

Gas

p/therm	12 Mar 21	19 Mar 21	Change
Day-Ahead	47.55	42.35	-10.9%
Apr 2021	47.50	43.10	-9.3%
Summer 2021	45.46	42.05	-7.5%
Winter 2021/22	54.99	52.33	-4.8%
12M Annual Apr 2021	50.23	47.19	-6.0%

Source: ICE

The **April 2021 Gas** fell 9.3% to 43.10 p/therm last week following the end of unplanned Norwegian outages and an expected rise in temperatures. The gas system was oversupplied last week from a return to expected LNG deliveries as high winds eased allowing ships to dock and offload, meanwhile demand forecasts weakened.

The **April 2021 Power** fell 5.4% to £54.50/MWh last week, despite low renewable output, following the downward movement of equivalent gas prices and a healthy supply and demand balance.

The **April 2021 12 Month Gas** price fell by 6.0% last week to 47.19p/therm. Both Summer 21 and Winter 21/22 saw declines as supply concerns eased at the start of the week. Milder weather forecasts for March and the biggest daily drop in six months for Brent Crude prices provided further bearish pressure.

European Gas storage remains at its lowest level for the past 3 years with a further 2% decline last week. Meanwhile, UK Gas storage increased 2% last week. The UK is expecting 7 LNG deliveries this week.

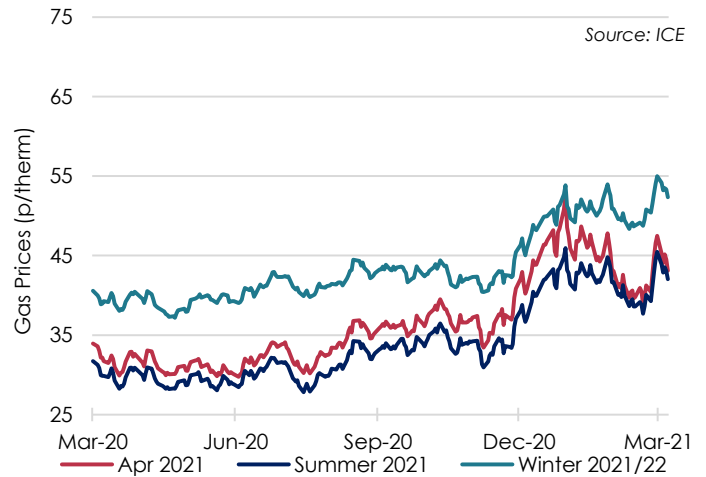
The **April 2021 12 Month Power** price fell by 3.4% to £58.73/MWh last week following losses in gas, carbon and an ample gas supply. Some resistance was provided by a drop in renewable output, due to weak wind and solar generation. A small rise in coal also provided further support for Winter 21/22 prices.

Power

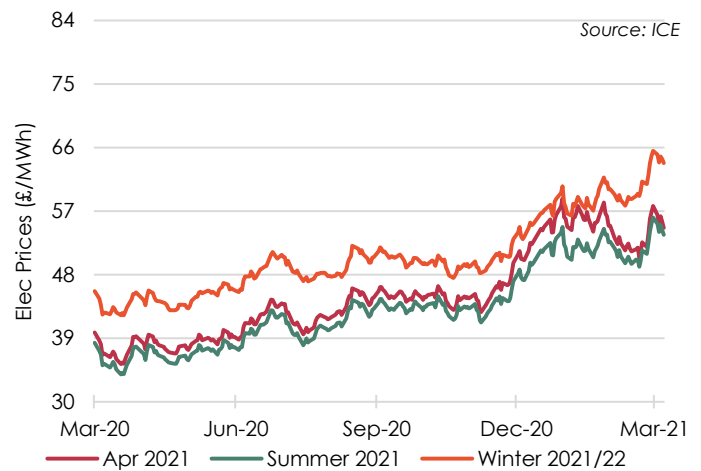
£/MWh	12 Mar 21	19 Mar 21	Change
Day-Ahead	47.93	56.35	17.6%
Apr 2021	57.72	54.60	-5.4%
Summer 2021	56.10	53.65	-4.4%
Winter 2021/22	65.50	63.81	-2.6%
12M Annual Apr 2021	60.80	58.73	-3.4%

