

## Gas

p/therm	30 Apr 21	7 May 21	Change
Day-Ahead	63.50	62.00	-2.4%
Jun 2021	60.24	61.23	1.6%
Winter 2021/22	65.87	67.94	3.1%
Summer 2022	46.25	48.12	4.0%
12M Annual Oct 2021	56.06	58.03	3.5%

Source: ICE

The **June 2021 Gas** price rose by 1.6% to 61.23p/therm last week as EU gas storage has continued to fall to 30%, due to increased demand throughout the start of May as temperatures remain below seasonal normal levels.

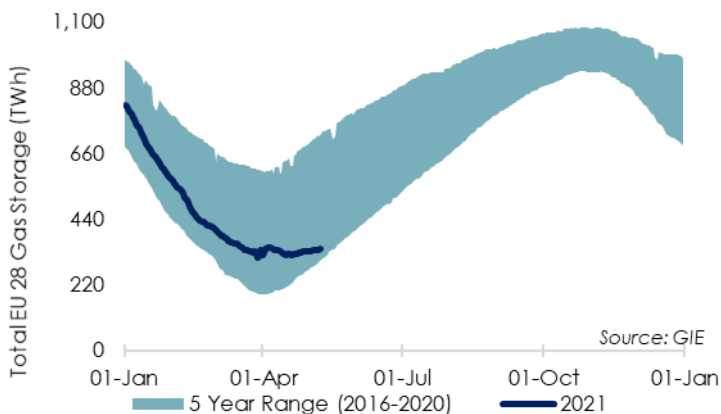
UK gas storage has also continued to fall to 5% of capacity, the lowest level since April-2018 following the "Beast from the East" cold winter. The competition with the EU for gas and subsequent increases in the price of LNG have continued to drive up the price of UK gas.

The **June 2021 Power** price saw little movement last week, with a small fall of 0.1% to £69.62/MWh. Prices remain high as carbon breaches €50/tCO<sub>2</sub> for the first time in its history. Carbon remains the main price driver, with a share of fundamentals supporting the previously speculative rises in the market. With low gas storage across Continental Europe, the need to burn coal for power generation has increased. This has subsequently provided support to the carbon market as demand for credits has increased.

The **Oct 2021 12 Month Gas** price increased significantly last week, rising by 3.5% to 58.03p/therm. This is driven principally by the very high costs of Winter 2021/22 as low European storage will likely take time to recover, heightening the risk of Winter shortages.

The **Oct 2021 12 Month Power** price rose by 3.1% to £67.85/MWh. Increases in the price of power are expected, with easing Covid-19 lockdown measures spurring demand. The current magnitude of the price increases remains driven by the record-breaking cost of EU carbon.

