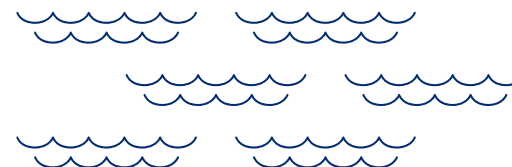
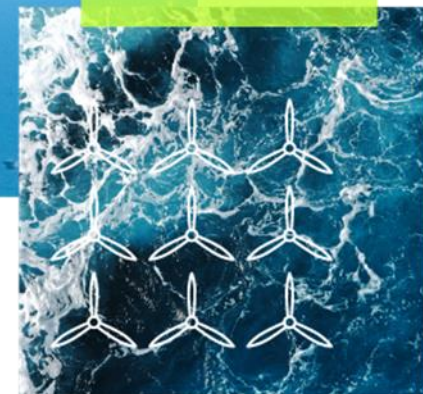


August 2024

Energy overview

Your monthly report featuring market updates and weather review





Market Update: Power

Review

August was a benign month for prompt power, with high renewables output and high interconnector inputs combining with low demand pushing clean spark into heavily negative territory. See [Market Theme](#).

The UK power price premium to our French counterparts has widened to £8/MW, with an increase in nuclear output to near the top of its five-year range cited as the primary reason, continuing to boost power imports into the UK. European hydro stocks are also above five-year average levels, which is feeding into the bearishness too.

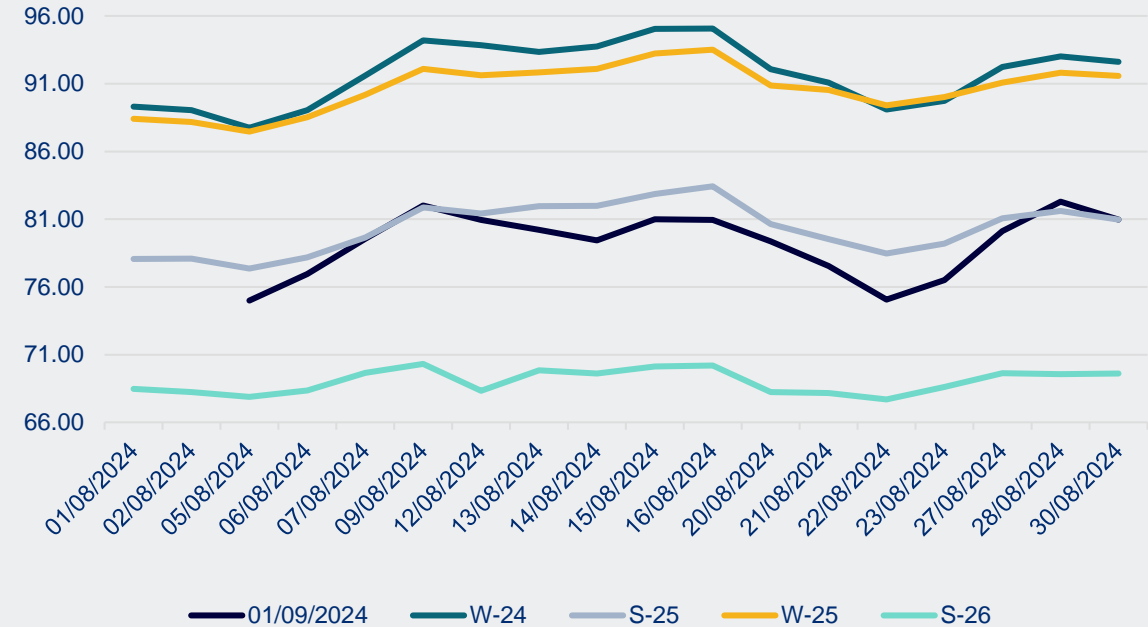
On the curve there is little significant change month on month, despite some intra-month volatility when gas prices lifted following the fighting near the Sudzha gas hub in Russia.

Outlook

There's little overall sign of a significant change in the short term. Below average wind output in the short term forecast is likely to be offset by strong interconnector imports.

*Clean Spark Spread: the margin for gas-fired power plants accounting for the difference between power price, the cost generation and the necessary emissions allowances required to produce it.

