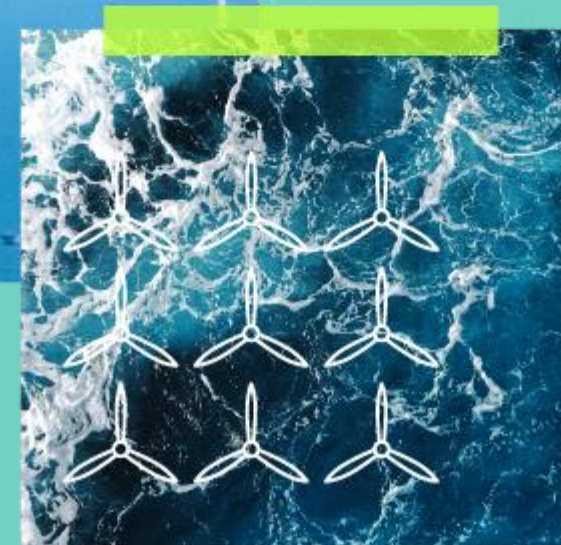
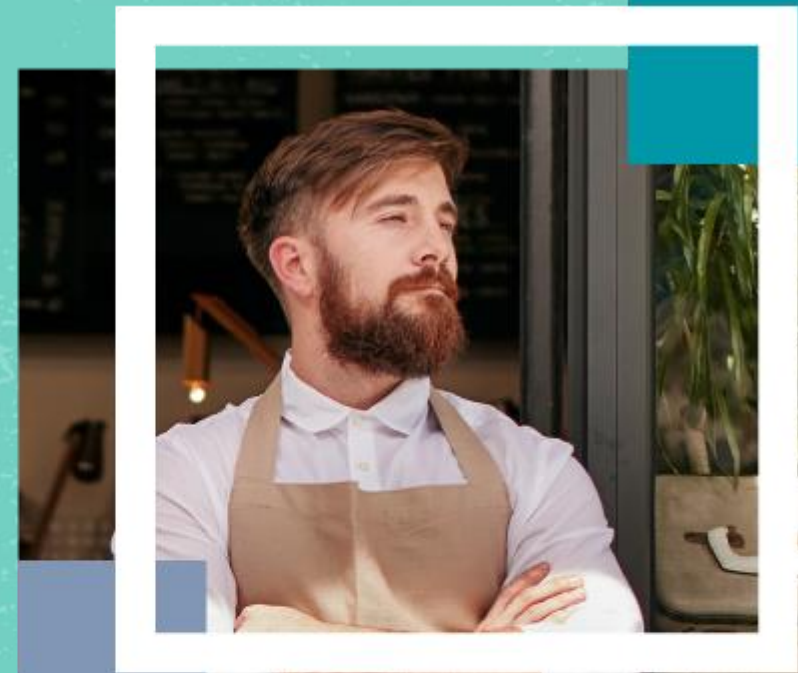


