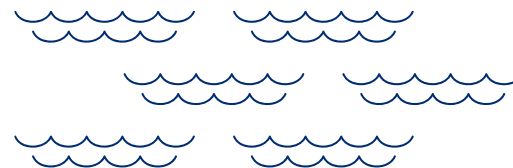
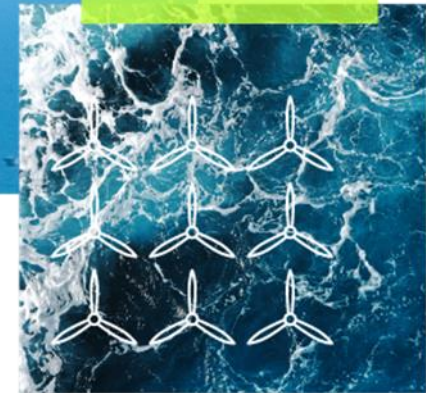


October 2024

Energy overview

Your monthly report featuring market updates and weather review





Market Update: Power

Review

Tightness in the power market was borne out in the clean spark* outturn for October (-£6.50/MW), driven by fluctuating wind output and reduced interconnector flows.

IFA2, the 1GW link between France and the UK, was scheduled to be on outage until mid-month, but saw that extended by a further month. As a result, over the course of the month UK power imports averaged 0.9GW, compared to 1.5GW for the corresponding month last year.

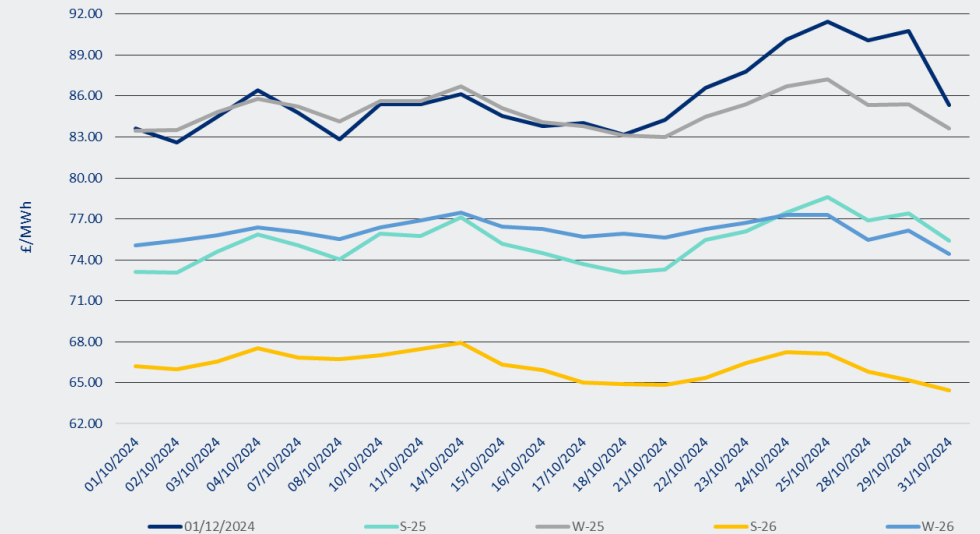
On the curve, price gains were more muted with little overall change month on month for Winter 25 and beyond.

Outlook

There's potential for below average renewables through early November, as dull, still conditions look set to persist, limiting wind and solar output.

*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 Bld (£/MWh)	1-Oct-24	31-Oct-24	Change	% Change	High	Low	Average
Nov-24	75.00	89.35	↑ 14.35	↑ 16%	96.39	82.41	87.76
Summer 25	73.15	75.39	↑ 2.24	↑ 3%	78.60	73.04	75.31
Winter 25	83.45	83.60	↑ 0.15	↑ 0%	87.20	83.01	84.87
Summer 26	66.21	64.42	↓ -1.79	↓ -3%	67.91	64.42	66.23
Winter 26	75.08	74.45	↓ -0.63	↓ -1%	77.44	74.45	76.12



Market Update: Gas

Review

A volatile month for the gas market, despite weak fundamentals; with an absence of any cold weather to boost heating demand in GB or across the Continent, the return of strong Norwegian gas flows as the maintenance period ended, and European gas storage at 95% capacity. It was left to headline news to impart significant volatility into the market.