Baseload Power



Power Bid (£/MWh)	1-Aug-24	30-Aug-24	Change	% Change	High	Low	Average
Sep-24	75.00	80.98	↑ 5.98	↑ 7%	82.29	75.00	79.24
Winter 24	89.32	92.62	↑ 3.30	↑ 4%	95.08	87.76	91.77
Summer 25	78.06	80.96	↑ 2.90	↑ 4%	83.42	77.36	80.35
Winter 25	88.41	91.57	↑ 3.16	↑ 3%	93.52	87.47	90.70
Summer 26	68.46	69.61	↑ 1.15	↑ 2%	70.30	67.70	69.03



Market Update: Gas

Review

Geopolitical tensions drove prices at the start of the month. News of Ukraine's incursion into Russian territory near the Sudzha gas station saw near curve prices increase by 8p/th.

However, given that Russian gas transiting through Ukraine is expected to end in January 2025, this only carries a fundamental risk for Q4 2024. The sign that flows were continuing as normal, despite fighting continuing in the area, saw prompt prices retrace much of earlier price lifts.

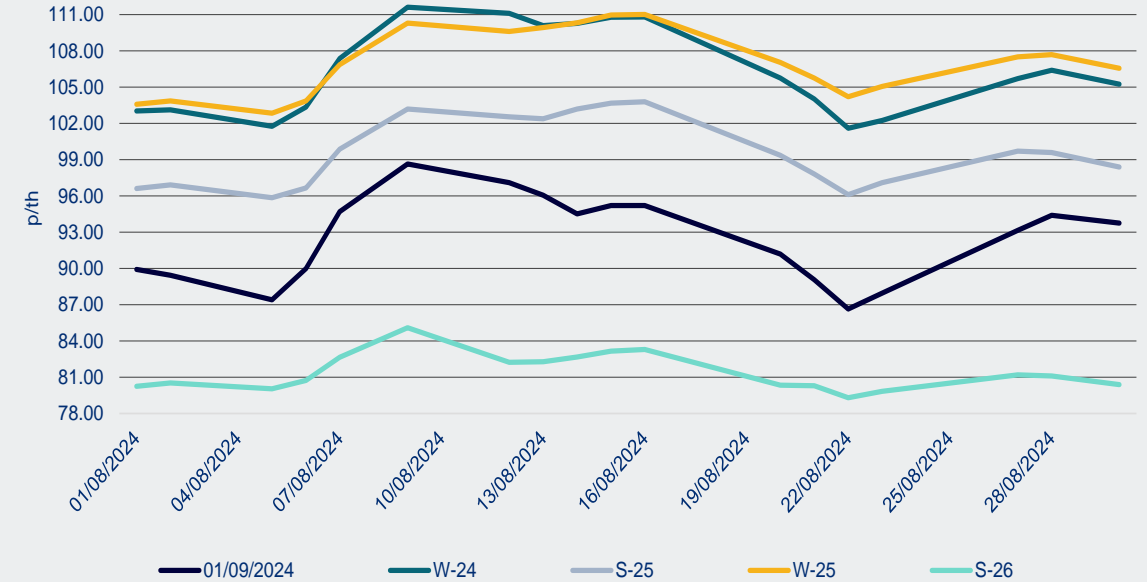
Beyond the headlines, the fundamental picture was generally bearish. Earlier in the month Asia had been the preferred destination for LNG, but the lift in European prices saw a shift in cargoes coming from the US and Africa to head our way.

Despite impending planned Norwegian field maintenance, injections into European storage continued, with EU levels ending the month at 90.3bcm in store. That's slightly behind last year, but well ahead of the five-year average, and still on track to be full by the end of September.

Outlook

Norwegian gas maintenance is nearing its peak in the next week, with flows into Easington via Langeled down to zero until 16 September.

NBP Gas



Gas NBP (p/th)	1-Aug-24	30-Aug-24	Change	% Change	High	Low	Average
Sep-24	89.92	93.75	↑ 3.83	↑ 4%	98.65	86.65	92.46
Winter 24	103.03	105.25	↑ 2.22	↑ 2%	111.60	101.60	106.34
Summer 25	96.61	98.40	↑ 1.80	↑ 2%	103.80	95.85	99.60
Winter 25	103.59	106.55	↑ 2.97	↑ 3%	111.00	102.85	107.05
Summer 26	80.27	80.40	↑ 0.14	↑ 0%	85.10	79.30	81.42



Market Update: Oil

Review

A volatile month for oil, driven by geopolitical tensions in the Middle East and conflicting macro-economic data.