# Monthly Market Review Report

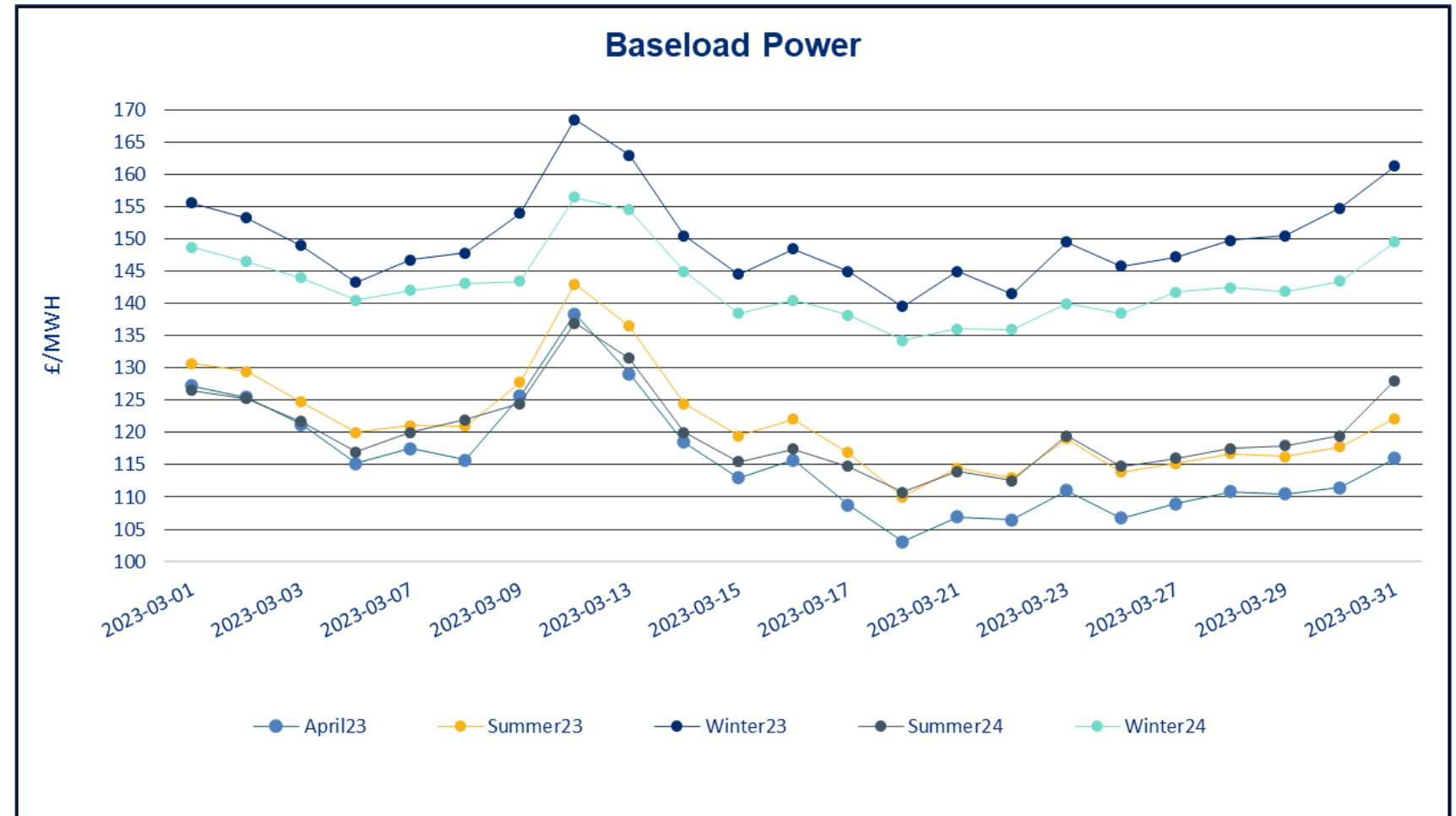
April 2023



# Monthly Report

## Market Update – Power and Gas

**Review:** March began with low wind, temperatures 6°C below normal and ongoing strikes in France reducing plant availability, resulting in an increase in near term spark levels. Prices eased as wind output returned to seasonal normal levels. As prompt prices eased, Winter 23 (up £3/MWh in the opening week of March) and longer dated season sparks lifted on the news that further corrosion issues had been identified at Penly 1, a French nuclear plant that had previously suffered issues in a different part of the reactor. With French nuclear output at a 30 year low, protracted maintenance and ongoing strikes delaying the completion of the remedial programme, the market lifted on fears that imports to the UK could be severely limited. EDF moved quickly to reassure the regulator that the maintenance and reactor inspection programme across its fleet would be completed and production targets for 2023 met. On this news, French prices and in turn GB seasonal prices gave up most of the gains seen when the original news was announced.

