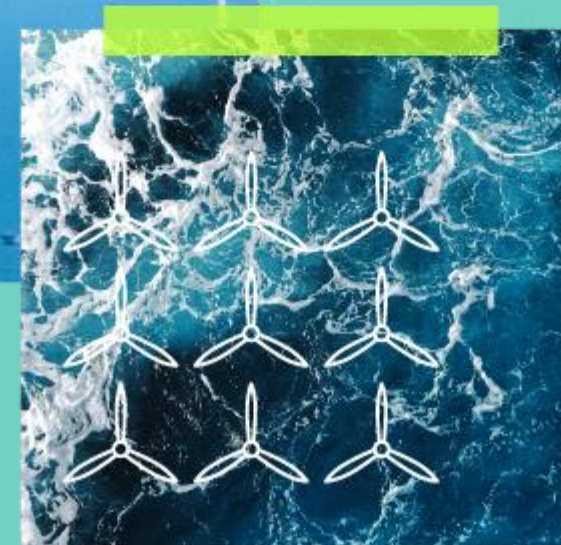
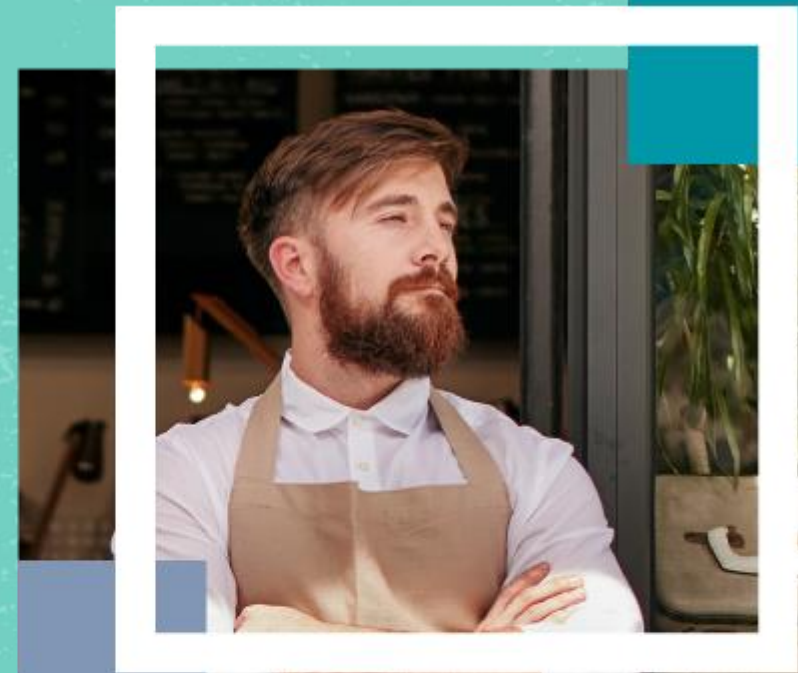


