

Gas

| p/therm | 16 Apr 21 | 23 Apr 21 | Change |
|---------------------|-----------|-----------|--------|
| Day-Ahead | 56.50 | 53.75 | -4.9% |
| May 2021 | 51.15 | 50.72 | -0.8% |
| Winter 2021/22 | 58.96 | 58.61 | -0.6% |
| Summer 2022 | 42.95 | 43.08 | 0.3% |
| 12M Annual Oct 2021 | 50.96 | 50.84 | -0.2% |

Source: ICE

The **May 2021 Gas** price fell 0.8% to 50.72p/therm last week. Gains in oil prices early in the week caused upward pressure on the wider energy market before a well-supplied gas system meant prices ended the week lower. Healthy LNG send-out, supported by a high number of deliveries in April, and strong pipeline flows have helped bring down near term prices.

The **May 2021 Power** price continued to climb, gaining 1.3% to £61.43/MWh. Cooler forecasts and weak renewable generation, especially from wind, have provided support for power prices in recent weeks. At the end of last week, EDF announced a short delay in French nuclear facilities coming back online following maintenance, providing additional price support.

Gas and power prices also continue to be bolstered by carbon prices, which once again reached record highs last week.

The **Oct 2021 12 Month Gas** price was largely unchanged last week, falling 0.2% to 50.84/therm. European gas storage remained at around 29%, while UK Gas storage saw a small net injection, rising to 19%. Colder weather than normal is resulting in gas withdrawals later than previous years. This time last year, European gas storage was around 61% full.

The **Oct 2021 12 Month Power** price rose 1.4% to £61.31/MWh, supported by strong carbon prices and on optimism of future demand recovery, as the UK's Covid vaccine rollout has now seen over 33 million people receive their first dose.

Power

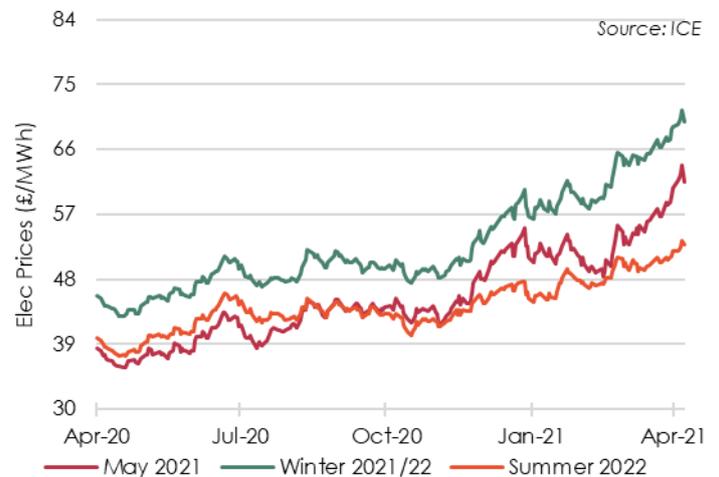
| £/MWh | 16 Apr 21 | 23 Apr 21 | Change |
|---------------------|-----------|-----------|--------|
| Day-Ahead | 65.98 | 63.00 | -4.5% |
| May 2021 | 60.67 | 61.43 | 1.3% |
| Winter 2021/22 | 69.13 | 69.79 | 1.0% |
| Summer 2022 | 51.85 | 52.83 | 1.9% |
| 12M Annual Oct 2021 | 60.49 | 61.31 | 1.4% |

