

Gas

p/therm	26 Feb 21	5 Mar 21	Change
Day-Ahead	41.25	44.80	8.6%
Apr 2021	39.79	41.25	3.7%
Summer 2021	38.61	40.05	3.7%
Winter 2021/22	48.80	50.79	4.1%
12M Annual Apr 2021	43.71	45.42	3.9%

Source: ICE

The **April 2021 Gas** rose 3.7% last week due to a colder weather forecast and weak wind generation leading to additional gas storage withdrawals despite close to capacity flows from Norway's Langeled pipeline.

The **April 2021 Power** contract also rose by 2.5% last week as drops in both wind output and solar generation were impacted for the first half of the week in conjunction with colder temperatures that resulted in a strong reliance on gas-fired power and increased reliance on coal.

The **April 2021 12 Month Gas** price rose by 3.9% despite a strong schedule for LNG cargoes. The UK received 3 LNG shipments this week with a further 10 scheduled to arrive by mid-March. However, prices found support from an increase in carbon and demand forecasts.

The UK vaccine rollout passed the milestone of 20 million first doses this week providing optimism of an economic recovery later in the year.

The UK's busy schedule for LNG arrivals throughout March continues to provide some bearish pressure looking ahead. Meanwhile, European gas storage continued to decline to 35% with slightly higher withdrawals this week due to colder weather across the continent.

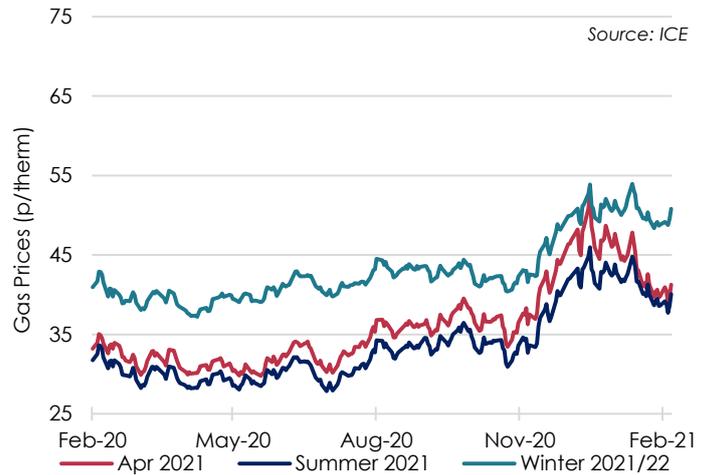
The **April 2021 12 Month Power** price rose by 4.1% tracking the equivalent gas contract, short gas system and rise in carbon price.

Power

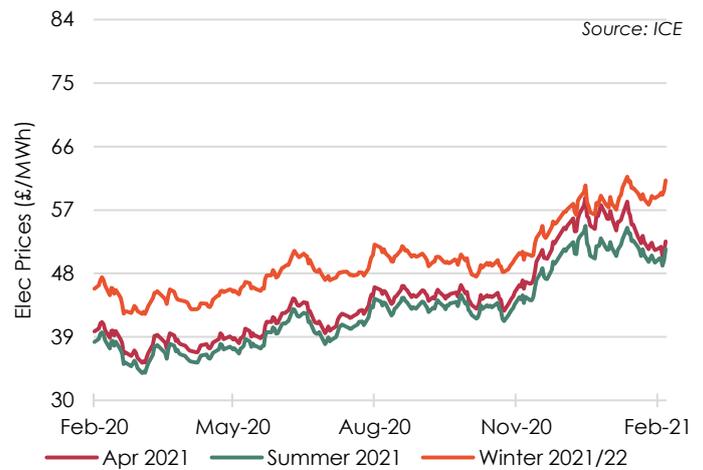
£/MWh	26 Feb 21	5 Mar 21	Change
Day-Ahead	54.15	58.88	8.7%
Apr 2021	51.29	52.56	2.5%
Summer 2021	49.53	51.43	3.8%
Winter 2021/22	58.68	61.19	4.3%
12M Annual Apr 2021	54.11	56.31	4.1%

