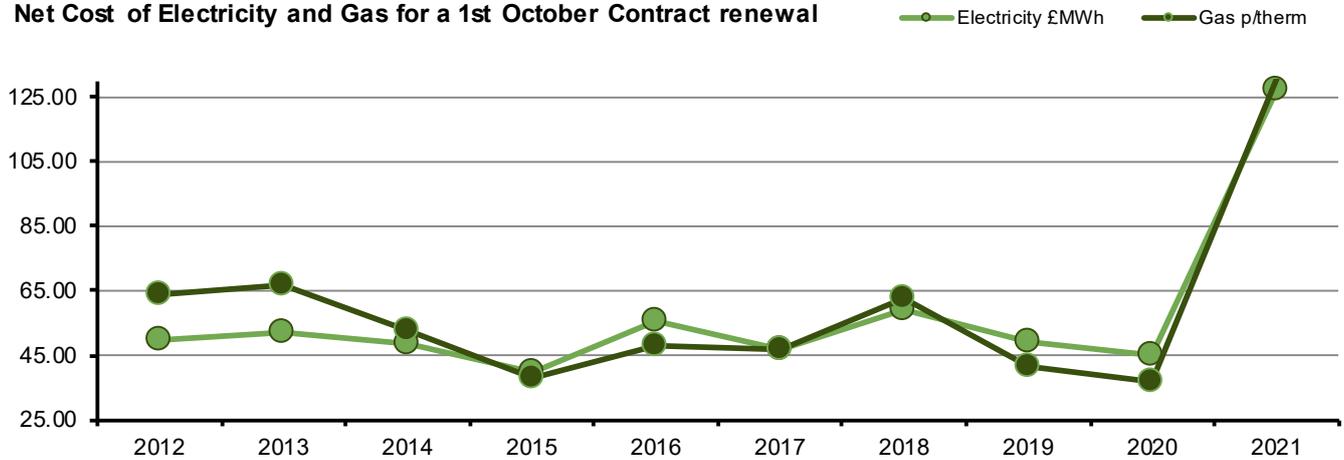


month on month marketview

Review of: September 2021

Net Cost of Electricity and Gas for a 1st October Contract renewal



Electricity: base load cost - excludes distribution, taxation and supplier margin and costs

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 46.92 | 52.29 | 49.17 | 43.02 | 43.03 | 43.26 | 56.76 | 52.21 | 40.93 | 85.03 |

Gas: core gas cost - excludes distribution, taxation and supplier margin and costs

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 61.40 | 68.63 | 56.38 | 43.48 | 41.73 | 42.65 | 58.10 | 48.65 | 29.68 | 92.08 |

▲ : Indicates that there was an upward pressure on prices.

▼ : Indicates that there was a downward pressure on prices.

September in summary

Again another month of volatility and bullishness as the fundamentals continue to drive, low Gas storage levels, low Russian flows to Europe and low LNG receipts.

Market volatility

Volatility in September mainly came from sentiment added in anticipation of the looming Winter months amid fears of supply concerns for that period.

Weather

The weather through much of September was reasonably settled and quiet, though there were outbreaks of rain at times. It was also rather warm, especially around the 7th/8th. A marked change came about on the 27th, with much more unsettled and notably cooler conditions for the last few days of the month. Mean monthly temperatures were well above average, with rainfall and sunshine near average, although Northern Ireland was particularly dull.

Gas, Storage and LNG News ▲

The start of the month started strong with traders seeming to be fearing the worst this coming winter. Reports suggested that supplies would be tight over the period, especially in the event of a colder than average winter and the hypothetical worries touted at the start of the summer come into full view as the scales tip further from possibility to increasingly likely. Volatility continued into the month, there was some bearish pressure at times coming mostly from Nord Stream 2 news as firstly Russia's Foreign Minister, Sergei Lavrov, announced that he expected the pipeline to be operational, however this was then ratified a few days later by Gazprom announcing that construction was indeed completed. Whilst these headlines managed to put the brakes on the bull run briefly, traders ultimately discounted the news entirely given that the pipeline would still have to undergo certification before any gas could flow, which could take months. Later in the month pricing plunged into chaos once again as Gazprom booked no additional capacity via Ukraine for October and took reduced capacity via Yamal. Whilst this changes little in terms of fundamentals, the market exploded higher concerned about any change to winter supply. However, sentiment started to change contracts trading lower day on day. Bearish sentiment came from increased wind load factors helping to ease pressure on the prompt as well as the arrival of one LNG vessel at the end of the month.

Politics and global economics ▲

Gazprom announced that Nord Steam 2 had completed construction however, certification of the pipeline continued to dominate the news.

Oil ▼

Brent markets were impacted at the start of the month following damages after Hurricane Ida fighting off earlier bearish sentiment from Saudi Arabia cutting their pricing to Asia, as well as China selling out some of their strategic reserves hinting at lower and slower demand recovery than expected.

Prices then gained as US supply struggled to return after Hurricane Ida, and was hit further by Storm Nicholas, threatening to curb Texan production. Gains were tempered however by the Chinese looking to sell out some of their Strategic Reserves and the Nov 21 contract rose \$2.42/barrel

Also lending some support was the announcement by Iran that OPEC+ would do what they could to keep oil pricing near \$70/barrel whilst the global economy continues to fight and recover from the COVID-19 pandemic.