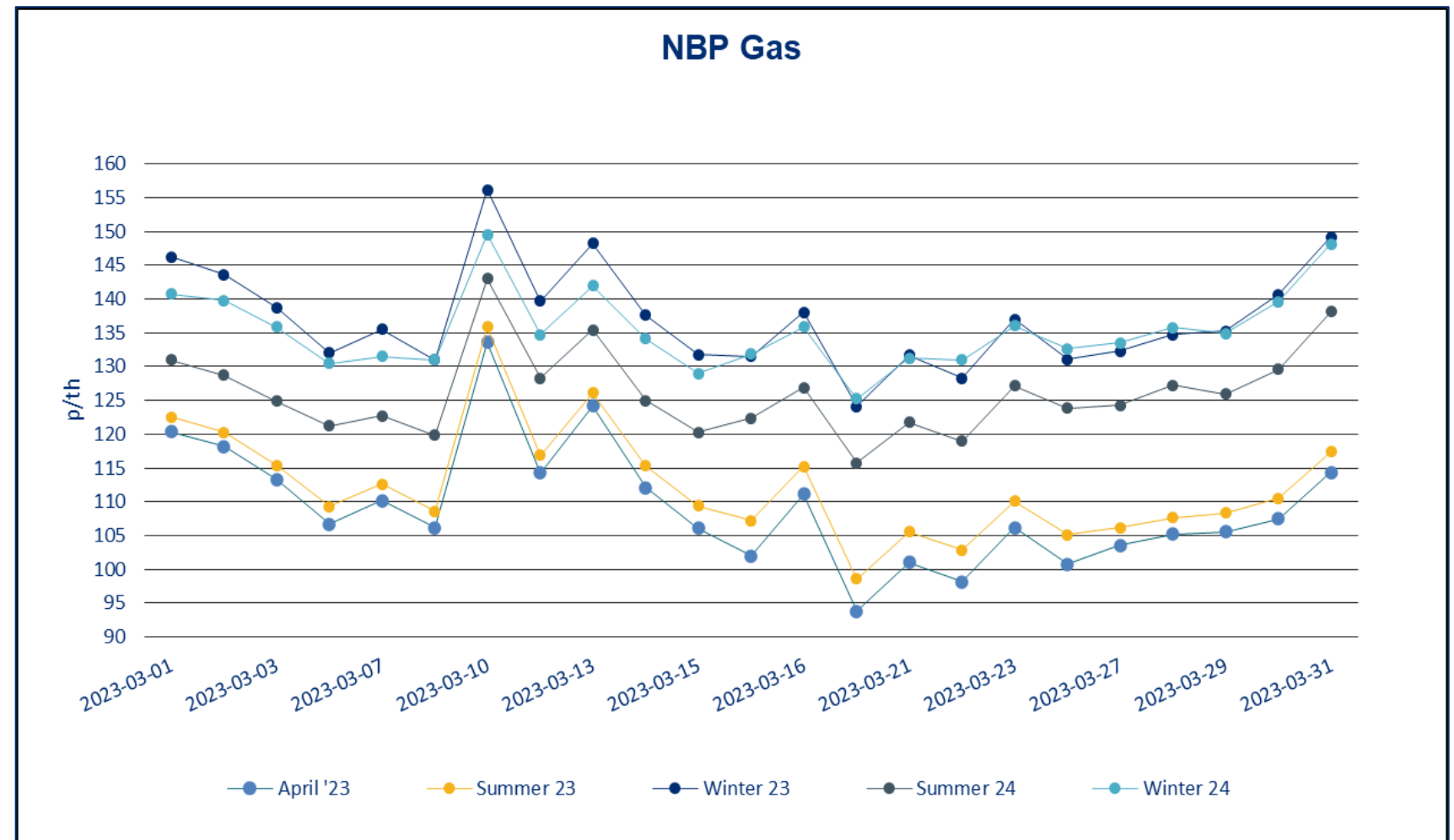


Power Bld (£/MWh)	Feb-23	Mar-23	Change	High	Low	Average
Apr-23	125.00	116.00	↓ -9.00	138.35	103.13	116.20
Summer 23	128.75	122.20	↓ -6.55	143.00	110.00	121.86
Winter 23	154.50	161.25	↑ 6.75	168.50	139.50	150.38
Summer 24	126.50	128.00	↑ 1.50	136.95	110.75	120.43
Winter 24	148.75	149.50	↑ 0.75	156.50	134.25	143.10

