

Gas

p/therm	1 Apr 21	9 Apr 21	Change
Day-Ahead	50.10	51.60	3.0%
May 2021	47.21	46.86	-0.7%
Winter 2021/22	55.31	55.34	0.1%
Summer 2022	41.35	41.09	-0.6%
12M Annual Oct 2021	48.33	48.22	-0.2%

Source: ICE

The **May 2021 Gas** fell 0.7% to 46.86 p/therm last week, with a healthy and consistent LNG supply pushing prices down. LNG send-out looks to have recovered following the clearing of the blockage in the Suez Canal, with 3 deliveries at UK ports on Thursday. Any significant losses were limited by cooler temperatures, providing price support.

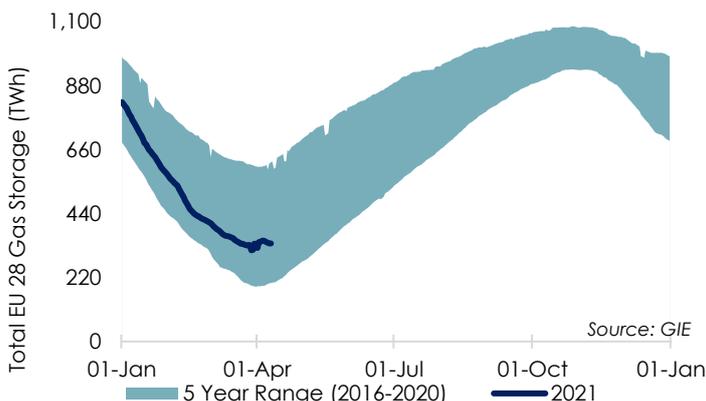
The **May 2021 Power** price climbed 0.7% to £56.64/MWh, lifted by the cooler weather impacting the near-term curve. The near-term curve was also supported by reduced output from renewables, with wind and solar output forecast lower.

Gas and power prices were also supported by Carbon prices, which once again reached record highs last week.

The **Oct 2021 12 Month Gas** price fell by 0.2% to 48.22p/therm, despite European gas storage falling to just over 30%. UK Gas storage also saw significant withdrawals, falling from 47% on 1st April, to 36% by Friday. Output from the North Sea, which fell by around 50% on Friday due to bad weather delaying maintenance, pushed up day-ahead prices but strong LNG deliveries counteracted this.

The **Oct 2021 12 Month Power** price rose 1% to £58.33/MWh, buoyed on optimism of future demand recovery. The UK's Covid vaccine rollout has now seen over 32 million people receive their first dose. This week also marks the easing of lockdown rules in England, with hairdressers, gyms and non-essential retail allowed to reopen.