## European Gas Storage

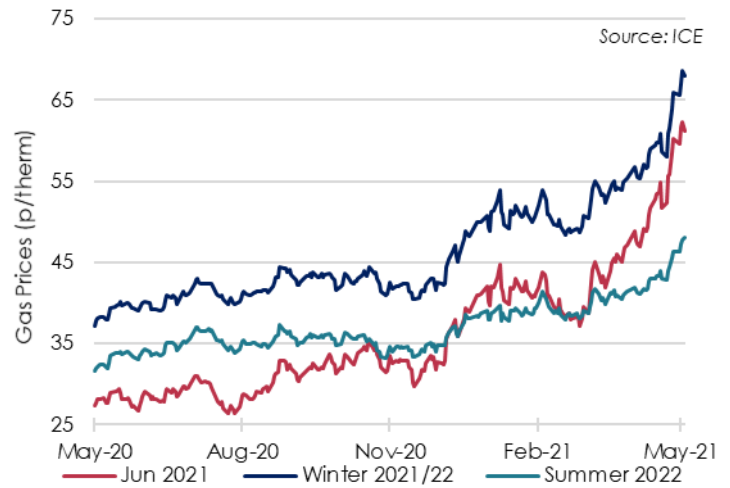


## Power

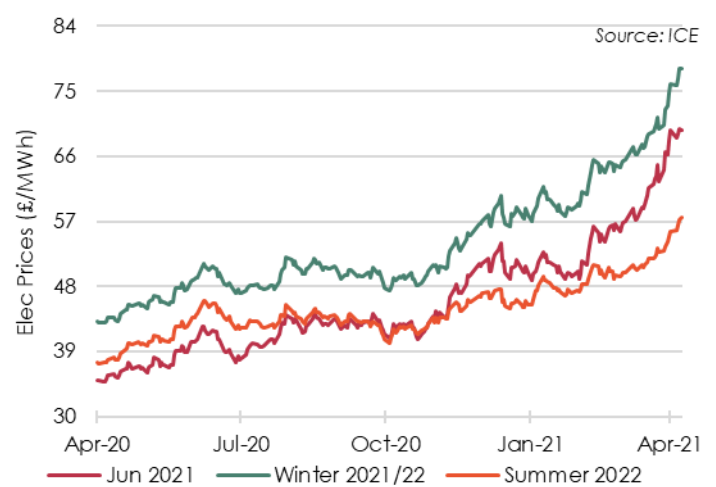
£/MWh	30 Apr 21	7 May 21	Change
Day-Ahead	71.02	65.51	-7.8%
Jun 2021	69.68	69.62	-0.1%
Winter 2021/22	76.01	78.19	2.9%
Summer 2022	55.62	57.51	3.4%
12M Annual Oct 2021	65.82	67.85	3.1%

Source: ICE

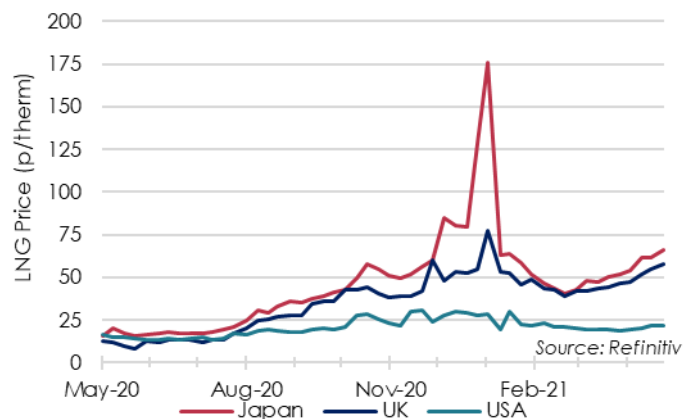
## UK Gas



## UK Power



## Global LNG (Japan v UK v USA)



# Beond Weekly UK Insight

10 May 2021

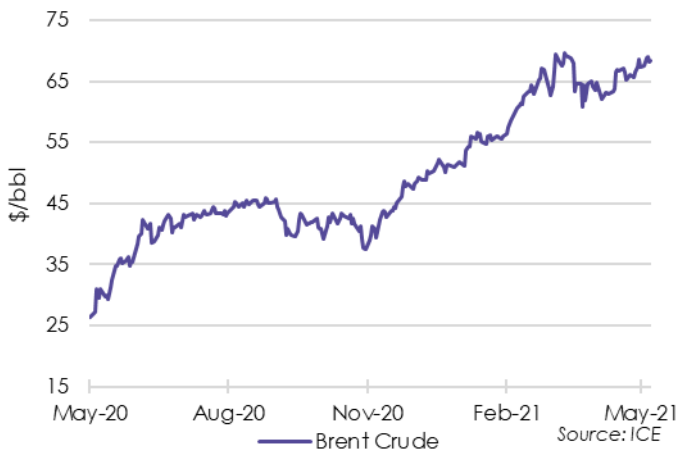
## Oil

\$/bbl	30 Apr 21	7 May 21	Change
Brent Crude Jul 21	67.25	68.28	1.5%

Source: Reuters

**Brent crude oil** saw a rise of 1.5% to \$68.28/bbl last week supported by easing lockdown restrictions across Europe and the U.S. boosting demand. On the supply side, U.S. crude inventories fell more sharply than expected this week providing a boost to oil prices globally.

However, India posted a new daily record of Covid-19 infections and deaths as a deadly second wave continues. As the world's second most populous country the crisis continues to provide bearish pressure for global oil demand recovery.



## Carbon

€/tCO2	30 Apr 21	7 May 21	Change
EUA Dec Yr	48.74	50.33	3.3%

Source: Reuters

**European carbon** recorded a new high again last week, with a 3.3% rise to €50.33/tCO2.

Prices continued to strengthen as the European Commission's climate change chief played down prospects of market intervention over soaring EUA prices. The EC decline to intervene following continued speculative investment and even called for higher prices to combat climate change.