# Monthly Report

## Market Update – Power and Gas

**Review:** A cold spell at the start of the month brought a brief rally in near term gas prices boosted by CCGT, covering for below average wind output and heating demand. However, this was balanced by continued near record supplies of LNG flowing in favour of Europe over the Far East hubs. Prompt and curve prices lifted on the news of further issues with the French nuclear fleet before retreating as milder, windier weather reduced demand and halted storage withdrawals. Towards the month's end prompt prices rallied again as weather models predicted a colder than average front half of April across NW Europe. Storage across EU remains at around 55% full despite strikes preventing LNG vessels unloading at French Storage facilities. Much of the volume is being diverted to facilities elsewhere in Europe.

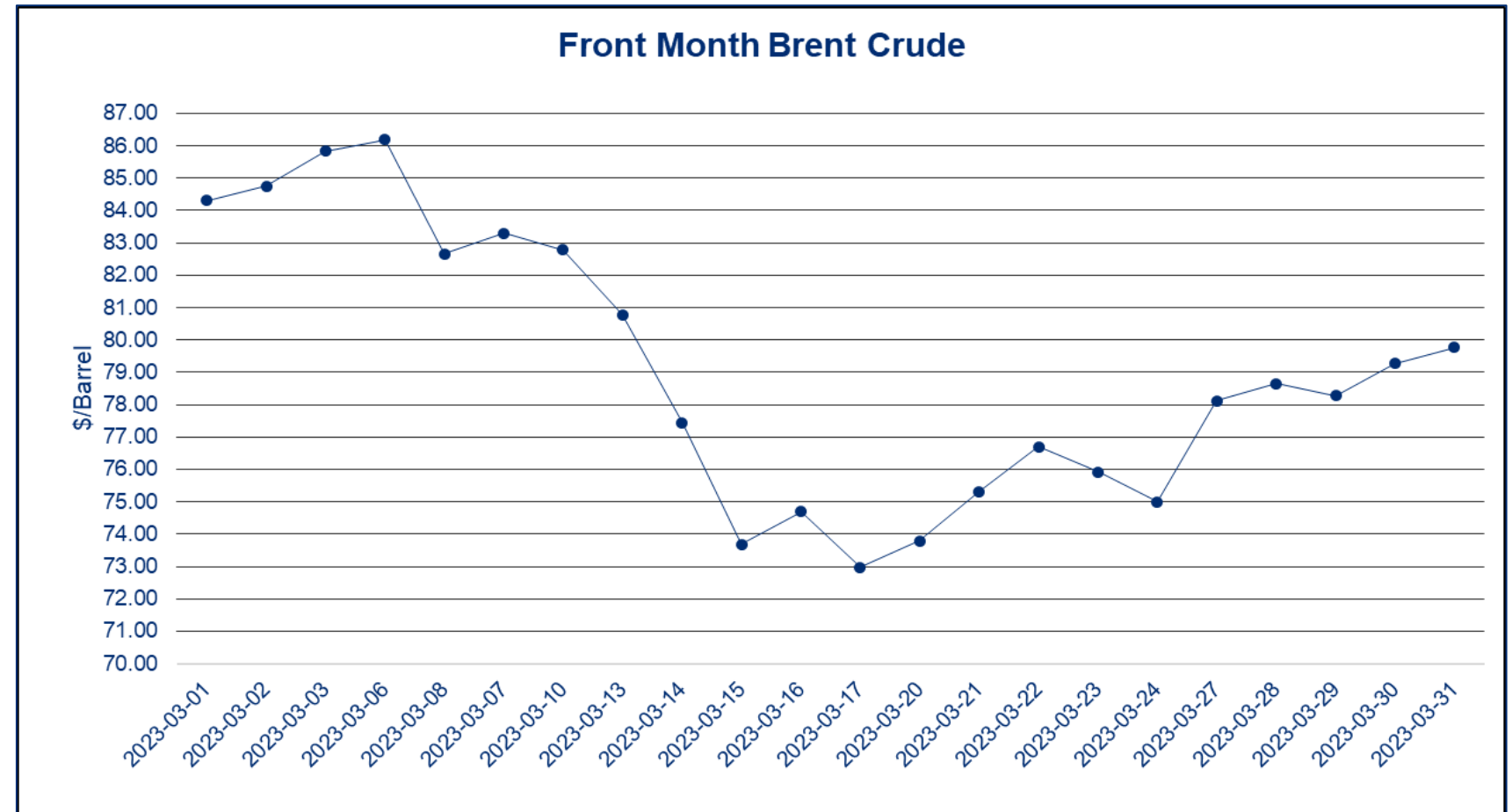


Gas NBP (p/th)	Feb-23	Mar-23	Change	High	Low	Average
Apr-23	115.13	114.36	↓ -0.76	133.60	93.75	109.55
Summer 23	117.28	117.43	↑ 0.15	135.88	98.56	112.67
Winter 23	142.00	149.15	↑ 7.15	156.15	124.10	137.34
Summer 24	130.00	138.10	↑ 8.10	143.00	115.75	126.34
Winter 24	139.75	148.10	↑ 8.35	149.50	125.28	135.59

# Monthly Report

## Market Update – Oil and Carbon

**Review:** Bearish sentiment, prompted by the US Federal Reserve’s willingness to continue raising interest rates in response to a hike in wages and services inflation from a booming jobs market, was counterbalanced by optimism of economic recovery in China. Overall, bearish sentiment won out as news of the collapse of SVB Bank and instability in Credit Suisse prompted turmoil in the US and European stock markets. As the month ended, crude prices began to recover as the threat of a banking crisis began to subside leading to a slight recovery in the Brent Crude price. This could not prevent March out-turning as the 5th month in a row exhibiting an overall decline in price.

