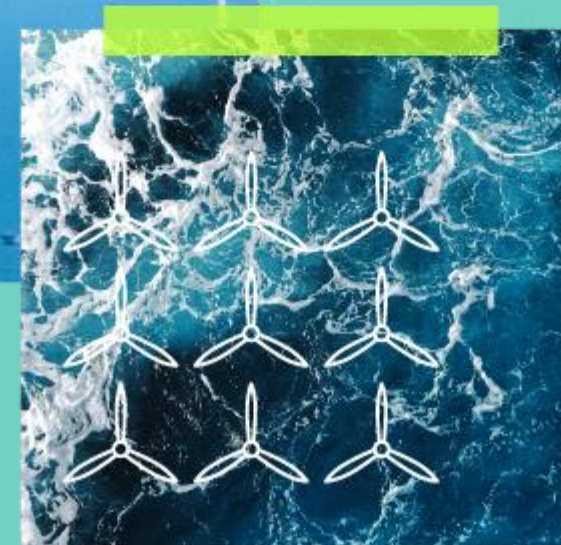
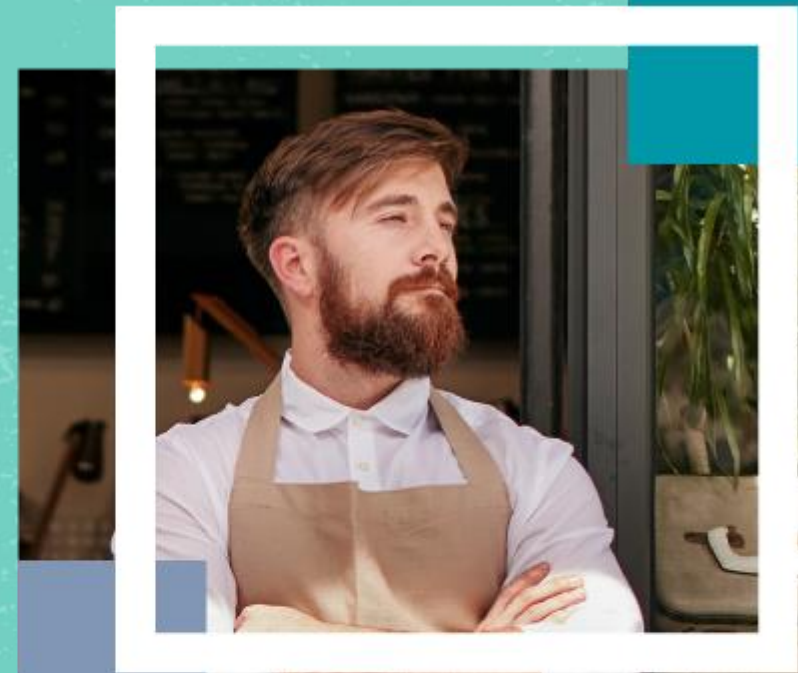


