

Contact Beond

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Last Month Summary

- ◆ UK gas prices posted losses during February. Gas prices fell 11.3% to 1.47 p/kWh reflecting a general increase in European temperatures as well as an improved expectation for LNG shipments to Europe. The increase in gas imports into Britain is enabling injection into UK gas storage and reducing the outlook for long term energy prices.
- ◆ Power prices also recorded a small drop last month, falling 4.6% to 5.38 p/kWh, tracking the dip in gas in response to milder temperatures and forecasts for reduced energy demand. Gains in carbon limited losses.
- ◆ Carbon recorded a 12.8% increase in European prices to €38.20/tCO₂, in anticipation of the EU's European Energy Deal aimed at accelerating the path to net zero, which could result in higher carbon taxes. Brent crude oil prices moved 20.4% higher to \$66.88/bbl, setting a new 13-month high due to continued production cuts by OPEC and Russia. Saudi Arabia has made a voluntary cut of 1 million bpd to the end of March.

Wholesale Energy Prices

Contract	28 Jan 21	25 Feb 21	Δ	Change
Gas (p/kWh)*	1.65	1.47	▼	-0.19 -11.3%
Electricity (p/kWh)*	5.64	5.38	▼	-0.26 -4.6%
Oil (\$/bbl)	55.53	66.88	▲	11.35 +20.4%
Coal (\$/t)	69.25	68.80	▼	-0.45 -0.6%
Carbon (€/tCO ₂)	33.88	38.20	▲	4.32 +12.8%
£/\$	1.37	1.40	▲	0.03 +2.2%
£/€	1.13	1.15	▲	0.02 +1.7%

*(12 month Rolling Contracts)

Beond Rolling Annual Energy Indices



Wider Market

Coronavirus (Covid-19): More than 20 million people in the UK have received at least one dose of a coronavirus vaccine - part of the biggest inoculation programme the country has ever launched.

Last week Prime Minister Boris Johnson also announced the government's roadmap to cautiously ease lockdown restrictions in England.

Information on the roadmap out of lockdown is available here: <https://www.gov.uk/government/publications/covid-19-response-spring-2021/covid-19-response-spring-2021-summary>.

Please contact your Beond Account Manager if you have any questions on the impact of lockdown restrictions on your energy contract.

Bearish Price Drivers (↓)

- ◆ Temperatures are expected to steadily rise over the next few months, reducing energy demand for heating.
- ◆ The UK continues to receive a large number of LNG deliveries, supporting the UK's gas supply.

Bullish Price Drivers (↑)

- ◆ With the roll out of the Covid-19 vaccine making significant progress in the UK, we could see an increase in demand as businesses return to normal.
- ◆ There remains significant uncertainty over UK and EU policy for carbon taxes. A drive to net zero could see carbon prices rise.

- ◆ Even with the Covid-19 vaccine making progress, it is unlikely business activity will return entirely to normal for many months.

Recommendations

- ◆ With 1 April only 4 weeks away, there isn't much time to secure energy contracts renewing for this date if clients want to transfer supplier on time. So immediate action should be taken to lock in contracts if this applies to you.
- ◆ For later renewals, such as Oct 2021 and 2022, prices are beginning to decline. Prices may hit their lowest point around May-July. Clients should already be discussing their renewal with their account manager, with a view to scheduling auctions for spring or summer 2021.

UK renewable energy sets new record in 2020: Last year was a record year for renewable energy in the UK, accounting for almost 42% of the country's electricity, according to research by Drax Electric Insights. For the first time clean power generated more electricity than fossil fuels, which accounted for 39.6%.

UK Government invests £20m in EV charging: The Department for Transport (DfT) is providing £20m to local authorities in an effort to boost the number of on-street EV charge points across the UK. In partnership with Energy Saving Trust, the DfT is welcoming applications from all councils for funding from its On-Street Residential Chargepoint Scheme (ORCS) which will continue into 2021/22.

Scottish Parliament unanimously supports Heat Networks Bill: The Scottish Parliament has unanimously passed new legislation to accelerate the deployment of heat networks that will help reduce emissions and fuel poverty.