European Gas Storage

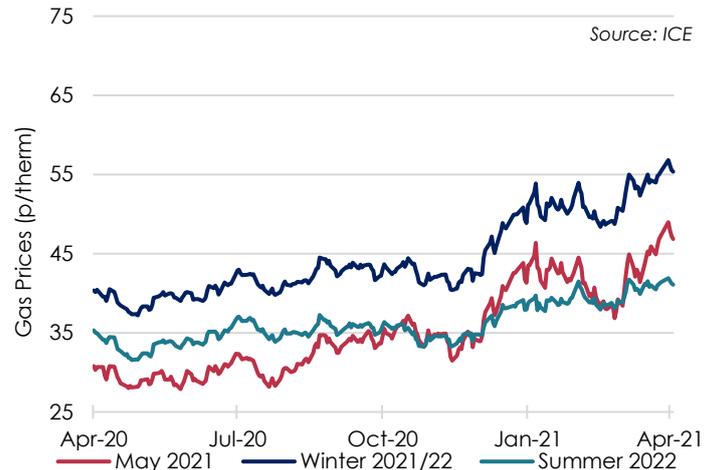


Power

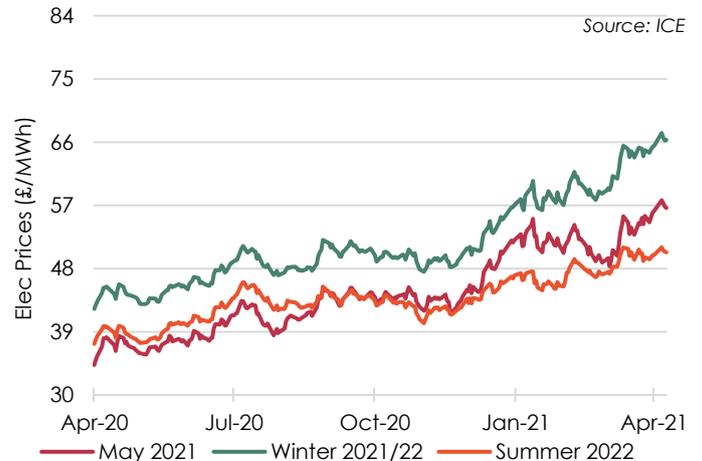
£/MWh	1 Apr 21	9 Apr 21	Change
Day-Ahead	56.30	63.54	12.9%
May 2021	56.22	56.64	0.7%
Winter 2021/22	65.48	66.32	1.3%
Summer 2022	49.96	50.33	0.7%
12M Annual Oct 2021	57.72	58.33	1.0%

Source: ICE

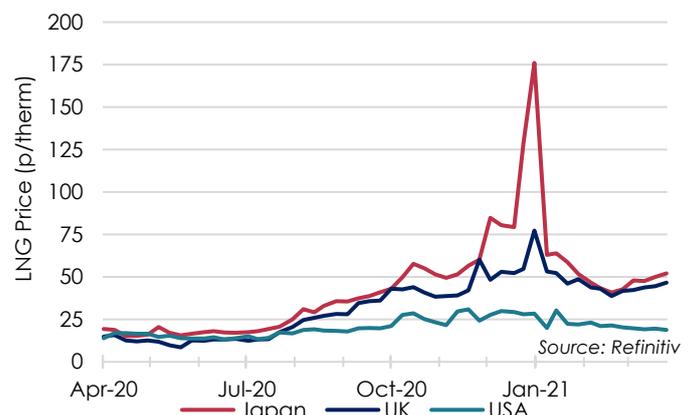
UK Gas



UK Power



Global LNG (Japan v UK v USA)



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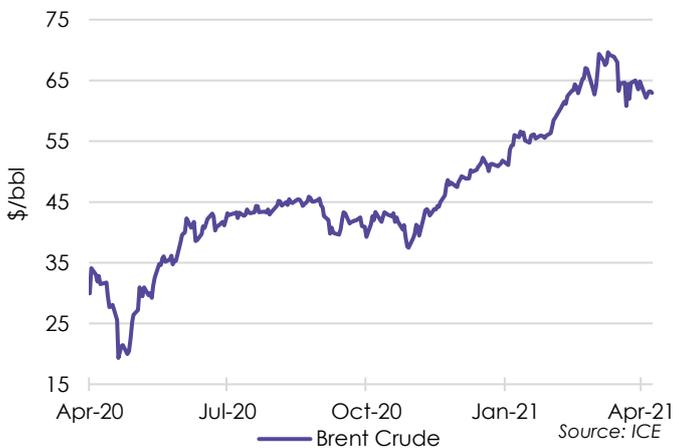
12 April 2021

Oil

\$/bbl	1 Apr 21	9 Apr 21	Change
Brent Crude Jun 21	64.86	62.95	-2.9%

Source: Reuters

Brent crude oil fell by 2.9% to \$62.95/bbl last week as Covid-19 caseloads rise globally. Despite spectators feeling the market lacks any true direction, most eyes fall to the US. The US is being used as a prime example of a semi-vaccinated population reopening their economy. At an "inflection point", production may see significant increases, and oil demand with it. However, should there be a resurgence in Covid-19 it may spell trouble for the global economy and any hopes of a full recovery by the end of the year. A lack of clear signs of economic recovery will likely weigh on oil prices as the year continues.



Carbon

€/tCO2	1 Apr 21	9 Apr 21	Change
EUA Dec Yr	42.37	43.56	2.8%

Source: Reuters

European carbon hit record highs last week, rising by 2.8% to €43.56/tCO₂. This now marks a rise of 40% since EU leaders agreed to tougher targets on cutting emissions in December. Price rises are expected to continue with the EU proposing a further major overhaul of the carbon market in June, designed to cut emissions faster.



