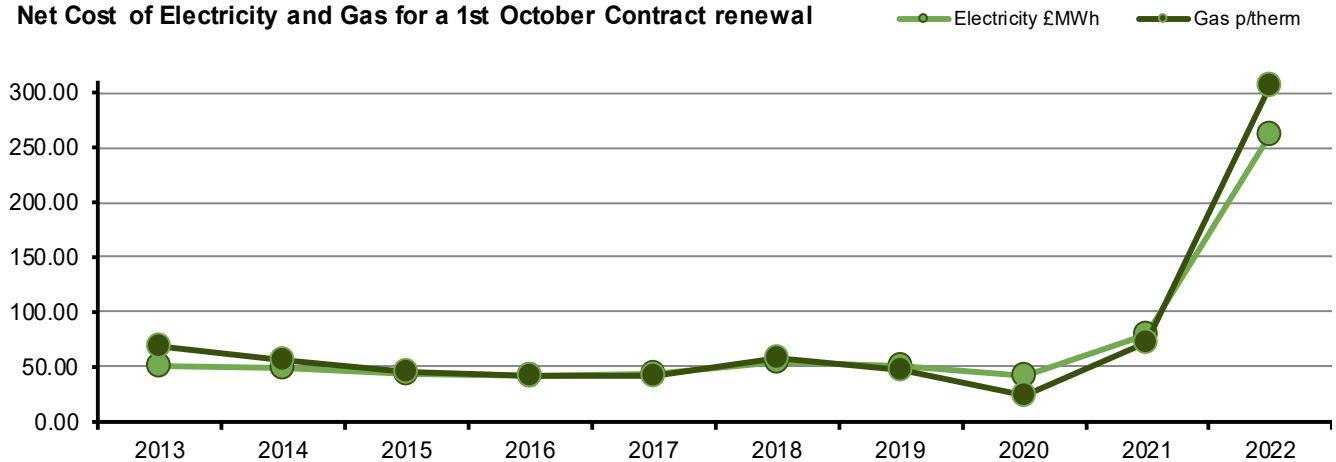


month on month marketview

Review of: June 2022

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



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

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
51.05	48.34	43.65	42.28	43.03	55.11	50.48	42.54	79.01	262.38

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

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
68.18	55.79	45.62	41.28	42.45	57.73	46.99	23.70	72.09	305.49

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

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

June in summary

June was dominated by supply into Europe concerns. Reduced Russian Flows and the US Freeport facility limiting LNG into Europe were the main contributors.

Market Volatility

Geopolitical tensions were once again competing with bearish fundamentals resulting in high levels of volatility. The low liquidity along with a reduction in global demand further added to this volatile market picture.

Weather

The weather during much of June was mostly quiet and uneventful, though with a warm spell in mid-month which peaked on the 17th giving the warmest day of the year so far. It was showery at times, especially just after the warm spell and again in the closing days of the month.

Gas, Storage and LNG News ▲

As the UK returned from a long bank holiday, Markets saw low liquidity and a pattern of morning strength followed by afternoon sell off. The worries that the Russian invasion of Ukraine would continue placed pressure on the backend of Summer into Winter. This was interrupted by the news of the Freeport LNG terminal in the US had been hit by a fire, markets rallied hard to this news, affecting front months and curve prices alike. Whilst forward contracts felt the pressure, Day Ahead saw losses on the news of the Bacton gas interconnector being out of action, leading to a glut of UK gas.

Mid June saw volatility, Markets saw a jump in prices as announcements that Nord Stream 1 was flowing less gas to Europe due to ongoing maintenance followed by news that the US Freeport LNG facility would not be fully operational again until the end of the year. Markets maintained strength and low liquidity as the Russian-Ukraine war continued to challenge policy makers globally, nervousness remained as Markets waited on news on the Russian Flows to Europe and supply of Gas to Europe over the Winter. These concerns were illustrated by Germany activating phase 2 of their gas emergency plan, aiming to reduce consumption of consumers in favour of injecting into storage.

Politics and Global Economics ▲

Brent opened the month bullish as the EU closed a deal to limit some Russian oil imports. Global concerns amid a shortening of supply provided strength to contracts. The strength continued as concerns over stock levels and an increase in demand, however fears of decreasing global demand mid month did see some sell off. The month ended volatile on poor economic forecasts out of the US amid tight supply.

Oil ▲

Brent opened the month bullish as the EU closed a deal to limit some Russian oil imports. Global concerns amid a shortening of supply provided strength to contracts. The strength continued as concerns over stock levels and an increase in demand, however fears of decreasing global demand mid month did see some sell off. The month ended volatile on poor economic forecasts out of the US amid tight supply.

Coal ▼

Coal prices have increased once again. This was largely due to greater fuel demand as countries slowly exited more stringent coronavirus restrictions as well as fallout from the Russia-Ukraine war.

Carbon ▼

Carbon Markets saw continued strength amid proposals for a 63% cut in EU ETS emissions compared to 2005. Volatility continued as it tracked the movements up in gas & power. Carbon then saw a week of consolidation with relative quiet in comparison to the gas & Power markets.