At the start of the month, Iran launched missile strikes on Israel, leading to threats of retaliation, hitherto unrealised at scale, but nonetheless increasing fears of a wider escalation of the conflict. The main fear for the gas market is the implication of any potential closure of the Straits of Hormuz, a key route for both oil and gas shipments.

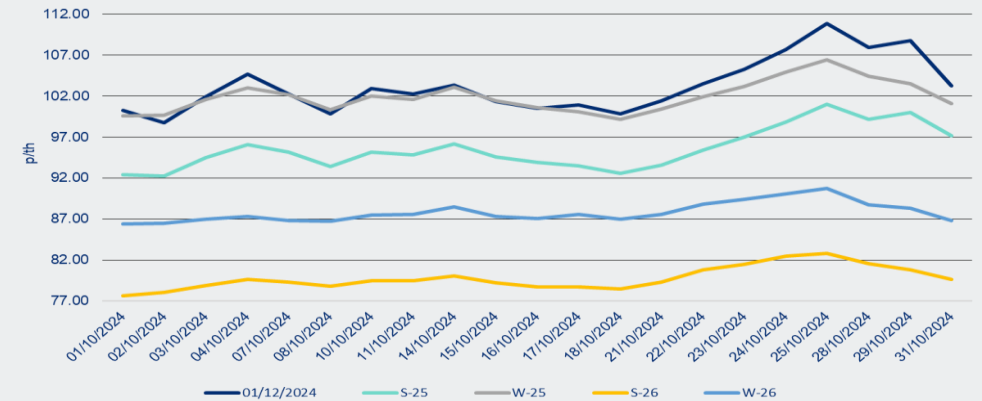
In addition to tensions in the Middle East, changing weather forecasts contributed to the volatility as the month progressed, lifting prices to their highest level of the year, with DA gas at 108p/th and the November contract near 110p/th.

As the month ended, prices rapidly reversed, as rumours circulated that a deal for Russian gas transiting through Ukraine, set to end in December, may be resurrected with an EU deal with Azerbaijan to keep gas flowing through the same pipeline network. Any continued flow of the gas would be viewed as bearish.

Outlook

Talks are set to continue between the EU and Azerbaijan over transit of gas from Russia.

NBP Gas



Gas NBP (p/th)	1-Oct-24	31-Oct-24	Change	% Change	High	Low	Average
Nov-24	97.87	101.10	↑ 3.23	↑ 3%	109.55	96.30	101.21
Summer 25	92.40	97.20	↑ 4.80	↑ 5%	101.00	92.25	95.56
Winter 25	99.60	101.10	↑ 1.50	↑ 1%	106.40	99.15	101.91
Summer 26	77.65	79.60	↑ 1.95	↑ 2%	82.80	77.65	79.78
Winter 26	86.40	86.85	↑ 0.45	↑ 1%	90.70	86.40	87.80



Market Update: Oil

Review

Geopolitics continues to stoke volatility in the oil market, with weak demand, especially in China, providing a counterbalance.

Chinese crude imports have been in steady decline in recent months, as industrial output has slowed, coupled with a shift towards electric vehicles. This is despite a series of measures aimed at stimulating the economy.