Monthly Market Review Report

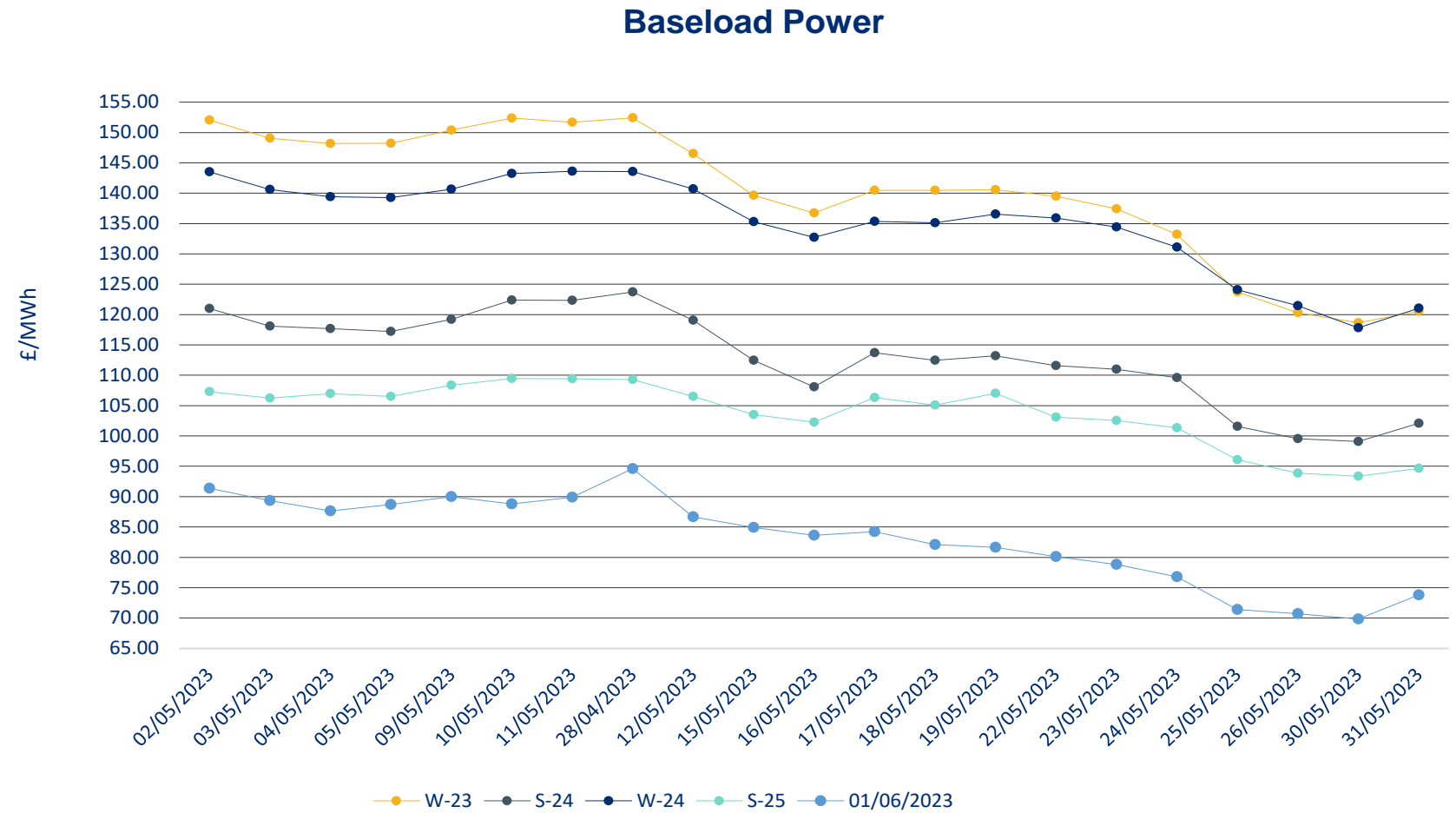
June 2023



Monthly Report

Market Update – Power and Gas

Review : Three Bank Holidays, temperatures around seasonal normal and industrial demand remaining weak all contributed to a benign picture, with June Baseload out-turning nearly 30% down by the end of the month. Clean spark spread* levels have been steadily falling with renewable generation accounting for a greater share of production. Curve prices have also retreated, with Winter 23 showing the biggest decline, boosted by EDF's announcement that 6 French nuclear reactors are set to return to service earlier than expected ahead of Winter. Since the news was announced clean sparks dropped by over £6/MWh, removing some of the Winter 23 supply risk.