Monthly Market Review Report

August 2023



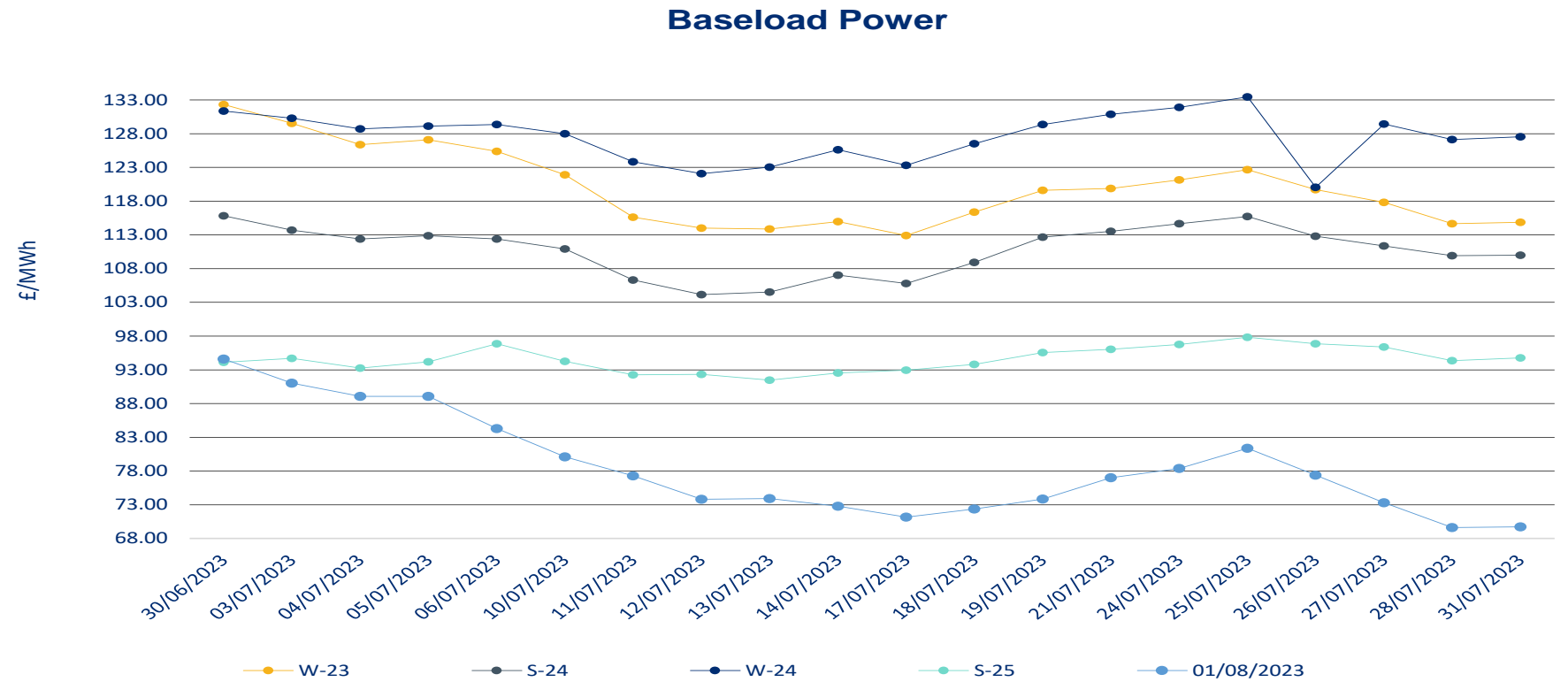
Monthly Report

Market Update – Power and Gas

Review : Mild and windy conditions prevailed for most of July, combined with increasing imports from the continent. Excess solar and wind output prompt protracted negative pricing periods across North West Europe, the longest of saw 15 consecutive hours of sub-zero prices on 2nd July.

National Grid published an early view of their Winter Outlook. Highlights include base case margin of 4.8GW (8%) in line with previous winters, a continuation of demand flexibility services offered last year, including voluntary customer derating and confirmation that they are seeking coal contingency contracts, with at least 2 units required.

The Viking Link between Denmark and the UK is on course to potentially be available from January 2024 following completion of cable laying. The pipe will boost import capacity by up to 0.6GW.