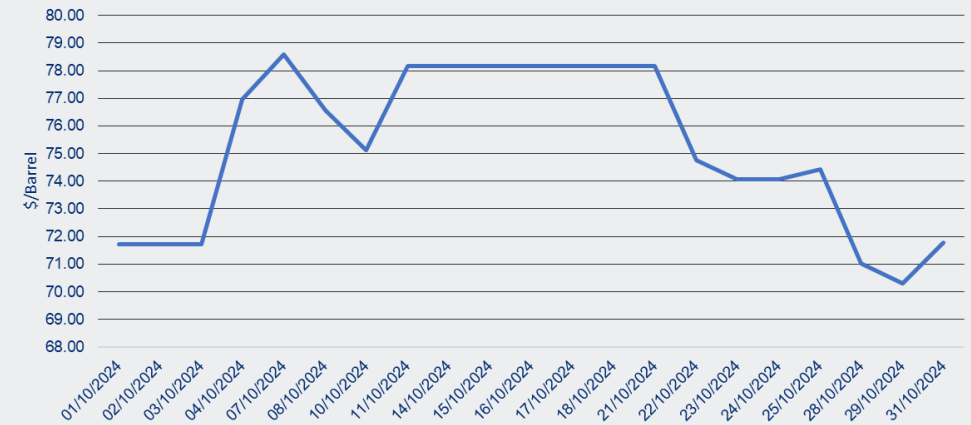
OPEC+ remain confident that near term and future demand for oil remains positive. Contrary to the International Energy Agency (IEA) view that oil use will peak in this decade, OPEC Secretary General Haitham Al Ghais expects demand to grow well into the next decade.

In the Middle East, there was suggestion that US intervention helped to moderate Israel’s response to the Iranian missile strikes, with the Biden administration urging that oil and nuclear facilities should be off the table in any proposed retaliatory strikes.

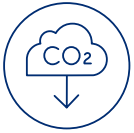
Outlook

Continued focus on Israel/Iran tensions looks set to continue to influence market direction.

Front Month Brent



Brent (\$/Barrel)	1-Oct-24	31-Oct-24	Change	% Change	High	Low	Average
Front Month	71.89	72.16	↑ 0.26	↑ 0%	79.10	70.62	75.64



Market Update: Carbon

Review

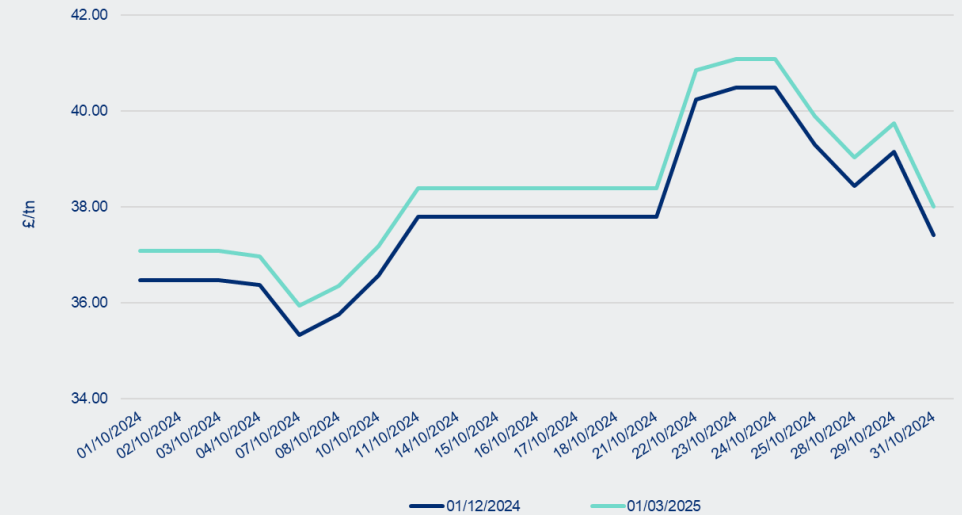
As Labour presented its first budget in 14 years, hopes that carbon market reform would be included, namely a closer linkage with the European market, were dashed for now.

Further bearish news was heralded by the UK Government’s decision to delay the start of reductions to free EU Emissions Trading System (ETS) allowances from 2026 to 2027, adding to an already well supplied market.

Outlook

The market is continuing to await news of UK Government carbon reforms.