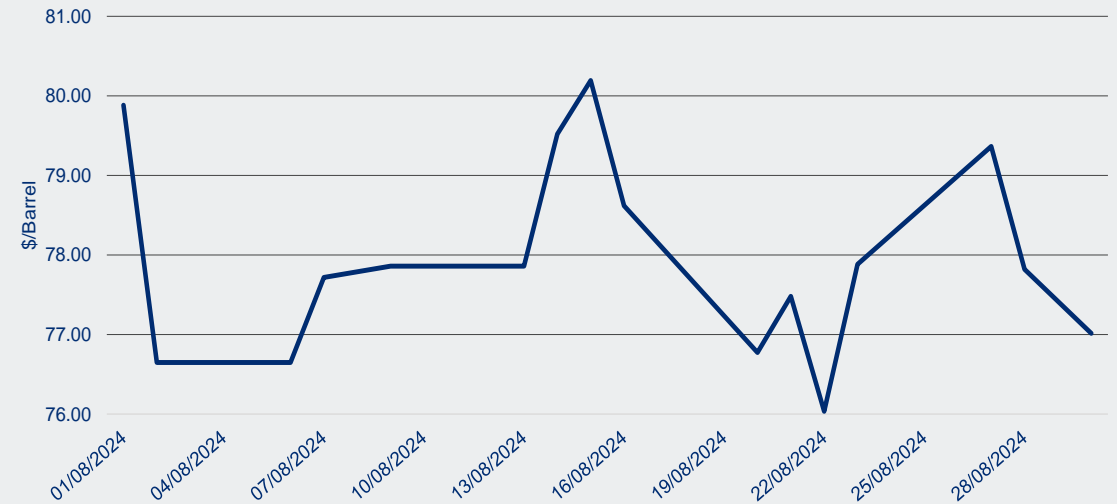
Prices rallied following Israel and Hezbollah trading reprisals for earlier attacks, but then waned as both sides insisted there would be no further retaliation.

In the US, positive jobs and retail data was countered by recessionary fears which fed volatility in both the oil and stock markets.

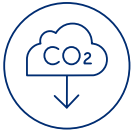
Outlook

OPEC+ are scheduled to increase oil production in October as part of a gradual easing of previous output cuts. Eight members of the group look set to boost production by 180,000 barrels per day, as they begin to unwind the 2.2 million barrels per day cuts introduced earlier this year.

Front Month Brent



Brent (\$/Barrel)	1-Aug-24	30-Aug-24	Change	% Change	High	Low	Average
Front Month	79.88	77.01	↓ -2.87	↓ -4%	80.19	76.03	77.88



Market Update: Carbon

Review

Market fundamentals didn't alter radically during the month, but this did not prevent a near 10% increase in the price of both the Dec-24 and Mar-25 UKA contracts.

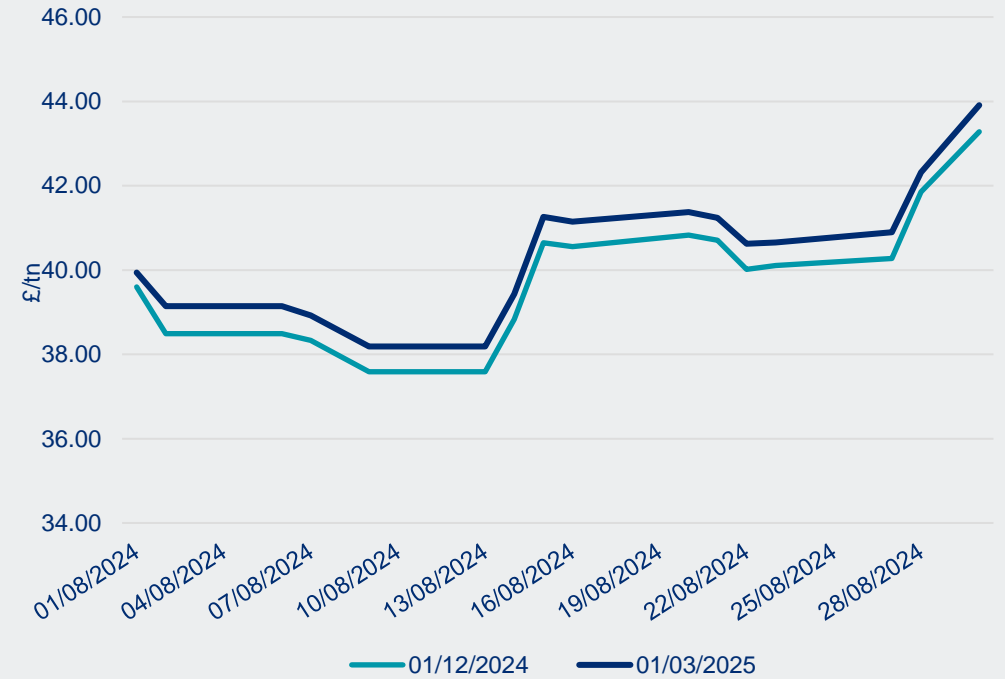
Market analysts suggested that repositioning of speculative positions after a period of over selling may have been at play, lifting prices during a period when traditionally market liquidity is thin.