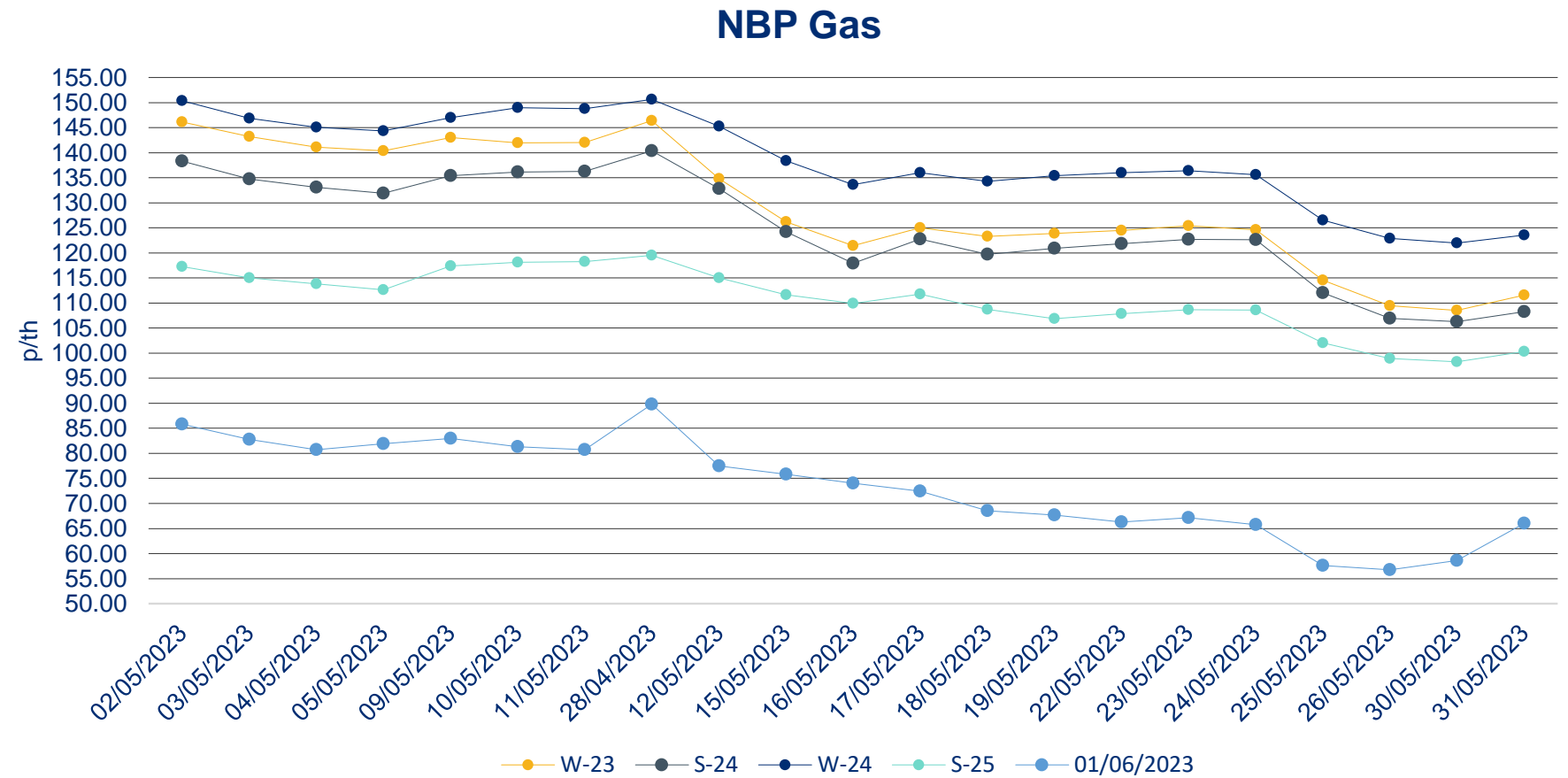
Power Bld (£/MWh)	Apr-23	May-23	Change	% Change	High	Low	Average
Jun-23	94.60	73.81	↓ -20.79	↓ -28%	94.60	69.84	83.09
Winter 23	152.41	120.55	↓ -31.86	↓ -26%	152.41	118.63	140.10
Summer 24	123.74	102.09	↓ -21.65	↓ -21%	123.74	99.07	113.11
Winter 24	143.56	121.03	↓ -22.53	↓ -19%	143.63	117.82	135.03
Summer 25	109.26	94.63	↓ -14.63	↓ -15%	109.47	93.37	103.77

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

Monthly Report

Market Update – Power and Gas

Review: For the majority of the month the slide in balance of Summer gas prices continued, with a near 60% drop in the price of the front month contract (Jun-23), as warmer temperatures and an increase in renewables output suppressed demand. Norwegian gas flows are now showing signs of dropping as a major maintenance period begins in earnest (mid-May to mid-June) with flows set to drop to c. 125-150MCM per day. As a result storage injections (see Market Theme) are set to slow over this period. As the month ended news of a leak, that was subsequently halted, at the Hammerfest LNG plant in Norway prompted a 10% rebound from the month's lows in prompt and near dated contracts. The market reaction was short lived, but nonetheless demonstrates underlying sensitivity to unplanned outages.



