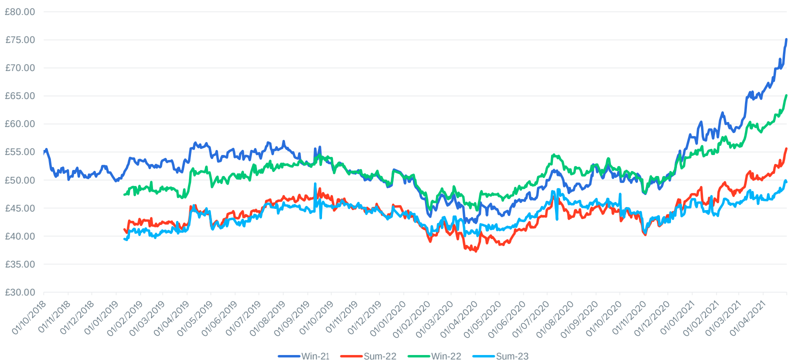
TRIDENT
360° ENERGY EXPERTISE

Weekly Energy Report

04 May 2021

Power

Power Baseload (£/MWh)



Price (£/MWh)

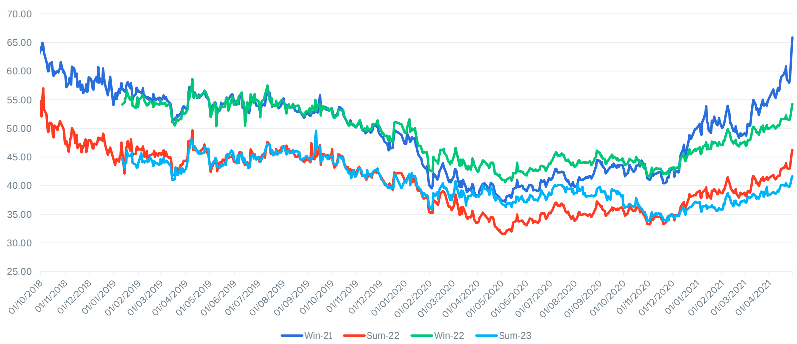
Contract		Previous Weeks Close		Last Weeks Close	
Jun-21	£	62.52	£	68.91	▲
Jul-21	£	61.26	£	68.39	▲
Aug-21	£	60.39	£	67.69	▲
Q3-21	£	61.68	£	68.44	▲
Q4-21	£	68.51	£	73.70	▲
Win-21	£	69.87	£	75.11	▲
Sum-22	£	52.46	£	55.62	▲
Win-22	£	61.91	£	65.10	▲
Sum-23	£	48.00	£	49.63	▲
Win-23	£	58.77	£	61.17	▲
Sum-24	£	48.80	£	50.37	▲

Summary

The June 21, Winter 21, and Summer 22 baseload contracts increased by £6.39/MWh, £5.24/MWh and £3.16/MWh respectively over the week. The bullish gas and carbon markets continued to have a dominant influence on power prices as well as colder weather revisions. There was high reliance on gas-fired output to meet demand which averaged 43% over the week compared to total renewables at 36%. This was largely due to low wind generation however it is expected to increase to average 7GW this week which may take some pressure off gas-burn. There was also some tightness in supply from an unplanned outage at Sizewell B nuclear facility and a total of 2GW interconnector outages at IFA2 and BritNed and which are due back online on the 12th May and 19th May respectively. IFA1 is also scheduled for a planned outage which will reduce capacity by 500MW for 5 days from 17th May. The December 21 EUA gained €2.27/tonne, settling at €49.42/tonne. This was due to compliance buying ahead of the annual compliance deadline on 30th April and positive momentum at the Leaders Summit on Climate where major economies announced new carbon emissions targets including U.S and Japan. Furthermore, the EU ETS Market Stability Reserve parameters ensure the market will remain tight until 2023, continuing to provide support to the upside. The European Commission will present its 2030 climate policy package including the revision of the EU's carbon market on 14th July which may drive speculative buying in the interim.

Gas

Gas (p/therm)



Price (p/therm)

Contract	Previous Weeks Close	Last Weeks Close	
Jun-21	51.67	60.24	▲
Jul-21	49.61	57.96	▲
Aug-21	48.52	57.62	▲
Q3-21	49.87	58.12	▲
Q4-21	57.22	64.77	▲
Win-21	58.61	65.87	▲
Sum-22	43.08	46.25	▲
Win-22	51.69	54.25	▲
Sum-23	40.08	41.65	▲
Win-23	49.33	50.73	▲
Sum-24	41.02	42.56	▲

Summary

The June 21, Winter 21, and Summer 22 NBP contracts increased by 8.57p/therm, 7.26p/therm and 3.17p/therm respectively over the week. As tensions between Russia and Ukraine de-escalated the market anticipated an increase in Russian gas however no gas supply was booked by Gazprom despite being offered 63.7mcm additional transit capacity by the Ukrainian TSO. This could bring Gazprom's gas exports in Europe lower by 8bcm in 2021 than expected. The increase in European gas prices have been supportive for Asian LNG prices which poses a bullish supply risk as LNG cargoes seek higher profits in Asia. This tightness in supply is highlighted by just 9 LNG cargoes booked for arrival to the UK in May so far, compared to a total of 16 last year. Demand also remained above seasonal average following colder weather leading to strong gas storage withdrawals that have depleted to 8% capacity and adding risk to the Winter 21 contract. A recent report suggests storage injections would have to average 12bcm per month to refill stocks however prompt prices are too high to incentivise storage injections at present. Norwegian maintenance is also expected to rise this month which adds further support in the near term. The July 21 Brent contract increased by $2.40/bbl, settling at $67.77/bbl. A U.S weaker dollar, easing European lockdown restrictions and renewed optimism ahead of the summer driving season are offering price support. OPEC+ cancelled their meeting last week, leaving intact an earlier decision to ease production cuts despite the Covid catastrophe in India and Japan. The Joint Technical Committee of OPEC+ reportedly increased their demand growth estimates to 6mbpd for this year, up from 5.6mbpd last month following significant drawdowns in global oil inventories in the last several months. EIA U.S crude stock data showed a lower than expected build of 0.09MB. This has put stocks 0.3% behind the 5-year average and erased a surplus that has persisted since the end of March.