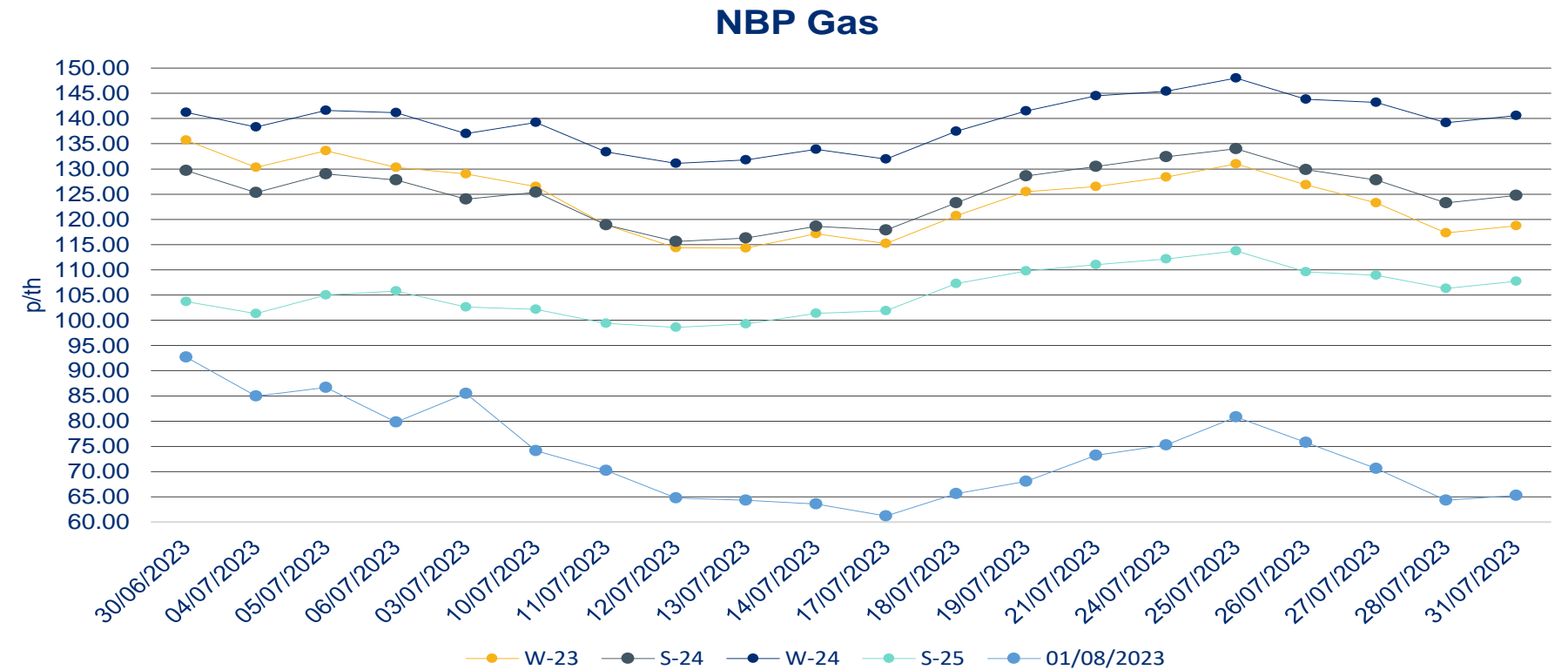


Power Bld (£/MWh)	Jun-23	Jul-23	Change	% Change	High	Low	Average
Aug-23	94.61	69.74	↓ -24.87	↓ -36%	94.61	69.64	78.51
Winter 23	132.33	114.86	↓ -17.47	↓ -15%	132.33	112.92	120.04
Summer 24	115.81	109.97	↓ -5.84	↓ -5%	115.81	104.13	110.77
Winter 24	131.35	127.53	↓ -3.82	↓ -3%	133.47	120.06	127.55
Summer 25	94.11	94.77	↑ 0.66	↑ 1%	97.83	91.47	94.57

Monthly Report

Market Update – Power and Gas

Review: The end of the Norwegian maintenance period coupled with continued LNG flowing to Europe signalled a bearish period for near term gas prices, despite the ongoing heatwaves in southern Europe. European storage injections continued apace, currently at 85%, building towards the EU mandated requirement of 90% of capacity by 1st November. If injections continue at current rates, capacity will be reached by early October. Curve prices remained relatively stable over the course of the month.