Gas NBP (p/th)	Apr-23	May-23	Change	% Change	High	Low	Average
Jun-23	89.80	66.00	↓ -23.80	↓ -36%	89.80	56.75	73.35
Winter 23	146.40	111.55	↓ -34.85	↓ -31%	146.40	108.50	129.41
Summer 24	140.40	108.30	↓ -32.10	↓ -30%	140.40	106.25	125.01
Winter 24	150.65	123.55	↓ -27.10	↓ -22%	150.65	121.95	138.48
Summer 25	119.55	100.30	↓ -19.25	↓ -19%	119.55	98.25	110.52

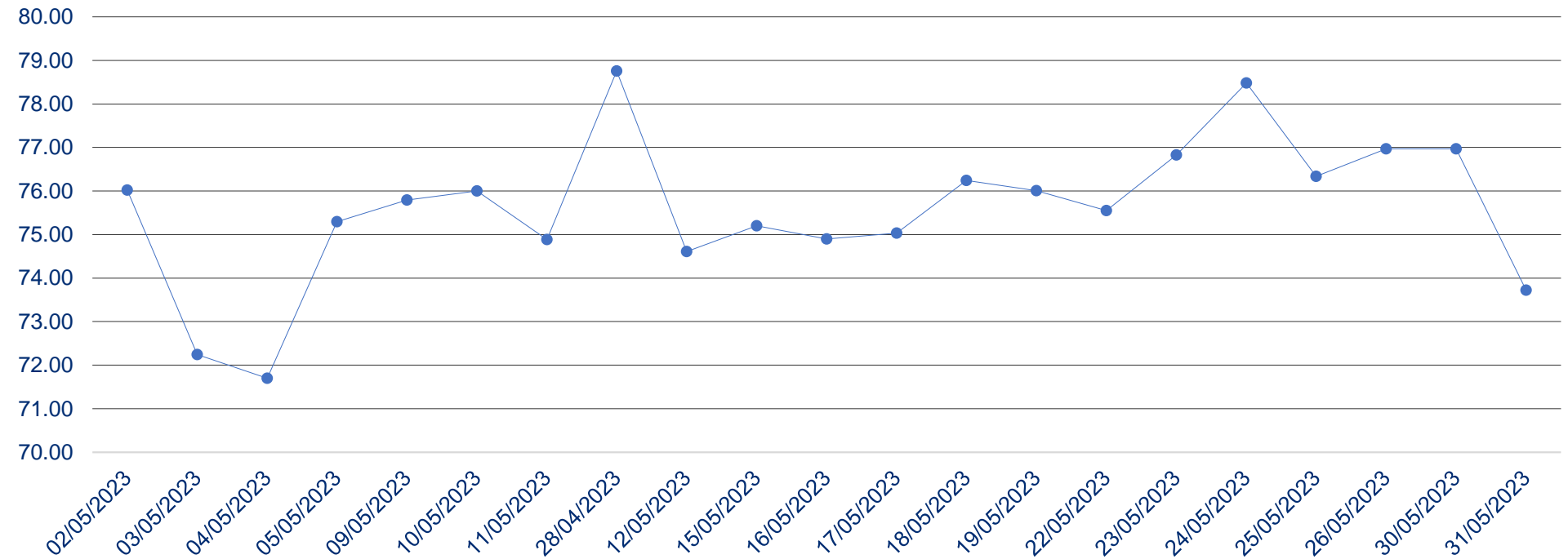
* Clean Spark Spread: the margin for gas fired power plants accounting for the difference between the power price, the cost of generation and the necessary emissions allowances required to produce it

Monthly Report

Market Update – Oil and Carbon

Review: Crude prices remained relatively stable over the course of the month, as economic woes persist. Both the European Central Bank and the Federal Reserve raised interest rates by 0.25% early in the month. In addition, weaker than previously forecast Chinese GDP growth forecasts, following on from weak industrial and retail data, provided further bearish impetus to the market. The start of the summer driving season, traditionally marked by the Memorial Day holiday weekend, that sees US oil demand build to its Summer peak, is a potential counterbalance to the bearish economic picture.