Source: ICE

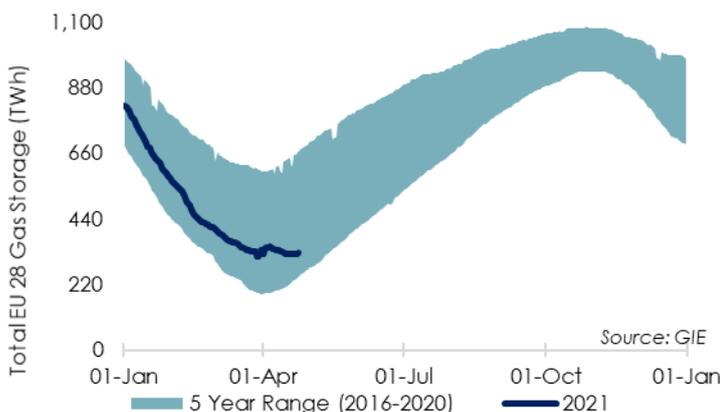
UK Gas



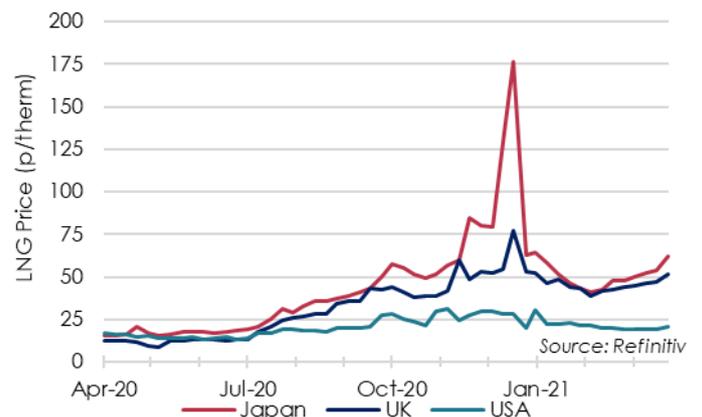
UK Power



European Gas Storage



Global LNG (Japan v UK v USA)



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Beond Weekly UK Insight

26 April 2021

Oil

| \$/bbl | 16 Apr 21 | 23 Apr 21 | Change |
|--------------------|-----------|-----------|--------|
| Brent Crude Jun 21 | 66.77 | 66.11 | -1.0% |

Source: Reuters

Brent crude oil saw a drop of 1.0% to \$66.11/bbl last week. The losses were largely driven by rising oil stockpiles and a resurgence of Covid-19 in some of the world's major oil importing countries, such as India and Japan.

Meanwhile, Iran and world powers have made headway in talks to save a 2015 nuclear accord that could see sanctions lifted and more Iranian barrels return to the global market.



Carbon

| €/tCO2 | 16 Apr 21 | 23 Apr 21 | Change |
|------------|-----------|-----------|--------|
| EUA Dec Yr | 44.33 | 46.86 | 5.7% |

Source: Reuters

European carbon continued to break record highs last week, with a 5.7% rise to €46.86/tCO2 as EU member states and the European Parliament reached a provisional agreement on a European climate law.

The agreement confirms a collective net greenhouse gas emissions reduction target, after removals, of at least 55% by 2030 compared with 1990 but with a limit of 225 million tonnes of carbon dioxide equivalent on removals.



Exchange Rates & Economics

| £/\$ | 16 Apr 21 | 23 Apr 21 | Change |
|---------|-----------|-----------|--------|
| GBP/USD | 1.3830 | 1.3874 | 0.3% |

Source: Reuters

Pound Sterling rose 0.3% last week as the UK economy looks set to post faster economic growth than the United States this year.

The International Monetary Fund has projected the UK economy will expand 5.3% during 2021. Markets have seen an acceleration in the pace of recovery with the country now having given a first coronavirus vaccine to more than half of its total population.



Coal

| \$/tonne | 16 Apr 21 | 23 Apr 21 | Change |
|-----------------|-----------|-----------|--------|
| API2 CIF ARA Yr | 75.70 | 73.75 | -2.6% |

Source: Reuters

European coal prices fell 2.6% last week as EU Carbon prices once again surged to record highs, discouraging consumption of fossil fuels.

Milder temperatures in numerous European countries also led to weaker demand for coal by European power plants.



Regulatory and Market News

UK retail electricity market to move to half-hourly settlement

Britain's retail electricity market is to transition to market-wide half-hourly settlement over the next four and a half years, targeting an October 2025 completion. This will mean suppliers will be charged for the actual energy used by every one of their customers in every half-hour, including the smaller ones. Assuming most customers have or will have smart meters, the suppliers will have an incentive to create new smarter tariffs. Like our grandparents we'll be washing and drying our clothes on sunny windy days!