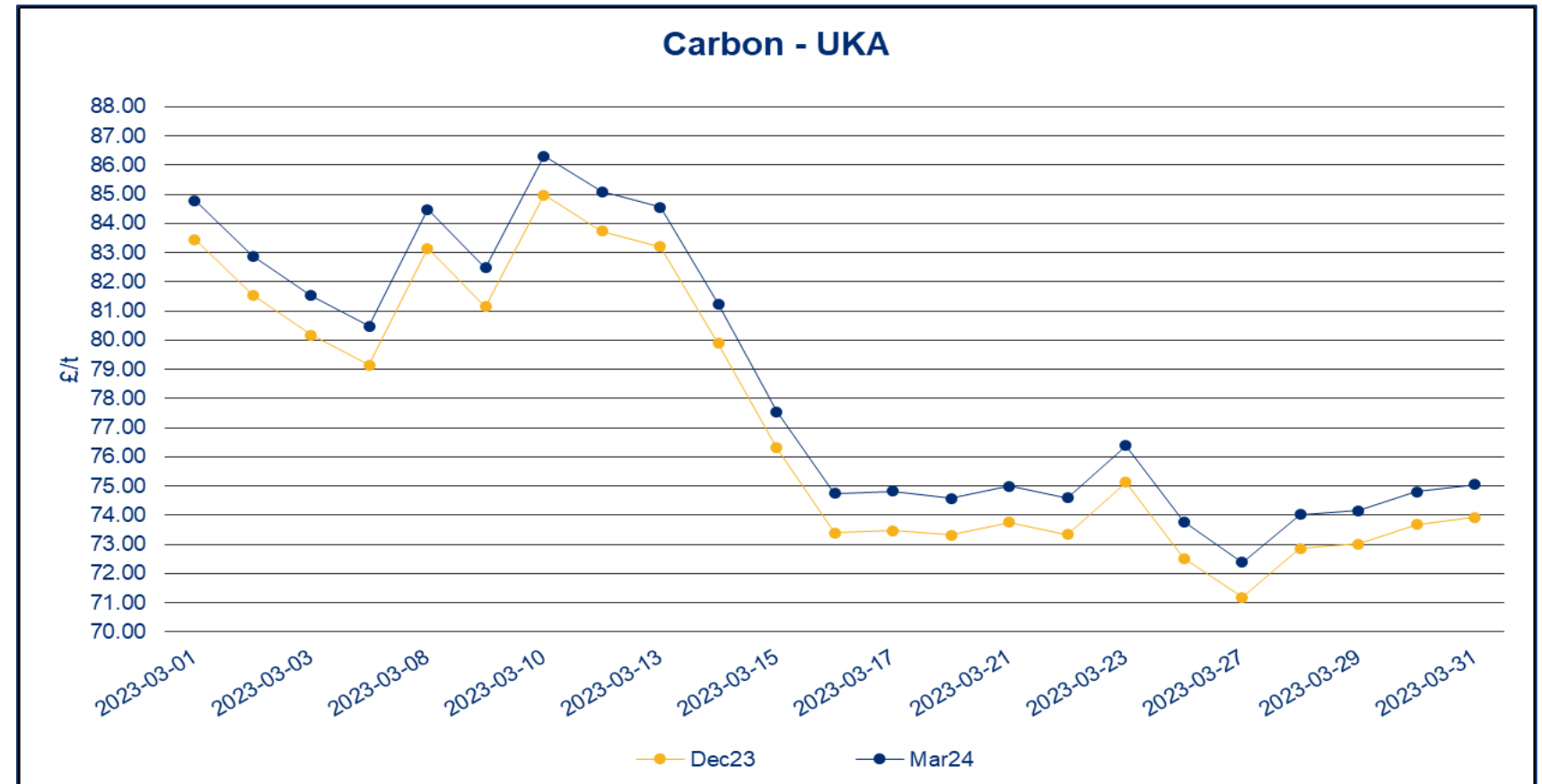


Brent (\$/Barrel)	Feb-23	Mar-23	Change	High	Low	Average
Front Month	83.45	79.77	↓ -3.68	86.18	72.97	79.38

# Monthly Report

## Market Update – Oil and Carbon

**Review:** March saw Carbon break out of the £79-£85/t trading range seen for most of the previous month as demand waned. Macro-economic fears fuelled by uncertainty in the banking sector permeated the carbon market. The Dec 23 UKA contract fell by over £10/t mid month as hedge fund interest declined during the month.