Source: ICE

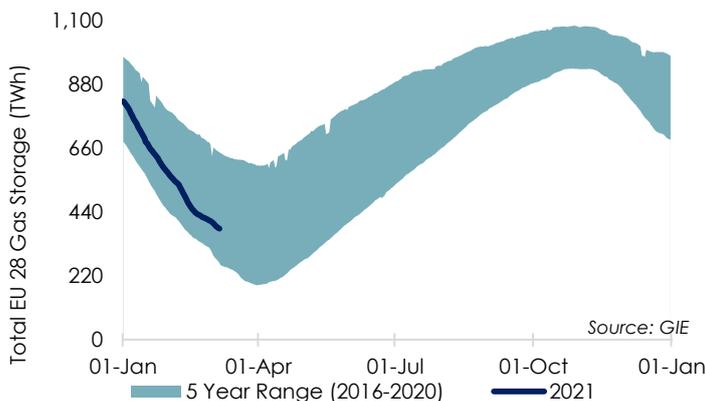
UK Gas



UK Power



European Gas Storage



Global LNG (Japan v UK v USA)



Beond Weekly UK Insight

8 March 2021

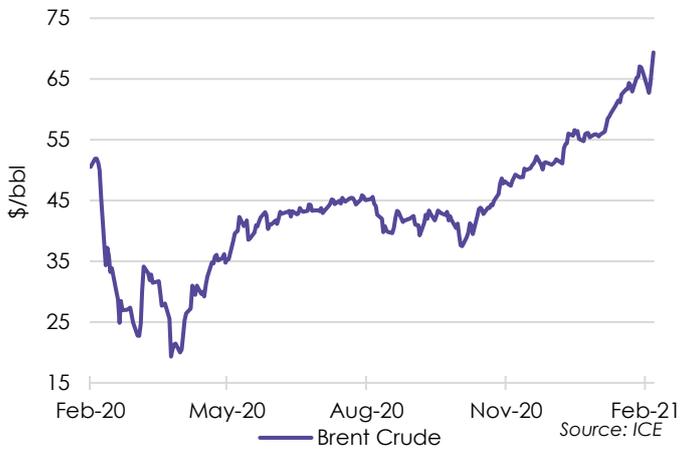
Oil

\$/bbl	26 Feb 21	5 Mar 21	Change
Brent Crude May 21	66.13	69.36	4.9%

Source: Reuters

Brent crude oil continued to strengthen last week, rising 4.9% to \$69.36/bbl. OPEC+ agreed not to substantially increase supply in April, opting to wait for additional increased demand recovery. Analysts were expecting an increase in output in the region of 1.5 million bpd, however the actual increase falls short of this, at 150,000 bpd.

OPEC Secretary General, Mohammad Barkindo, has expressed optimism at the recovery of oil markets, but warned the persisting pandemic still poses problems for demand recovery in developing countries.



Carbon

€/tCO2	26 Feb 21	5 Mar 21	Change
EUA Dec Yr	37.23	38.96	4.6%

Source: Reuters

European carbon rebounded 4.6% last week to €38.96/tCO₂, at times breaching the €39 level. The rise is thought to be the result of US job data being better than previously anticipated, buoying global energy markets.

In other news, Ukraine has announced targets to become climate neutral by 2060, a reduction of 10 years on previous targets.



Exchange Rates & Economics

£/\$	26 Feb 21	5 Mar 21	Change
GBP/USD	1.3932	1.3841	-0.7%

Source: Reuters

Pound Sterling fell a further 0.7% last week as the US dollar saw a temporary surge following the announcement that the US would invest \$1.9trillion into their economy in an effort to provide stimulus.

However, the Pound is showing some strengthening signs. House prices rose by 5.2% year-on-year in February and bookings for events is currently at 250% compared against pre-COVID levels. The UK has now reported that 20 million people have had their first dose of the COVID-19 vaccine, a relative boon for the UK economy.