Exchange Rates & Economics

£/\$	1 Apr 21	9 Apr 21	Change
GBP/USD	1.3830	1.3708	-0.9%

Source: Reuters

Pound Sterling fell 0.9% last week reaching its lowest point for 2 months on Friday. Bearish pressure for Sterling has been linked to the slowing of the administration of the AstraZeneca coronavirus vaccine. As supply issues and concerns related to blood clots arose, leading to a slowing pace of vaccination.

The effects of Brexit in Northern Ireland are also weighing on the Pound as trade barriers between Britain and Northern Ireland have become apparent.



Coal

\$/tonne	1 Apr 21	9 Apr 21	Change
API2 CIF ARA Yr	72.60	70.75	-2.5%

Source: Reuters

European coal prices fell 2.5% last week as EU Carbon prices hit a record high.

Strong wind output for some European countries and Easter holidays lead to a drop in demand for coal-fired power generation.



Regulatory and Market News

Government issues Call for Evidence in UK Emissions Trading System

The UK ETS launched on 1 January 2021, providing some reassurance of a smooth transition from the EU scheme for participants. The Government is also intending to go further than its EU counterpart, by aligning the UK ETS with the Net Zero goal, through reducing the cap on emissions allowances by 5% from the UK's expected share of the EU ETS cap.

The UK ETS is continuing to offer free allowances to prevent carbon leakage and to protect UK competitiveness. However, a review of the UK ETS will aim to ensure that the scheme evolves and grows to make the most of new opportunities as well as being compatible with the UK's climate commitments.

The Government has issued a Call for Evidence on how the use of free allocations can better incentivise emissions reduction and protect energy intensive industries from carbon leakage.

It will consider:

- The advantages and disadvantages of the current approach to free allocation
- Key questions the Review should discuss and any problems that need addressing
- How they can make free allocations fairer and more targeted as allocations are decreased in line with the reduction in the overall cap.

We want to make sure that the views of businesses – particularly those in energy intensive industries that this will impact – are heard.

In terms of when the UK ETS is going live, the first auction is scheduled for 19th May 2021 and will be hosted by trading platform ICE.

The UK ETS will have a transitional Auction Reserve Price (ARP) of £22/tCO₂. However, sentiment suggests that initial buying interest will be strong so we may expect a price materially higher.

Anne-Marie Trevelyan, UK energy minister, herself suggested UK businesses covered by the scheme could face prices of about £35/tCO₂. The EU ETS has soared since the start of 2021 in anticipation that the EU will take further measures this year to target pollution. The price of carbon in the bloc hit record highs above €40/tCO₂ this month.

[LINK: UK Gov - UK ETS Call for Evidence](#)

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Easter Monday sees record low carbon intensity for GB electricity

National Grid has revealed that Great Britain's electricity grid was the greenest it's ever been at 1pm on Monday 5th April. The carbon intensity of electricity dropped to 39 gCO₂, the lowest figure in history.

Sunny spells and blustery conditions, coupled with low demand driven by the Easter holiday, meant renewable sources of power dominated the energy mix over the holiday weekend.

At 1pm wind power made up 39% of the electricity mix, solar power 21%, and nuclear 16% – meaning zero carbon power sources made up almost 80% of the nation's power.

The previous record of 46 gCO₂/kWh was set on 24th May 2020 – part of what was a record-breaking year for GB electricity.

During spring 2020 Britain saw its longest run since the industrial revolution generating electricity without using coal, stretching almost 68 days (1,630 hours) between 10th April and 16th June.

In total the country was powered coal-free for over 5,147 hours in 2020, compared with 3,666 hours in 2019, 1,856 in 2018 and 624 in 2017. Coal generated only 1.6% of the electricity mix in 2020, compared with almost 25% five years ago.

The last 18 months has also been record-breaking for renewable power sources. The record for the highest ever level of wind generation was broken on 13th February 21 (17.5GW) – while 26th August last year saw wind contributing its highest ever share to the electricity mix (59.9%).

Solar power, too, set new records for its highest ever level of generation (9.7GW) and its highest share in the mix (34%) – comfortably providing a third of Britain's electricity supplies on several occasions in May 2020.

And while not everyone enjoyed a white Christmas, 2020 did represent the first ever coal-free Christmas day and zero carbon sources powering over half of our electricity demands.

[LINK: Energyst - Record low carbon intensity for GB](#)