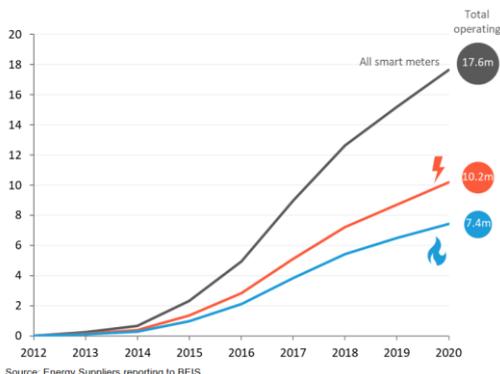
Elxon, the balance and settlement code administrator will act as the programme manager and has been tasked with enabling testing and the ironing out of any issues before the system goes fully live.

Anna Rossington, Interim Director Retail at Ofgem, writes in a blog posting that market-wide half-hourly settlement is a vital enabler of flexibility.

"It will send accurate signals to suppliers about their customers' electricity use and the cost of serving those customers throughout each day," she writes.

"This will place incentives on suppliers to offer new tariffs and products that encourage more flexible use of energy and help consumers to lower their bills, for example time of use tariffs, automation, vehicle to grid solutions and battery storage."

This in turn should lead to more optimal use of the infrastructure and the deferral or reduction in the need for investment in more generation. Ofgem has estimated the initiative should save energy consumers from £1.6 billion to £4.5 billion over the next 25 years.



The 2025 date also corresponds with the targeted completion for the national smart meter rollout. Domestic smart meters operating in smart mode increased to 17.6 million at the end of 2020.

[LINK: Ofgem](#)

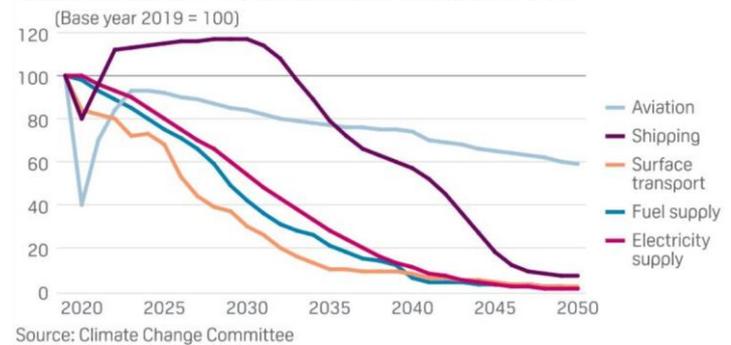
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UK targets 78% cut in GHG emissions by 2035

The UK government is to enact a new climate change law targeting a 78% cut in greenhouse gas emissions by 2035 compared to 1990 levels, according to the Department for Business, Energy and Industrial Strategy (BEIS).

In line with Climate Change Committee recommendations, for the first time the UK is to incorporate its share of international aviation and shipping emissions in its new carbon budget.

UK NET ZERO: CHANGE IN SECTORAL EMISSIONS IN BALANCED NET ZERO PATHWAY vs 2019 LEVELS



"We want to continue to raise the bar on tackling climate change, and that's why we're setting the most ambitious target to cut emissions in the world," UK Prime Minister Boris Johnson said in the statement.

In December 2020 the CCC's Sixth Carbon Budget (2033-2037) concluded UK emissions needed to fall by almost 80% by 2035 in order to align with global efforts to limit warming to 1.5 degrees Celsius.

Cutting emissions to this extent would require all UK electricity production to be net-zero, and all new cars, vans and replacement boilers to be zero-carbon by 2035.

The government had been working towards a commitment to reduce emissions in 2030 by at least 68% compared to 1990 levels through its latest Nationally Determined Contribution.

The new target would enter into law by the end of June 2021, with legislation setting out the government's commitments due to be laid in Parliament on April 21.

[LINK: BEIS](#)