Coal

\$/tonne	26 Feb 21	5 Mar 21	Change
API2 CIF ARA Yr	68.50	68.50	0.0%

Source: Reuters

European coal prices saw a small rise and fall throughout week, with no movement week on week.

Europe may see some more demand over March, with weather forecasts predicting colder temperatures across the continent. Despite that, the worst of the Winter weather is likely behind us and demand for coal is likely to drop over the coming weeks, into April.



Regulatory and Market News

Budget 2021: Key climate and energy announcements

The UK Government's Budget 2021 announcement has legislated for the creation of an infrastructure bank and green finance schemes that could benefit the power industry in the country.

UK Chancellor Rishi Sunak announced a package of business measures. These included a raise in corporation tax set for two years' time. Until then, the UK Government will allow companies to deduct 130% of their investments from their taxes.

The chancellor also recapped his previous announcement of a "world-leading" sovereign green bond. This would allow citizens to invest in national renewable energy projects, with one of the first projects expected to be a £20m competition to develop floating offshore wind demonstration projects.

Sunak then announced the creation of a retail savings product for investors to support green projects. He continued: "We will also establish a new group, to establish the City [of London] as a global leader for voluntary, high-quality carbon offset markets. Underpinning all of this will be an updated monetary policy remit for the Bank of England, reflecting the importance of environmental sustainability and the transition to net-zero."

As part of wider "accelerated growth deals", the chancellor said that energy projects in Scotland and Wales would benefit from the budget. These included the Holyhead Hydrogen Hub, the Aberdeen Energy Transition Zone, and the Global Underwater Hub.

Sunak recapped a previously announced pledge to develop the UK's offshore wind sector. The scheme would see the government invest £160m in developing ports and infrastructure for offshore wind manufacturing and deployment. At the original announcement, UK Prime Minister Boris Johnson said: "We will not only build fixed arrays in the sea, we will build enough floating turbines to deliver 1GW of energy by 2030.

"By upgrading infrastructure in places such as Teesside, Humber, Scotland, and Wales, we will increase our offshore wind capacity. This investment will create 60,000 jobs in this country."

However, companies and unions commented that the UK transmission grid would need significant work in order to handle further offshore generation.

[LINK: UK Gov - Budget 2021](#)

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Drax to seek approval for 'negative emissions' energy project

Drax will apply to install "negative emissions" technology at its main site in North Yorkshire after reversing a decision to build Europe's biggest gas-fired power plant in the area. If completed the project would permanently capture carbon dioxide emitted when burning wood pellets, or biomass, at its plant in Selby.

Four of the six units at the plant, which is the UK's biggest power station and started producing electricity from coal in 1974, have been converted to biomass.

Drax hopes to install technology known as BECCS - bioenergy with carbon capture and storage - at one unit in 2027, followed by a second in 2029.

Drax argues that sustainably produced biomass is a renewable energy source as the forests from which the wood pellets are sourced absorb carbon dioxide while they are growing, which then offsets the CO2 produced when they are burned to generate electricity.

It claims that up to 95% of the CO2 that is emitted during the electricity generation process could be captured using BECCS, creating "negative emissions", as more carbon would be removed from the atmosphere than has been added.

[LINK: FT - Drax BECCS application](#)

TfL unveils green trains for Piccadilly line

Thousands of London commuters will soon enjoy smoother London underground rides with a greener footprint.

Transport for London (TfL) and Siemens Mobility have unveiled designs for new trains to run on the Piccadilly line - it claims they will reduce energy consumption by a fifth compared to existing trains.

The 94 new trains, which will replace the existing 1970s fleet by 2025, will recover energy during braking, feature LED lighting and be fitted with advanced energy management systems.

The lightweight trains are expected to help London underground achieve its plans for a 27 trains per hour service on the Piccadilly line by 2027.

William Wilson, Chief Executive Officer of Siemens Mobility Limited, added: "The benefits are not just confined to London. Building the new trains creates new UK jobs and extensive supply chain opportunities. A great example of levelling up in action."

[LINK: ELN - TfL Piccadilly Line](#)