Front Month Brent

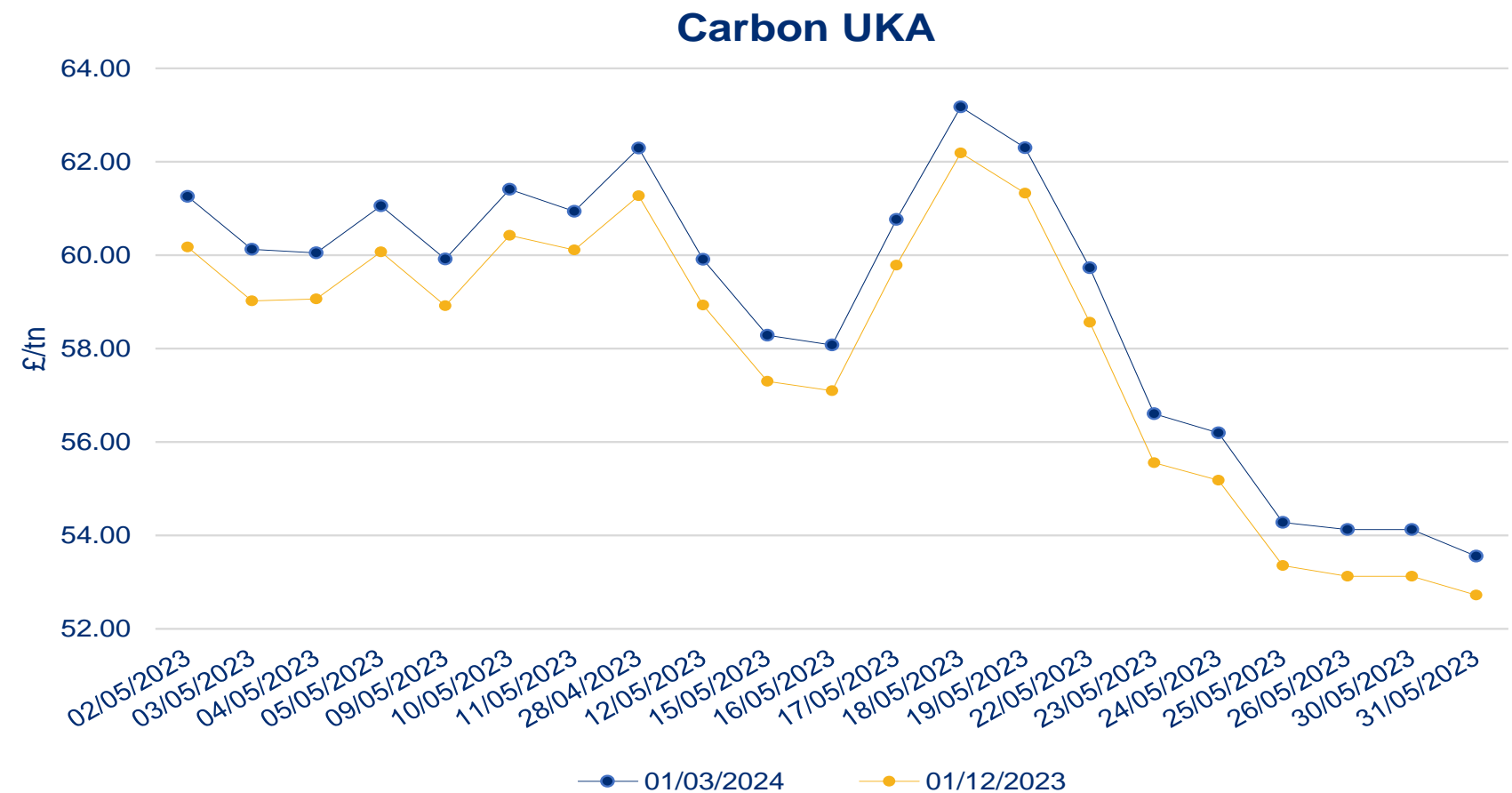


Brent (\$/Barrel)	Apr-23	May-23	Change	% Change	High	Low	Average
Front Month	78.76	73.72	↓ -5.04	↓ -7%	78.76	71.7	75.60

Monthly Report

Market Update – Oil and Carbon

Review: Poor economic fundamentals and lower gas prices saw carbon prices drop over 15% by month end. Industrial demand for UKAs has also dropped substantially. Above average temperatures coupled with higher wind output also helped dampen demand for UKAs. However, a continuation in the decline of the UKA price could potentially bring more of the UK gas generation fleet back into merit.