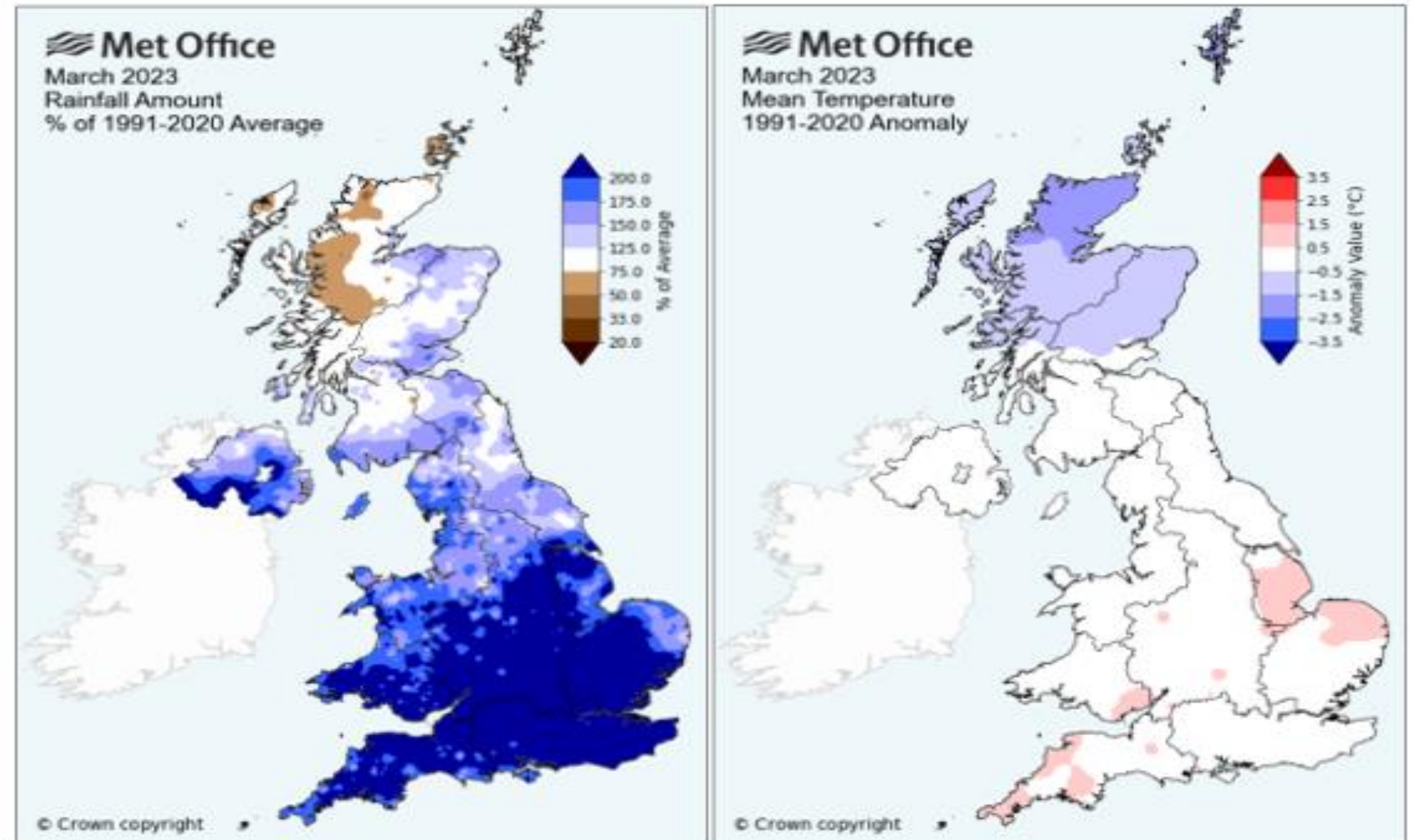
Carbon (£/ton)	Feb-23	Mar-23	Change	High	Low	Average
Dec-23	84.67	73.93	↓ -10.74	84.97	71.18	77.83
Mar-24	86.01	75.05	↓ -10.96	86.32	72.39	79.11

# Monthly Report

## Weather Review

**Review:** March started out cold and dry for much of the country, but from the 10th onward the weather pattern changed with high pressure to the north and low pressure in southern England / France. This brought along a LOT of precipitation; many places in southern England, including Reading, saw their wettest March in 20 years triggering some late March / early April flood alerts. You wouldn't know that in Scotland though, where high pressure to the north kept most of the precipitation too far south. Rainfall levels across the hydro region were at 80% of what would normally be seen in March. Similarly, winds were near normal for most of the country, but Scotland saw consistent lower wind. Without the weather fronts moving through more regularly, Scotland also tended to run a little colder than normal while the Midlands and southern England were mild.