Source: ICE

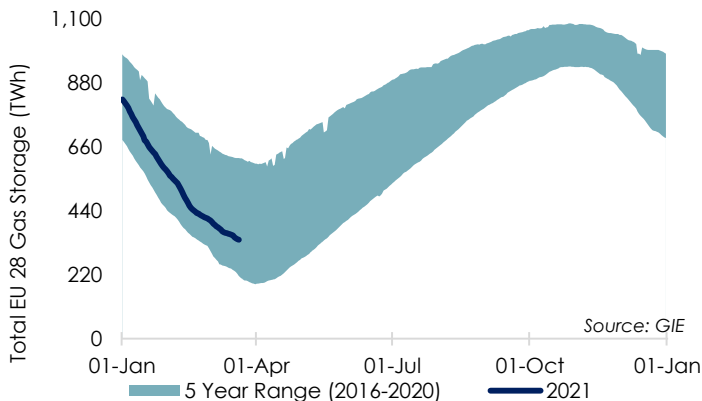
UK Gas



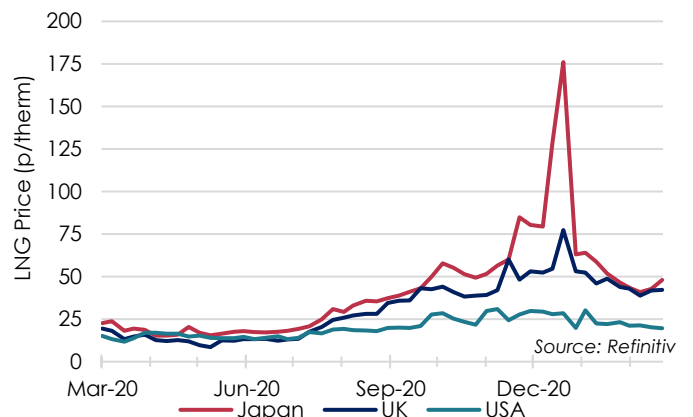
UK Power



European Gas Storage



Global LNG (Japan v UK v USA)



Beond Weekly UK Insight

22 March 2021

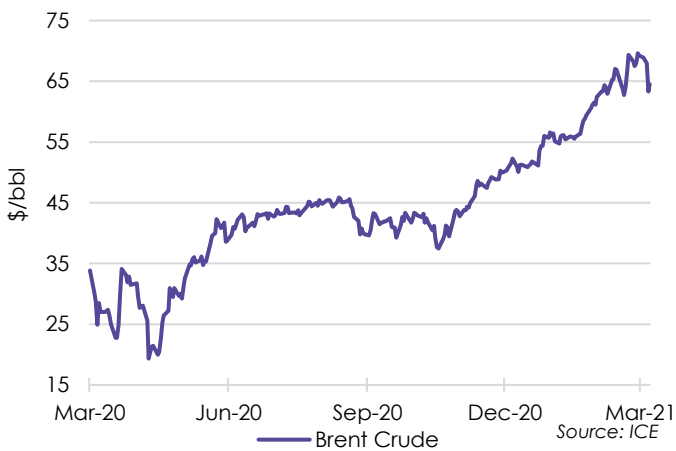
Oil

\$/bbl	12 Mar 21	19 Mar 21	Change
Brent Crude May 21	69.22	64.53	-6.8%

Source: Reuters

Brent crude oil fell 6.8% to \$64.53/bbl last week. Thursday marked five consecutive days of losses for Brent, a streak not seen since September 2020, while intraday losses of 6.1% were recorded. This marked the largest daily fall since June 2020.

Demand concerns arose after news came of more potential European lockdowns after Covid-19 cases rose for a third straight week. A draft proposal prepared by German Chancellor Angela Merkel looks set to extend the German lockdown until mid-April.



Carbon

€/tCO2	12 Mar 21	19 Mar 21	Change
EUA Dec Yr	42.77	41.84	-2.2%

Source: Reuters

European carbon fell 2.2% to €41.84/tCO2 last week. Losses were seen across wider energy markets, providing less support for carbon prices, while it is thought traders looked to profit-take after recent record highs.

Meanwhile, European Climate Law negotiations are ongoing, with a hope of a conclusion being reached by the end of April. One key goal from these talks is to commit the 2050 carbon neutral target to EU law.