## Exchange Rates & Economics

£/\$	30 Apr 21	7 May 21	Change
GBP/USD	1.3814	1.3972	1.1%

Source: Reuters

**Pound Sterling** rose 1.1% last week, as political uncertainty looked to ease because of the Scottish elections, which saw Nicola Sturgeon's SNP win 64 seats – one short of a majority. While Sturgeon will seek another Scottish independence referendum, it is now thought this could be some time away, providing support for the Pound.

In other news, the Bank of England are reporting the UK economy is set to grow by 7.25% in 2021, its fastest rate in over 70 years, as lockdown restrictions are lifted.



## Coal

\$/tonne	30 Apr 21	7 May 21	Change
API2 CIF ARA Yr	75.50	78.15	3.5%

Source: Reuters

**European coal** prices continued to climb, rising 3.5% last week, as European gas storage remains at around 30% full, compared with around 66% at the same time last year. As a result, coal for power demand remains high.

Coal prices also continue to be propped up by relatively low renewable generation, and record high carbon prices, which increase the cost of using the high polluting fuel source for power generation.



## Regulatory and Market News

### Drax to build three new pellet plants in Arkansas to supply UK biomass generation

A new report by RenewableUK has called on the UK Government to update its 2030 targets relating to the growth of renewable energy deployments.

In its new report, the renewable trade body suggests the recently announced target of 78% cut in carbon dioxide emissions will need new to be supported by specific renewable energy commitments for onshore wind, floating wind, renewable hydrogen and marine energy.

The trade association's recommendations include a 30GW onshore wind target by the end of the decade, enough to power more than 19.5 million homes.

The analysis also suggests policymakers will need to double the country's target for the floating wind to reach 2GW and set a minimum target of 5GW of green hydrogen electrolyser capacity by 2030.

The report also calls for the government to set a 1GW target for marine energy.

RenewableUK's Head of Public Affairs Nathan Bennett said: "We must ensure there are no gaps in our own ambitions if we're to set the agenda for the rest of the world.

"Over-arching commitments to decarbonise by 2035 and 2050 are a great starting point, but there is so much to be gained by fleshing out comprehensive plans for renewable development which will underpin this."

A UK Government spokesperson said: "The UK is leading the world in tackling climate change and we take our role hosting COP26 very seriously.

"The UK was the first major economy to legislate to eliminate our contribution to climate change by 2050 and last month the government committed to reducing emissions in 2035 by at least 78% compared to 1990 levels, the highest reduction target by a major economy to date.

"Renewables are key to this effort. We already have a world-leading offshore wind target of 40GW by 2030, including 1GW of floating wind and we will make a significant step towards reducing power sector emissions through this year's Contracts for Difference auction, aiming to be the largest the UK has ever held."

[LINK: RenewableUK](#)

### Drax to build three new pellet plants in Arkansas to supply UK biomass generation

Drax has unveiled plans for the construction of three new biomass pellet plants in the US state of Arkansas. The projects combined are forecast to produce approximately 120,000 tonnes of sustainable biomass pellets a year from sawmill residues.

The development of these projects, which is part of Drax's strategy to increase biomass self-supply to five million tonnes by 2027, represents an investment of \$40 million (£28.8m), the company said.

Will Gardiner, Drax Group CEO, said: "Arkansas will play an important role in combating climate change, supporting Drax to increase the amount of sustainable biomass we produce as part of our plans to pioneer bioenergy with carbon capture and storage.

"By using sustainable biomass, we have displaced coal-fired power generation, reduced carbon emissions and provided renewable electricity for millions of homes and businesses in the UK."

By shifting away from coal towards bioenergy with carbon capture and storage (BECCS), Drax argues it can produce net negative emissions, and it is expecting significant global growth in the biomass market.

[LINK: Drax](#)

### E.ON finishes with migration of 2m former npower customers to E.ON Next

E.ON has today announced it has transferred more than two million former npower home and business customers to its new platform E.ON Next.

That follows E.ON's acquisition of npower in late 2019.

Michael Lewis, E.ON UK Chief Executive, said: "It's a huge achievement, not just to complete the migration in such a short time but also to achieve such a positive response from customers because customers are what this move is all about.

"The next step is moving all E.ON energy customers, millions of homes and hundreds of thousands of small businesses around the country, to E.ON Next.

"This step is vital in building more effective and responsive relationships with our customers because it is in their homes and businesses that changes are needed in order to combat the climate crisis."

[LINK: E.ON Next](#)