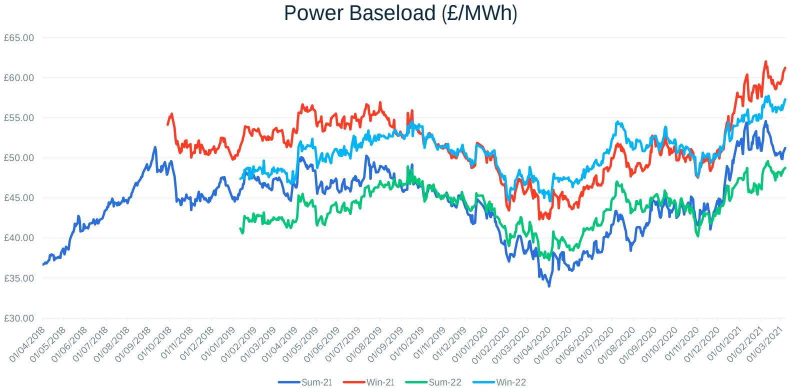
TRIDENT
360° ENERGY EXPERTISE

# Weekly Energy Report

08 March 2021

## Power

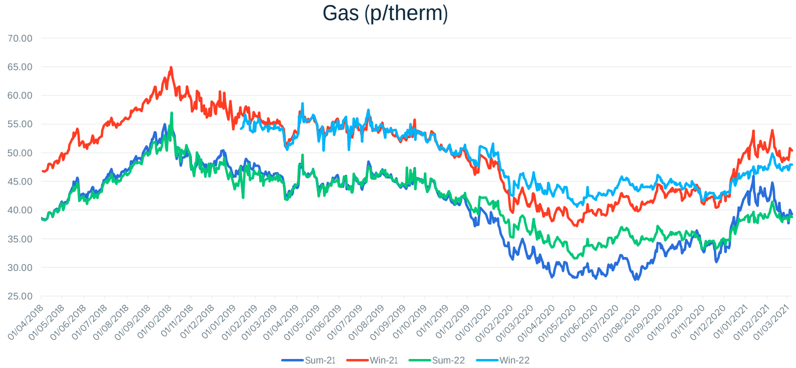



| Contract | Price (£/MWh) Previous Weeks Close | Last Weeks Close | |
|---|---|---|---|
| Apr-21 | £ 52.29 | £ 51.61 | ▼ |
| May-21 | £ 50.20 | £ 49.73 | ▼ |
| Jun-21 | £ 50.01 | £ 49.77 | ▼ |
| Q2-21 | £ 50.83 | £ 50.36 | ▼ |
| Q3-21 | £ 50.22 | £ 50.85 | ▲ |
| Sum-21 | £ 50.52 | £ 50.61 | ▲ |
| Win-21 | £ 59.42 | £ 60.65 | ▲ |
| Sum-22 | £ 48.26 | £ 48.46 | ▲ |
| Win-22 | £ 56.35 | £ 56.45 | ▲ |
| Sum-23 | £ 45.98 | £ 46.23 | ▲ |
| Win-23 | £ 54.81 | £ 55.06 | ▲ |

### Summary

The April 21 baseload contract fell by £0.68/MWh whilst the Summer 21 and Winter 21 contracts increased by £0.09/MWh and £1.23/MWh respectively from the previous weeks close. Gains across the wider energy complex fed into the power curve. Below average wind speeds throughout the week put high reliance on gas-fired generation averaging 54% whereas renewables accounted for just 23% across the week. The spark spreads were lifted by strength in the carbon market which support seasonal contracts, especially Winter 21 which saw the largest gains over the week. This week temperatures are expected to lift above seasonal normal before falling back to the average into the weekend. Wind speeds are also expected to increase substantially this week which may take pressure off gas-fired generation. The December 21 EUA increased by €1.58/tonne over the week, settling at €39.02/tonne. The price was influenced by bullish movements in oil and optimism over European equity markets. It was also expected that a number of emitters could be forced into the market last minute to cover their 2020 emissions. More price volatility could be on the cards this week as the European Parliament is set to vote on a proposed Carbon Border Adjustment Mechanism. The potentially far-reaching proposal could place a charge on the carbon content of goods imported into the EU to cover most emissions-intensive sectors of the EU economy, including steel, cement and electricity.

## Gas




| Contract | Price (p/therm) Previous Weeks Close | Last Weeks Close | |
|---|---|---|---|
| Apr-21 | 39.79 | 41.25 | ▲ |
| May-21 | 37.96 | 39.22 | ▲ |
| Jun-21 | 38.07 | 39.50 | ▲ |
| Q2-21 | 38.60 | 39.98 | ▲ |
| Q3-21 | 38.62 | 40.12 | ▲ |
| Sum-21 | 38.61 | 40.05 | ▲ |
| Win-21 | 48.80 | 50.79 | ▲ |
| Sum-22 | 38.47 | 39.05 | ▲ |
| Win-22 | 47.44 | 47.94 | ▲ |
| Sum-23 | 37.21 | 38.00 | ▲ |
| Win-23 | 48.31 | 48.61 | ▲ |

### Summary

The April 21, Summer 21 and Winter 21 NBP contracts increased by 1.46p/therm, 1.44p/therm and 1.99p/therm respectively from the previous weeks close. Prices were fairly rangebound with strength coming later in the week. The near curve was driven by above seasonal normal demand with planned and unplanned Norwegian outages creating an undersupplied National Transmission System. This led to further reliance on gas storages which were already below the 5-year average and the lowest for this time of year since the closure of Rough, at just 20% full. LNG stocks are at its lowest since 2018 however arrivals are beginning to look healthy as shipments to Europe doubled in February. The UK has already received five cargoes this month with a further eight scheduled over the next fortnight. Far curve contracts saw added risk premium towards the end of the week following the oil price rally as OPEC+ announced to keep 8% of global oil supply off the market. The May 21 Brent contract increased by $4.51/bbl over the week, settling at $69.36/bbl. The bullish momentum took prices to levels seen in January 2020. The first driver was the U.S. House of Representatives passing a $1.9 trillion coronavirus relief package which includes direct payments, unemployment benefits and funds for COVID-19 vaccination programmes. Despite a build in U.S crude stocks further support also came from EIA reporting gasoline inventories fell by the most in 30 years by 13.62MB as refining plunged to an all-time low due to the Texas freeze. Most of the price gains came after the OPEC+ meeting on Thursday after deciding to keep 8mbpd of crude production off the market for at least another month, citing demand recovery from the global pandemic as fragile. The alliance will convene again on 1st April to decide on May production levels.