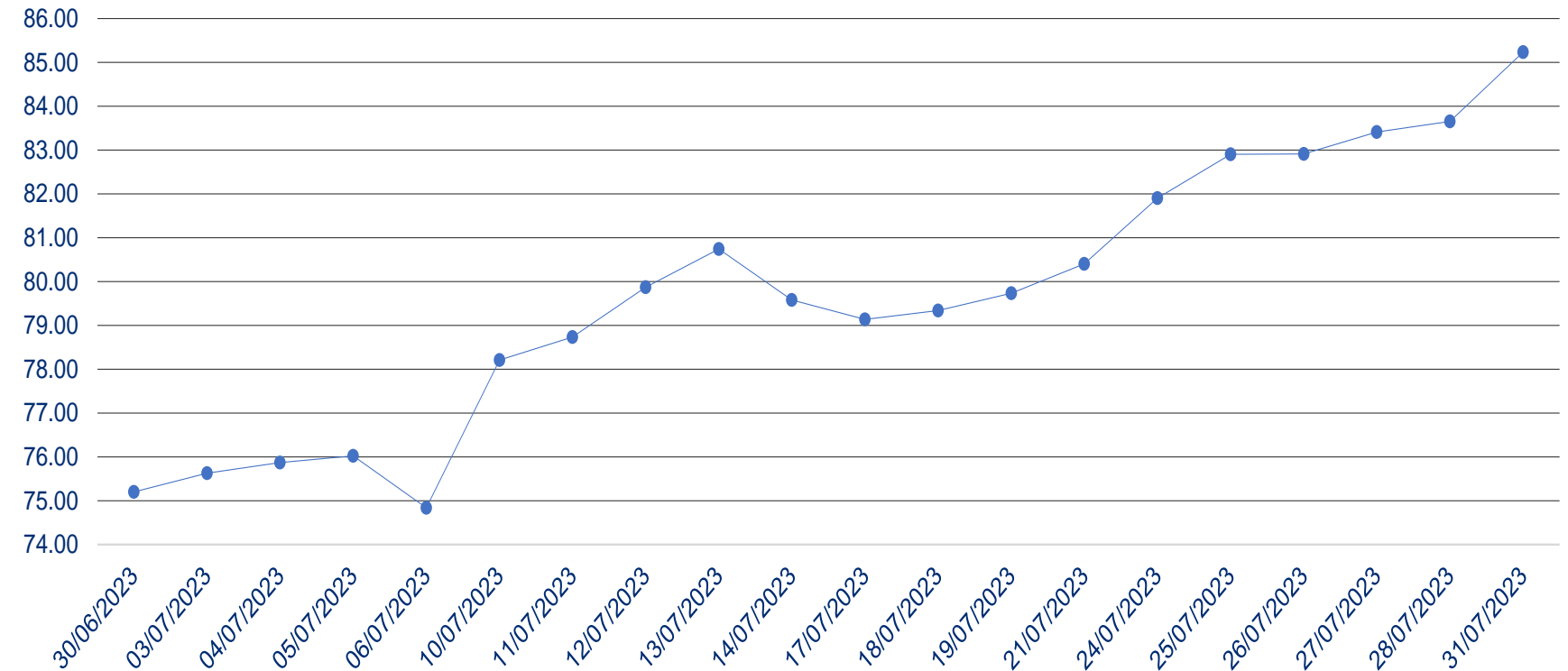
Gas NBP (p/th)	Jun-23	Jul-23	Change	% Change	High	Low	Average
Aug-23	92.68	65.30	↓ -27.38	↓ -42%	92.68	61.20	73.34
Winter 23	135.70	118.75	↓ -16.95	↓ -14%	135.70	114.30	124.18
Summer 24	129.70	124.75	↓ -4.95	↓ -4%	134.00	115.60	125.15
Winter 24	141.20	140.60	↓ -0.60	↓ 0%	148.00	131.10	139.22
Summer 25	103.70	107.75	↑ 4.05	↑ 4%	113.75	98.60	105.39

Monthly Report

Market Update – Oil and Carbon

Review: Despite ongoing economic sluggishness, marked by successive interest rate hikes on both sides of the Atlantic, and slower than expected demand recovery from Asia and Europe, crude prices increased during July. The output cuts implemented by the Opec+ group since last October have now reached 4.7m bbl/d, with over half of the volume cut accounted for by Saudi Arabia. A meeting of the group is scheduled for early August. Despite ongoing uncertainty around the strength of demand, particularly if global economies continue to underperform, any further production cuts could provide a bullish counterbalance.