Towards the end of the month, a slight retracement in price followed the PM's visit to Europe, and overtures for closer ties have been interpreted positively by the market, possibly hoping for an EU/UK ETS linkage.

Outlook

Market fundamentals look set to remain unchanged, with the market continuing to await clearer signals of Labour's policy intent.

Carbon UKA



Carbon (£/ton)	1-Aug-24	30-Aug-24	Change	% Change	High	Low	Average
Dec-24	39.60	43.28	↑ 3.68	↑ 9%	43.28	37.59	39.63
Mar-25	39.94	43.91	↑ 3.97	↑ 9%	43.91	38.18	40.21



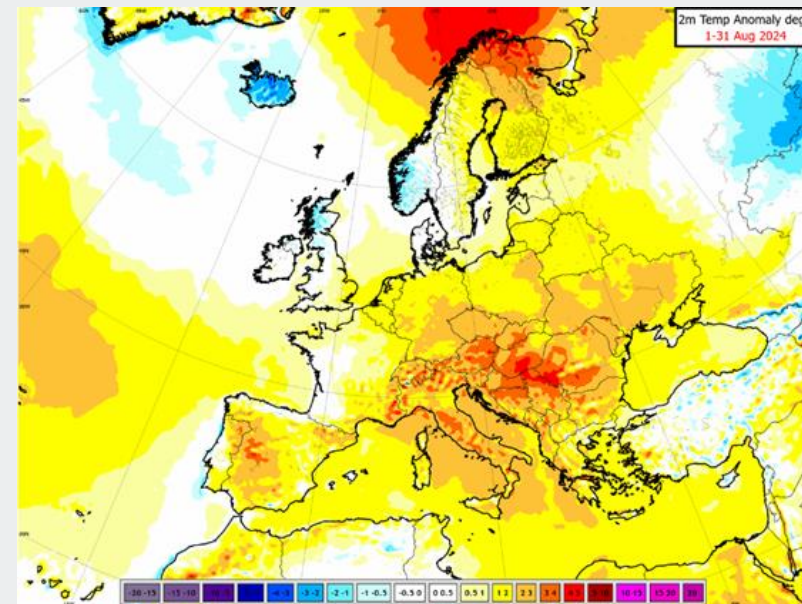
Weather review

Review

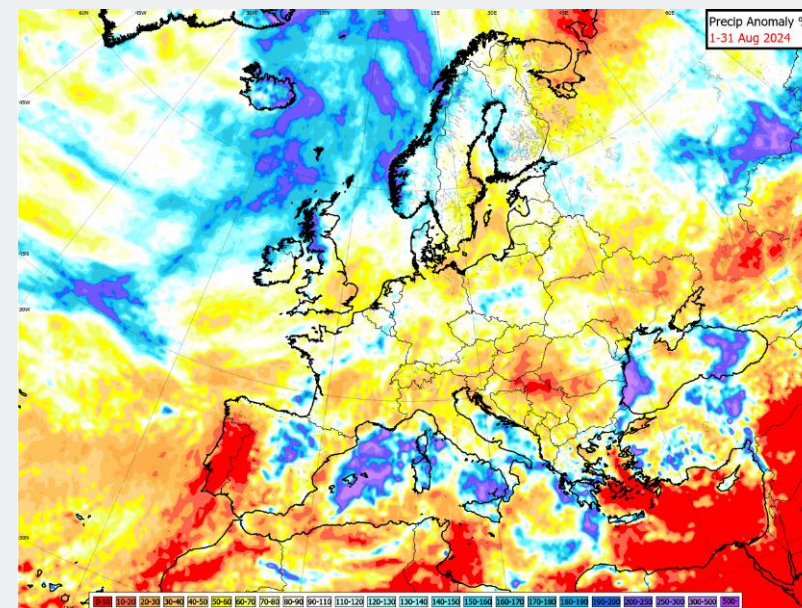
August was a very unsettled month in Scotland, while England and the Continent saw more high pressure bringing some drier, calmer weather. Scotland saw over 160% of normal rainfall in August, making the monthly anomaly one of the highest seen in the past few years. But, as you can see on the precipitation map on the right, this was something of a rarity for Europe as a whole, which was generally on the dry side. France and Germany saw more frequent dry and sunny weather, and Germany was often in heatwave conditions. Although England was a little drier and warmer than normal, Scotland was definitely not, and it felt rather more like September than August.