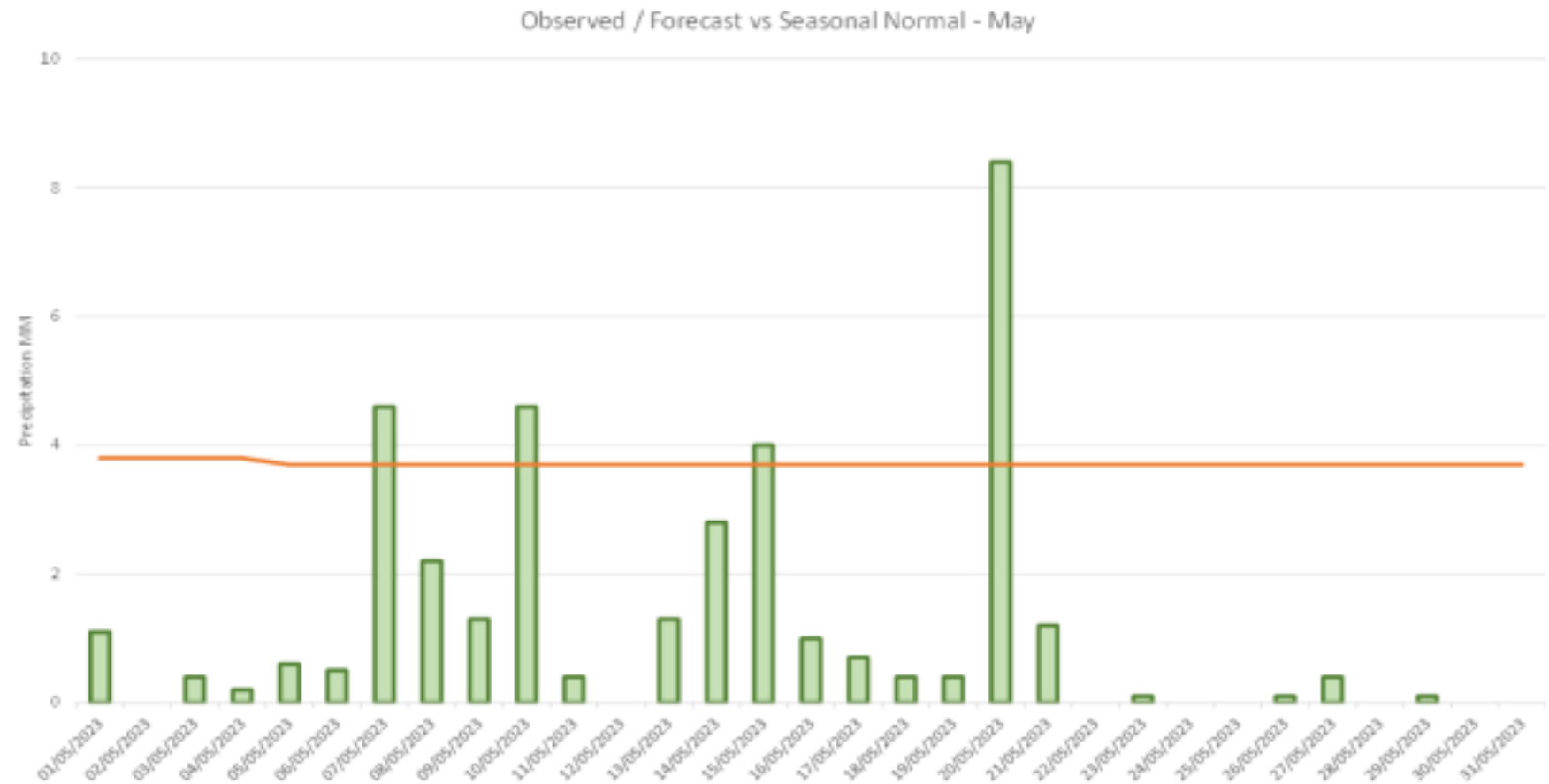
Carbon (£/ton)	Apr-23	May-23	Change	% Change	High	Low	Average
Dec-23	61.27	52.73	↓ -8.55	↓ -16%	62.19	52.73	57.97
Mar-24	62.30	53.56	↓ -8.74	↓ -16%	63.18	53.56	58.96

Monthly Report

Weather Review

Review: May has been a changeable month for northern Europe, but this hasn't translated into much rainfall for Scotland. Low pressure systems moved through Scotland regularly, but they were weak and collapsing as they did, so tended to produce less rain than we would expect. From the 21st through the rest of the month, high pressure arrived and remained in charge, and little rainfall fell anywhere across the UK during this time. After a warm start to the month that lasted around 6 days, temperatures tended to be near-normal or slightly cool for the time of year, thanks to those weak weather fronts.