Front Month Brent

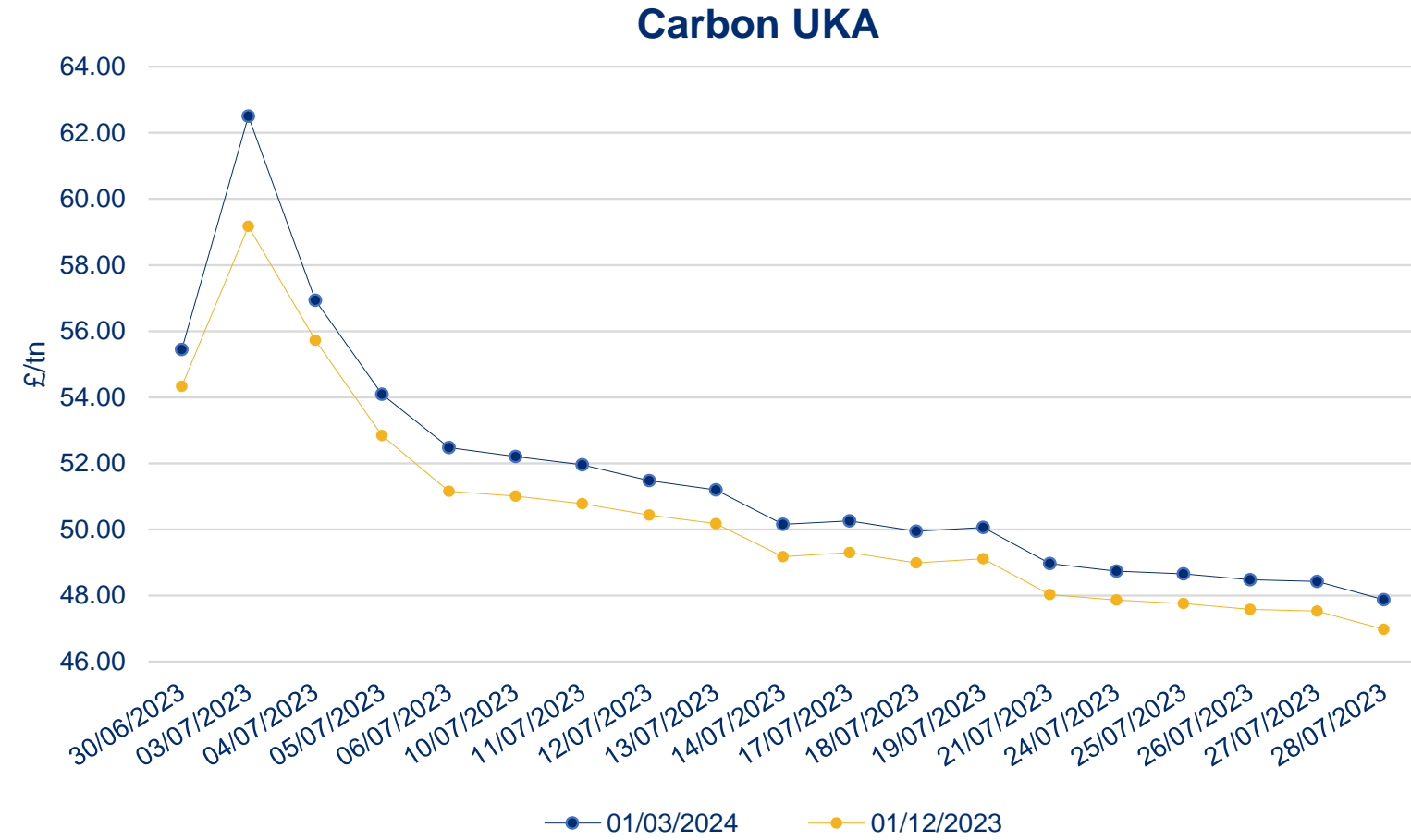


Brent (\$/Barrel)	Jun-23	Jul-23	Change	% Change	High	Low	Average
Front Month	75.2	85.235	↑ 10.03	↑ 12%	85.235	74.84	79.67

Monthly Report

Market Update – Oil and Carbon

Review: Mild, wet and windy weather prompted a significant drop in the UKA price through July as renewables output ramped up. This was in stark contrast to the EUA market as prolonged heatwaves continue in central and southern Europe driving up demand for air conditioning. Despite high solar output additional fossil fuel generation is required to meet cooling demand across Spain, Italy and Greece. This generation is subject to ETS permits, hence the uplift in EUA price as demand for the permits increased during the month.



Carbon (£/ton)	Jun-23	Jul-23	Change	% Change	High	Low	Average
Dec-23	54.33	45.42	↓ -8.91	↓ -20%	59.17	45.42	50.17
Mar-24	55.44	46.27	↓ -9.18	↓ -20%	62.50	46.27	51.30