Coal ▲

Coal markets have continued to rise following the sharp increase in gas prices. The incentive to switch from gas to coal generation remains strong, low renewable output strengthens this position.

Carbon ▼

Carbon markets mirrored Gas market movement for much of September but started to see dissociation between Europe markets and the newly formed UK price. This dissociation could be linked to limited supply in UKAs compared to their European counterparts, as well as signs of increased investor interest in the UK scheme further exacerbating the physical shortage.

Looking Ahead

October is expected to be a continuation of September with high volatility and strong risk as the UK heads into Winter with below than norm Gas storage levels. Drivers to monitor such as Russian Flows, LNG receipts and news of Nordstream 2 to start flowing could bring relief to the Market in coming months.

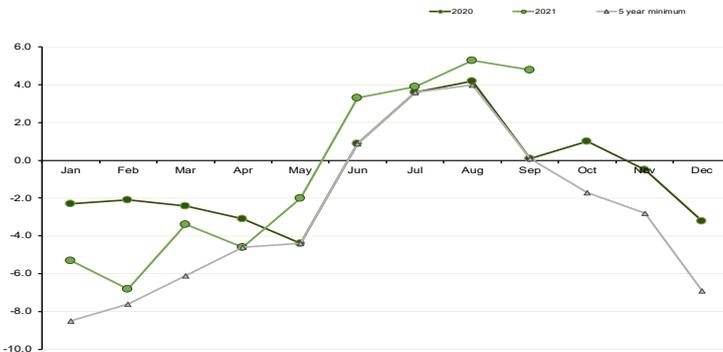
month on month marketview

Review of: August 2021

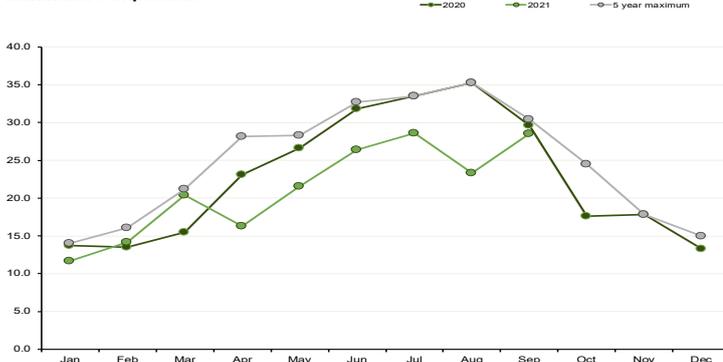
Average Temperature



Minimum Temperature



Maximum Temperature



Met Office UK summary

The weather through much of September was reasonably settled and quiet, though there were outbreaks of rain at times. It was also rather warm, especially around the 7th/8th. A marked change came about on the 27th, with much more unsettled and notably cooler conditions for the last few days of the month. Mean monthly temperatures were well above average, with rainfall and sunshine near average, although Northern Ireland was particularly dull.

Average temp: 2021: Summary

2021 Summary v 5 Year Average

(* Positive numbers = warmer, negative = colder than 5 year average)

| 2021 | Aug | Sept | Year total |
|------|-------|-------|------------|
| °C | -0.4 | -0.3 | -0.3 |
| % | -2.7% | -2.0% | 0.0% |

2020 v 2021 Summary

(* Positive numbers = warmer, negative = colder than 2019)

| 2021 | Aug | Sept | Year total |
|------|-------|------|------------|
| °C | -0.4 | 0.2 | 0.1 |
| % | -2.7% | 1.8% | 0% |

Min temp: 2021: Summary

2021 Summary v 5 Year Average

(* Positive numbers = warmer, negative = colder than 5 year average)

| 2021 | Aug | Sept | Year total |
|------|-------|-------|------------|
| °C | 1.3 | 4.7 | 2.0 |
| % | 32.5% | 4700% | 540.1% |

2020 v 2021 Summary

(* Positive numbers = warmer, negative = colder than 2019)

| 2021 | Aug | Sept | Year total |
|------|-------|-------|------------|
| °C | 1.1 | 4.7 | 0.1 |
| % | 20.8% | 97.9% | 29.6% |

Max temp: 2021: Summary

2021 Summary v 5 Year Average

(* Positive numbers = warmer, negative = colder than 5 year average)

| 2021 | Aug | Sept | Year total |
|------|------|-------|------------|
| °C | -12 | -1.9 | -5.4 |
| % | -34% | -6.3% | -19.1% |

2020 v 2021 Summary

(* Positive numbers = warmer, negative = colder than 2019)

| 2021 | Aug | Sept | Year total |
|------|------|-------|------------|
| °C | -12 | -1.1 | -3.5 |
| % | -34% | -3.7% | -10.6% |

Utility Impact Summary

Bullish behaviour continued through Sept as a result of tight fundamentals.

When you switch your heating on make sure:

-It is on a timer, don't leave it running when there is no-one in the building

-On a temperature set point, usually around 22 degrees is enough, heating to a higher temperature does not make it warm up faster, it will only use more energy try to reach an unachievable temperature.

It is particularly important this year to check your heating settings as closing the building during lockdown may have meant that the usual settings were altered and timers and temperatures need to be reset.

As the evenings begin to grow darker, adjust any automatic lighting timers to ensure lights are not switching on needlessly.