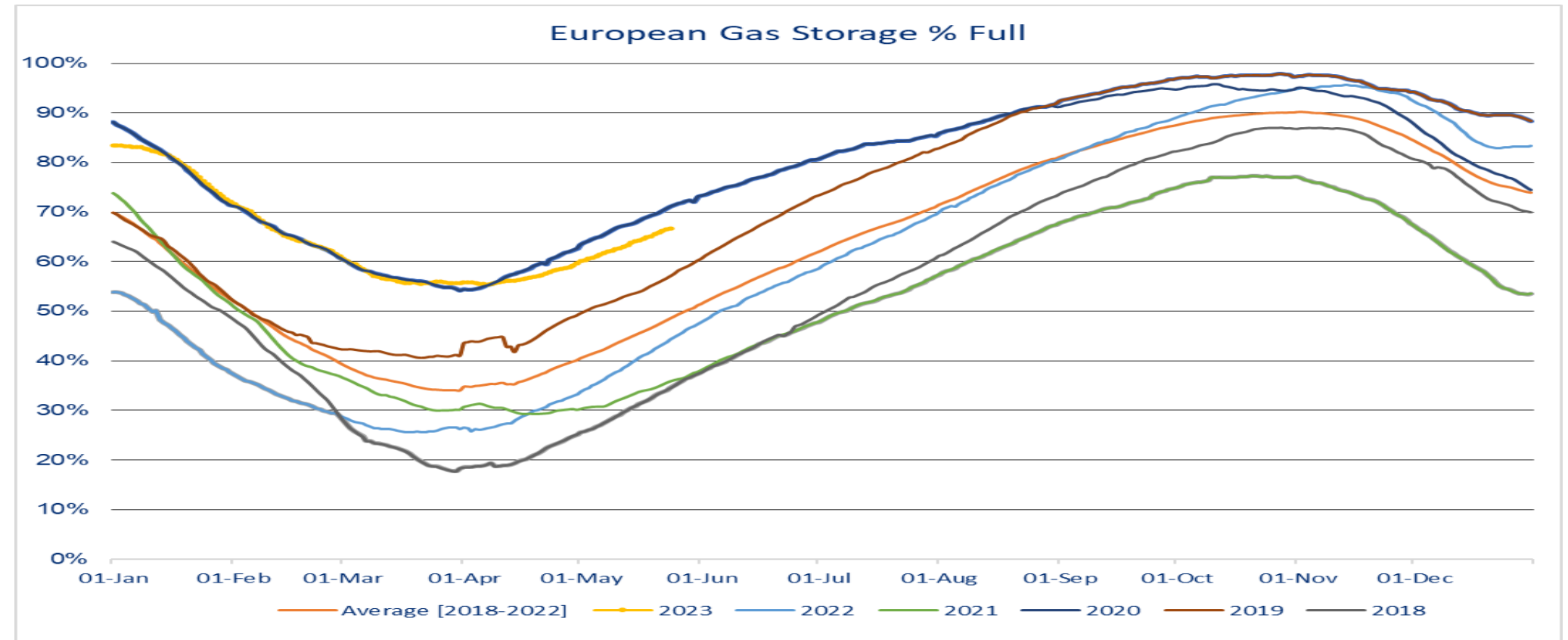
Outlook: High pressure in early June is expected to shift away around the middle of the month, allowing the second half to trend wetter and more unsettled. The best signal for wet weather is in France and England, but Scotland should see more rainfall too. June looks like it will be another month with below average rainfall, but not the levels experienced in May. Temperatures should be near or slightly above average but not to heat wave levels. Next risk for dry, sunny, and potentially hot weather will be in early-to-mid July.



Monthly Report

Market Theme – European Gas Storage

European gas storage levels were at nearly 60% capacity as Winter ended, an increase of 120% from the corresponding period 12 months ago. Low heating demand, during what was a mild winter, coupled with strong gas injections last summer as a result of the EU's mandated target of 80% full storage at the start of the season and demand cuts explain the current significant storage buffer. Storage levels are currently at nearly 70% full, with full capacity expected to be reached by the start of September. Whilst that's good news a number of risks ahead of Winter need to be considered. We cannot rely on the pattern of last winter repeating. If it's cold, industrial and domestic demand could increase. LNG, plentiful over the past winter, could flow to the Far East if it's cold there and signs of recovery in the Chinese economy continues.



Source: Gas Infrastructure Europe (GIE) the association representing the interests of European natural gas infrastructure operators active in natural gas transmission, storage and LNG regasification