bus emits up to 95 per cent less NOx emissions and 80 per cent less particulate matter (PM) than before, leading to significant air quality improvements across London.

More than 400 all-electric buses have been introduced and around 300 additional zero-emission buses are expected to join the fleet by the end of this year. TfL continues to roll out electric buses, with plans for 2,000 all-electric buses to be in operation by 2025.

[LINK: ELN - TfL bus retrofit reduces emissions](#)

UK water sector joins UN's 'Race to Zero' campaign ahead of COP26

UK water companies have joined forces as part of the UN's Race to Zero campaign, pledging to deliver a net zero emissions water supply for customers by 2030.

Water UK is the first industry trade body to be made just one of 20 official partners to the UNFCCC's Race to Zero campaign, which aims to rally leadership across businesses, cities, regions and investors for a healthy, resilient, zero carbon recovery.

Anglian Water and Severn Trent have been confirmed as the first companies to join the campaign under the Water UK umbrella, building on the launch of the sector's Net Zero 2030 Routemap last year. Designed to provide water companies with a framework on which to build their own net zero action plans, the Routemap estimates potential investments of £2-4bn into tackling the emissions associated with providing clean water to over 28 million homes and businesses.

It is estimated that water companies will prevent the emission of 10 million tonnes of greenhouse gases by reaching net zero two decades earlier than the UK Government's legally binding target for 2050.

[LINK: Water UK - Race to Zero](#)

Moray East successfully installs first of 100 turbines at planned 1,116MW wind farm

Moray East, led by developer Ocean Winds, has successfully installed its first wind turbine in the Moray Firth. In total it plans to put 100 9.5MW turbines into place at the site.

The 1,116MW offshore wind project was granted consent by the Scottish Government in 2014, offering a power price of £57.50/MWh.

Moray East is due to be fully operational in 2022. Upon completion Moray East will be, for a brief time, Scotland's largest offshore windfarm. However it will shortly be overtaken by the 114-turbine Seagreen project off the Angus coast, due to become operational around 2022/23, developers say.

Project Director, Marcel Sunier said: "Moray East is the country's largest infrastructure project and a massive amount of effort.

"I am delighted to be able to announce one of the project's most visible and distinctive milestones – the safe and successful installation of our first wind turbine. This is a truly amazing team effort considering the circumstances under which the teams had to work to achieve that important milestone."

[LINK: Energy Voice - Moray East](#)