Outlook

September's forecast has had unusually low confidence until the past couple of days, as both long-range and medium-range models have been struggling with the pattern. However, there's now an increasingly good signal for the middle of the month to be wet, windy, and cold, with below average temperatures more widely in north-western Europe. High pressure and its associated lower winds and drier, sunnier weather looks unlikely for a while, but starts to show some signs of asserting itself toward the end of the month. After a couple of weeks of some colder, wetter weather we may see something a little brighter and drier to close out the month. We're expecting wind and solar power generation to both come in just below normal, while rainfall for SSE catchment areas is near normal.



Temperature anomaly



Precipitation anomaly



Monthly Report – August 2024

Market Theme: A soggy, windy end to summer

Day ahead clean spark spreads* through August out-turned on average at -£23/MWh, with a minimum of -£67/MWh and only a single day where the spread broke positive territory, barely reaching £1/MWh.

What caused this?

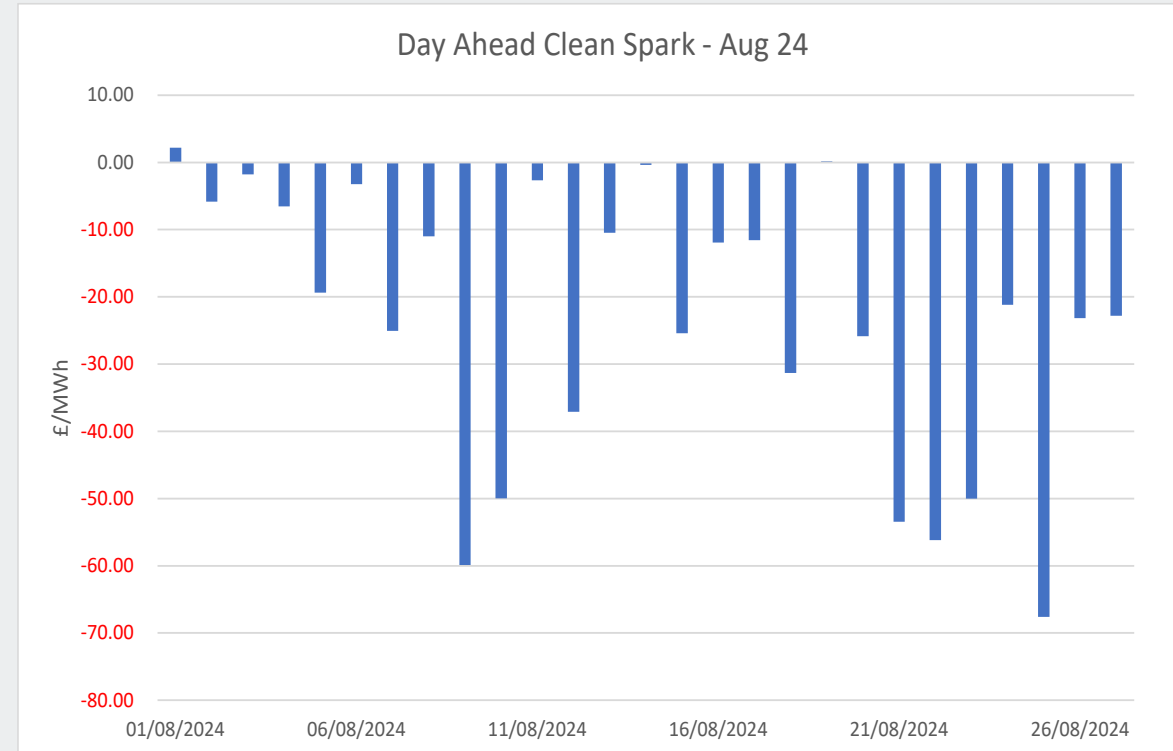
Firstly, it was an exceptionally windy month, uncharacteristically so for August. Wind in Scotland was 167% of seasonal normal and rainfall was at 169%.

Secondly, it wasn't exceptionally warm, which drove down power demand for cooling.

Thirdly, GB power prices were at a premium to Continental markets, which saw steady power imports heading into the UK.

*Clean Spark Spread: the margin for gas-fired power plants accounting for the difference between power price, the cost generation and the necessary emissions allowances required to produce it.

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High wind, high rain, low demand

Average DA spark -£23/MWh

Let's power change together

To explore our range of energy solutions for a net zero future,
talk to your account management team or visit:



[sseenergysolutions.co.uk](https://www.sseenergysolutions.co.uk)

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