Looking Ahead

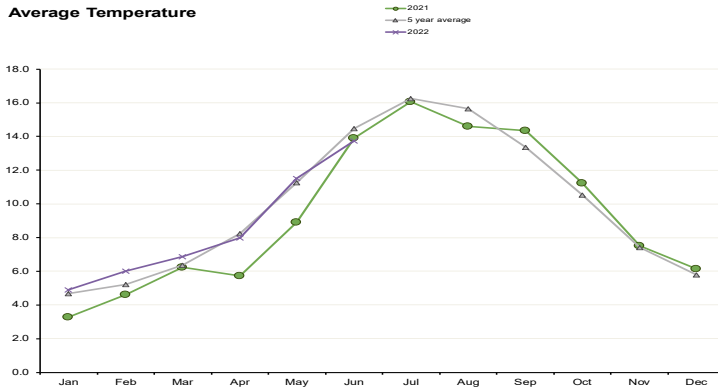
Russia remains a concern because of the gas flows that so far have mainly been uninterrupted but as Russia approaches colder weather, will they keep the contracted flows going into Europe or will they withdraw or lower them and divert them to their storage. Any reduced flows will have a bullish effect on the Markets

Rising inflation in global economies is also a watching brief in the short term as an economic slowdown may see energy demand fall and could put current price levels under pressure.

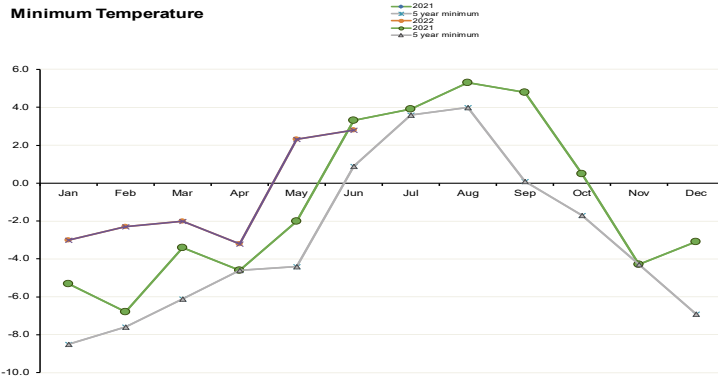
month on month marketview

Review of: June 2022

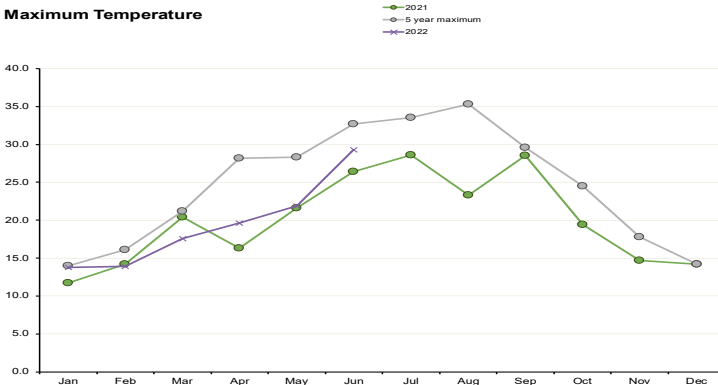
Average Temperature



Minimum Temperature



Maximum Temperature



Met Office UK summary

The weather during much of June was mostly quiet and uneventful, though with a warm spell in mid-month which peaked on the 17th giving the warmest day of the year so far. It was showery at times, especially just after the warm spell and again in the closing days of the month

Average temp: 2021/22: Summary

2021/2022 Summary v 5 Year Average

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

2021/2022	May	June	Year total
°C	0.2	-0.7	0.1
%	2.2%	-5.51%	0.0%

2021 v 2022 Summary

(* Positive numbers = warmer, negative = colder than 2021)

2021/2022	May	June	Year total
°C	2.6	-0.2	1.4
%	29.4%	-1.1%	0.3%

Min temp: 2021: Summary

2021/2022 Summary v 5 Year Average

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

2021/2022	May	June	Year total
°C	6.7	1.9	4.2
%	-152.3%	211.1%	-28.9%

2021 v 2022 Summary

(* Positive numbers = warmer, negative = colder than 2021)

2021/2022	May	June	Year total
°C	4.3	-0.5	2.2
%	-215%	-15.2%	-68.6%

Max temp: 2021: Summary

2021/2022 Summary v 5 Year Average

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

2021/2022	May	June	Year total
°C	-6.4	-3.4	-4.1
%	-22.6%	-10.4%	-5.9%

2021 v 2022 Summary

(* Positive numbers = warmer, negative = colder than 2021)

2021/2022	May	June	Year total
°C	0.3	0.32.9	0.9
%	1.4%	11%	5.8%

Utility Impact Summary

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.

As the evenings are now lighter, make sure to adjust any automatic lighting timers to ensure lights are not switching on needlessly.