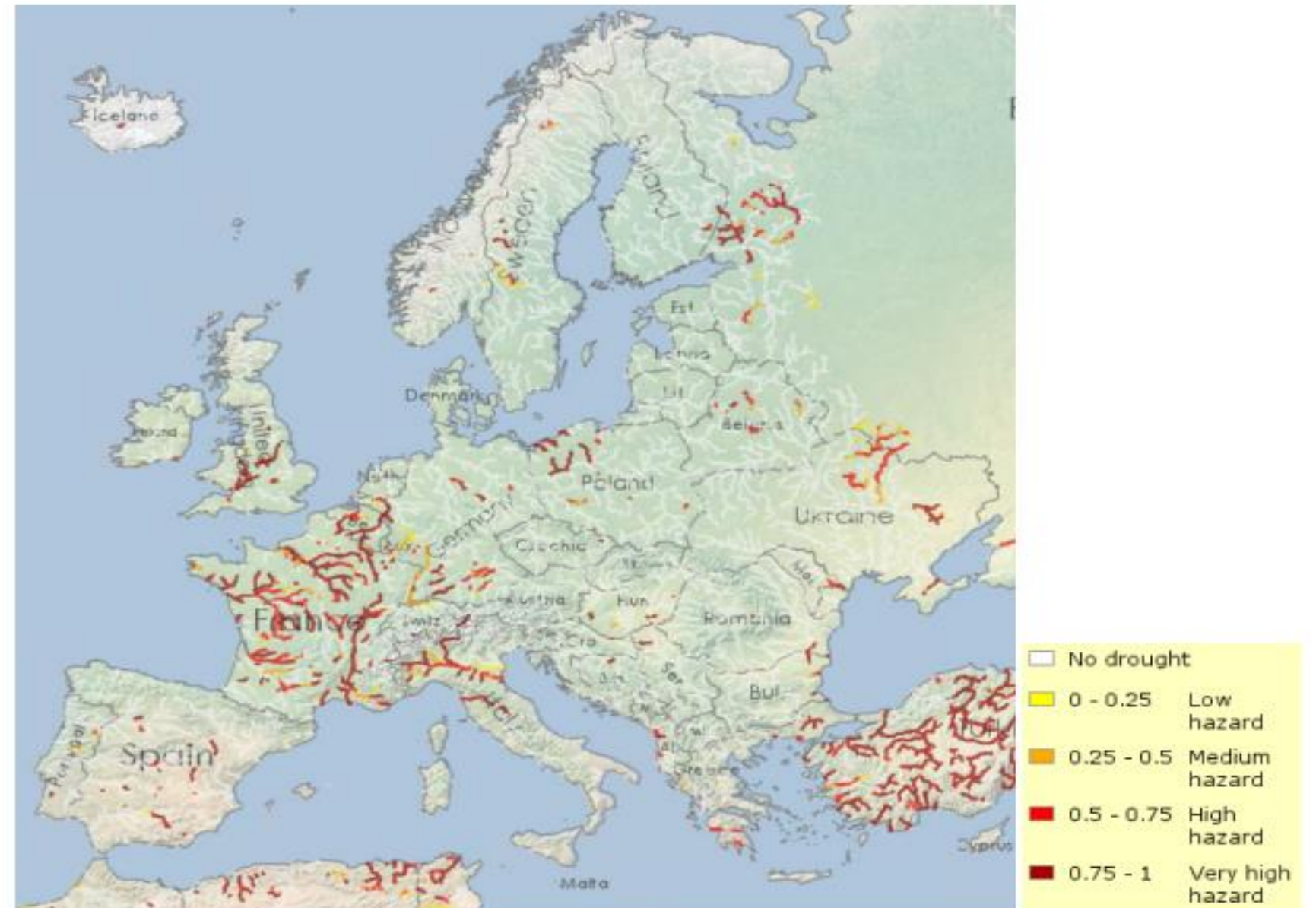
**Outlook:** For early and mid-April, high pressure in Finland will allow for low pressure in NW Europe, bringing unsettled weather to the UK. Winds, temperatures and rainfall should be above average from next week, lasting 7-10 days. For the second half of the month, the latest long-range models are suggesting a return of polar blocking to the N of Europe, which would displace low pressure south and lead to wetter conditions over the continent.



# Monthly Report

## Market Theme - European River Levels

Much attention has been focussed on the ongoing maintenance issues and the impact of strikes curtailing the output from France's nuclear fleet. Another important consideration is the potential impact the weather could have upon production. The above map shows a substantial proportion of the French river network is at risk of drought as rainfall totals during the Winter have been far lower than normal. Some nuclear power stations require river water to cool reactors. Last Summer French nuclear output, already depleted through a substantial maintenance programme, was curtailed further during two spells of heatwave and low river flow. Regulated by law, France's nuclear safety authority set temperature and river flow limits beyond which power plants must reduce production.



Source : EDO - European Drought Observatory "Drought in Europe – March 2023" report  
[https://edo.jrc.ec.europa.eu/documents/news/GDO-EDODroughtNews202303\\_Europe.pdf](https://edo.jrc.ec.europa.eu/documents/news/GDO-EDODroughtNews202303_Europe.pdf)