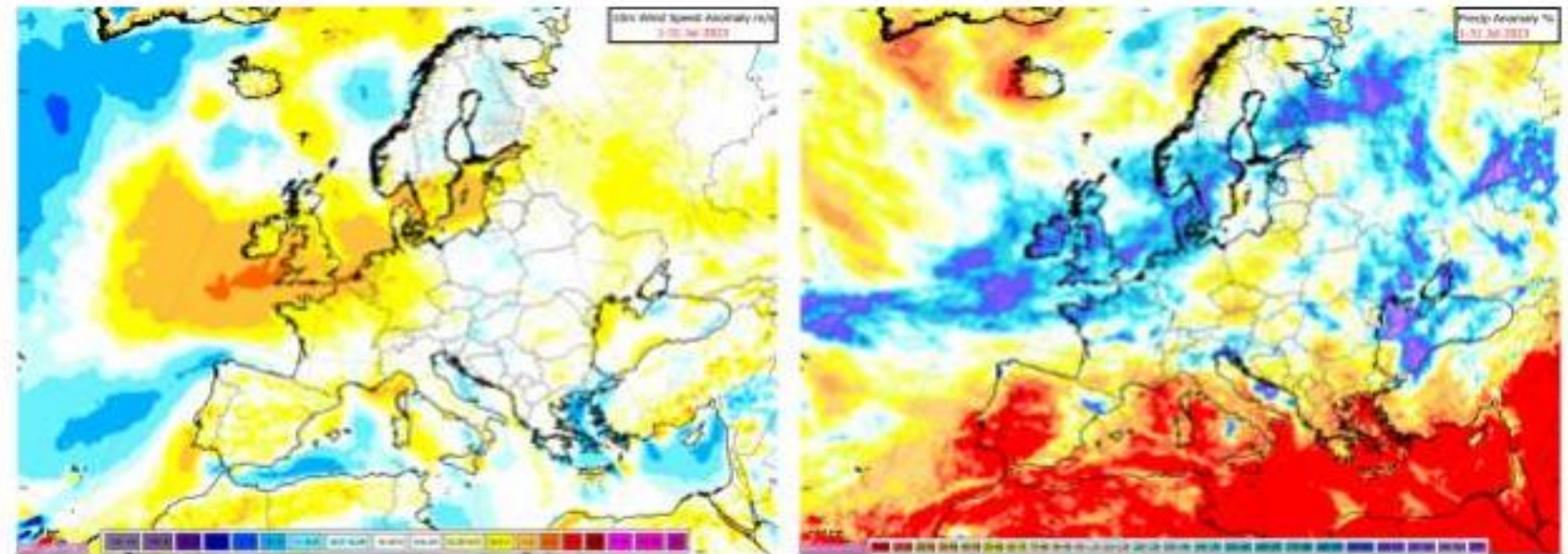
Monthly Report

Weather Review

Review: After the warmest June on record for the UK, July was one of the coolest summer months for many years. Frequent low pressure systems in northern Europe kept things unsettled and feeling more like a typical early September. The maps above show the anomalies for wind speed and precipitation for Europe throughout the month, and there's a distinct north-south split with southern Europe seeing low winds, dry, and hot weather while northern areas tended to be wet, windy, and cool.

Both rainfall and wind were well above average in England, Wales and Northern Ireland. UK averaged rainfall was near 150% of normal July levels. Similarly, the windiest places were in England (115%) and the near % continent (141% in DE), while in Scotland winds were 101% of normal.

Outlook: For August we are expecting continued unsettled weather across northern Europe, but with increasingly strong high pressure in southern Europe and Spain. This means as we go through the month, the chances for very high winds and heavy rain in northern Europe will decrease, although we should still see plenty of above average wind and rain days. In Scotland, winds and rain may end up a little below 100% while UK overall is a little above. Risks for high pressure over northern Europe bringing prolonged dry, low wind (and warmer) weather have dropped down to 25%, mainly for the final third of the month. Heatwave risks for northern Europe are very low, and August may come in slightly below average for North-west Europe, although it shouldn't be as cool as July was. Increasingly dry for the continent, so France and Germany should see better solar but lower river levels later in the month.



*Wind Speed (left) and Precipitation (right) anomalies for July.
High winds indicated by warm shading; high rainfall indicated by cool shading.*

Monthly Report

Market Theme – Negative power pricing events on the increase

The incidence of negative power pricing in the UK and Europe have increased significantly in recent months as periods of low demand correspond with high renewables output. This isn't a new phenomenon, but the duration of these events has increased. The event shown above saw 15 consecutive hours of negative prices in the UK.

In the wake of the Ukraine invasion, there has been accelerated growth in renewables infrastructure, led by the development of wind and solar generation. The latter has seen a record level of new installations, especially across Germany, as part of the strategy to lessen reliance on imported gas. Earlier this year monthly generation from solar across the EU surpassed coal generated output for the first time.

These events serve to demonstrate the need for greater demand flexibility, be that through the adjusting of consumption patterns, especially with regards to EV charging, but also development of longer duration storage.