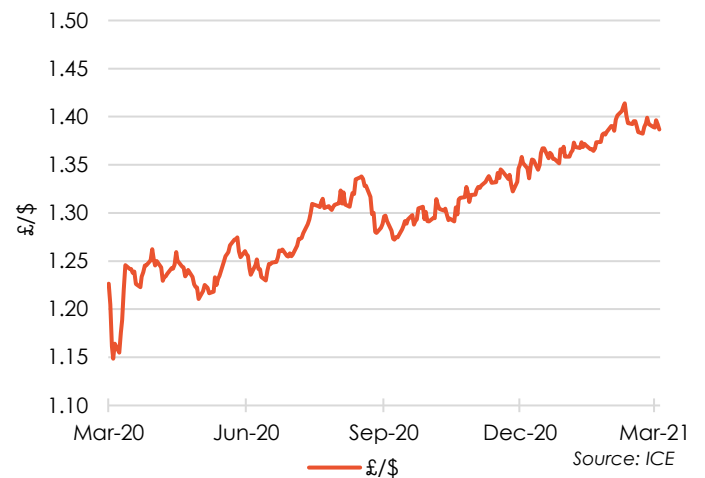
Exchange Rates & Economics

£/\$	12 Mar 21	19 Mar 21	Change
GBP/USD	1.3922	1.3868	-0.4%

Source: Reuters

Pound Sterling edged down 0.4% last week with investors cautious over the country's vaccination rollout as the EU is expected to deny authorisations to ship AstraZeneca's Covid-19 vaccine and their ingredients to the UK until the drug maker fulfills its delivery obligations to the 27-nation bloc.

Also, the government asked Britons not to book summer holidays abroad as coronavirus cases in some countries like France, Italy and Germany soar.



Coal

\$/tonne	12 Mar 21	19 Mar 21	Change
API2 CIF ARA Yr	68.70	71.30	3.8%

Source: Reuters

European coal prices rose by 3.8% last week to \$71.30/tonne. In contrast to losses reported in carbon and gas markets.

Benchmark Australian coal prices spiked after one of Australia's key export hubs suspended operations for a fortnight, impacting the supply of coal on the global market.



Regulatory and Market News

National Grid explores plans for UK hydrogen 'backbone'

National Grid is exploring the development of a UK hydrogen 'backbone', which aims to join together industrial clusters around the country, potentially creating a 2000km hydrogen network for the UK by around 2030.

Repurposing around 25% of the current gas transmission pipelines, Project Union will build on the government's ten-point plan to invest more than £1 billion to unlock the potential of hydrogen and support the establishment of carbon capture, utilisation and storage (CCUS) in four industrial clusters.

National Grid anticipates the network could carry at least a quarter of the current gas demand in Great Britain today, and provide vital resilience and storage.

The project is exploring a hydrogen backbone connecting the Grangemouth, Teesside and Humberside clusters, as well as linking up with Southampton, the North West and South Wales clusters.

National Grid will use Net Zero funding to finance a portfolio of projects, one of which is the feasibility phase of Project Union, which will include identifying pipeline routes, assessing the readiness of existing gas assets, and determining a transition plan for assets in a way that supports the government net zero ambition.

The research will explore how we can start to convert pipelines by the end of the decade in a phased approach, aligning with government ambitions of producing 5GW of low carbon hydrogen by 2030.

Antony Green, Hydrogen Project Director at National Grid, says: "Hydrogen has a critical role to play as we transition to a cleaner energy future. ... But there is a lot of work to find the most economic way to repurpose our assets and how we might develop a phased conversion to develop a hydrogen network for the UK.

Project Union will also look at how to connect the backbone to the existing interconnectors coming into Bacton, allowing the UK to link with the EU hydrogen backbone that is also being developed – this could open up future import and export of hydrogen with European neighbours.

The link down to Project Cavendish at the Isle of Grain, where National Grid and a consortium of energy companies are currently looking to develop hydrogen production capacity, will also be key.

[LINK: National Grid - Hydrogen - Project Union](#)

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REA calls for new UK electricity storage market mechanism

A new market mechanism is needed to unlock investment in a range of longer-duration electricity storage technologies in the UK, according to a new report from the Association for Renewable Energy and Clean Technology (REA).

Otherwise, future longer-duration energy storage needs will be left unmet without significant change, the report found.

The 'Longer-Duration Energy Storage: The missing piece to a Net Zero, reliable and low-cost energy future' report estimates that the UK will need at least 30GW of longer-duration energy storage by 2050.

The report concludes that this target is currently undeliverable based on the present market and regulatory framework.

REA's analysis found that an Income Floor would be the best market mechanism for supporting this category of storage, but that a Regulated Asset Base model could be a suitable alternative.

REA director of policy Frank Gordon said: "Longer-duration energy storage will be vital to supporting our grid through the energy transition in the drive to net zero.

"However, as our report shows, we are a long way from meeting our targets on current trends.

"While I welcome the government's announcement of a £68m demonstration competition for first of a kind energy storage projects, this will not resolve the barriers to deployment that affect all longer-duration energy storage technologies.

"We will work with BEIS to push for change in this area and hope they respond by issuing a Call for Evidence alongside the Smart Systems & Flexibility Plan update."

Drax Group CEO Will Gardiner added: "Britain's pumped hydro storage stations have never been more important to the country's decarbonisation.

"They play a vital role in keeping the grid stable and enabling more wind power to come online.

"With the right support framework from Government a new generation of pumped hydro storage power stations can be built, supporting new jobs and helping the country decarbonise faster."

[LINK: REA - New elec storage mechanism required](#)