Carbon UKA



Carbon (£/ton)	1-Oct-24	31-Oct-24	Change	% Change	High	Low	Average
Dec-24	36.48	37.41	↑ 0.94	↑ 3%	40.48	35.33	37.78
Mar-25	37.08	38.01	↑ 0.93	↑ 2%	41.09	35.94	38.39



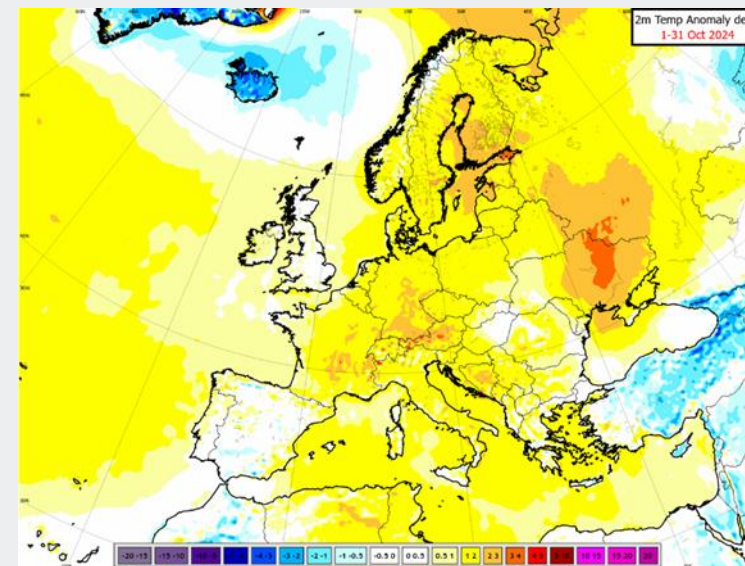
Weather Review

Review

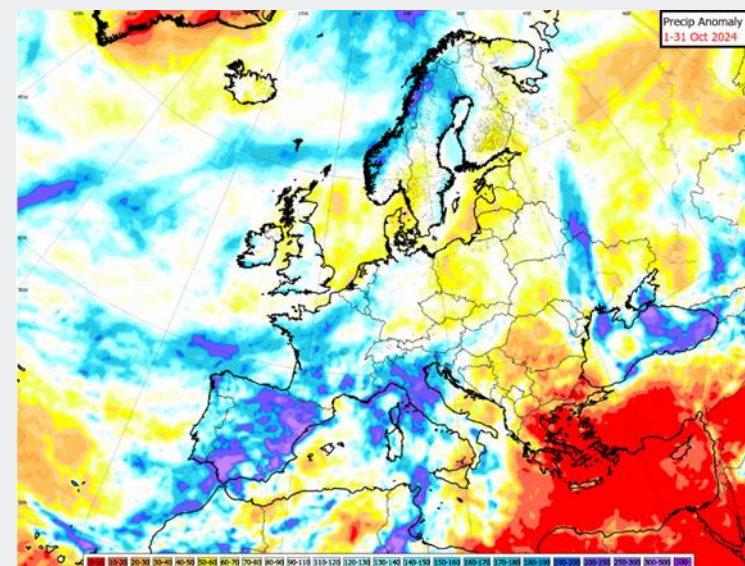
October's weather was changeable through the month, with a mix of settled weather from high pressure systems and unsettled spells as low pressure and fronts took charge. Looking at the anomaly maps (right), October was generally quite mild for Europe, and south-western Europe was very wet, especially in Spain. In contrast, the UK was near normal, and Scotland tended to be on the dry side. Last month also saw the first named winter storm of the season, Storm Ashley on 21 October, which brought some wind turbine overspeed and heavy rain to Scotland and Northern Ireland. Overall, it was mild, wet and windy for western Europe, but with that weather not always reaching Scotland.

Outlook

November has started out with a lot of high pressure in northern Europe, bringing in grey, dull and calm conditions coupled with slightly mild temperatures. Winds and solar have been well below average for the first week, and this looks like it may continue for the second week as well. However, for the second half of the month, a change is in the air, and we should see more weather fronts coming in from the Atlantic bringing mild, wet and windy weather and keeping dull, settled weather away. We have high confidence that November will be warmer than normal, with no signals for any prolonged cold to develop; and there's a compelling signal for the wet and windy weather later this month; so despite the settled start, more unsettled weather is on the way.



Temperature anomaly



Precipitation anomaly

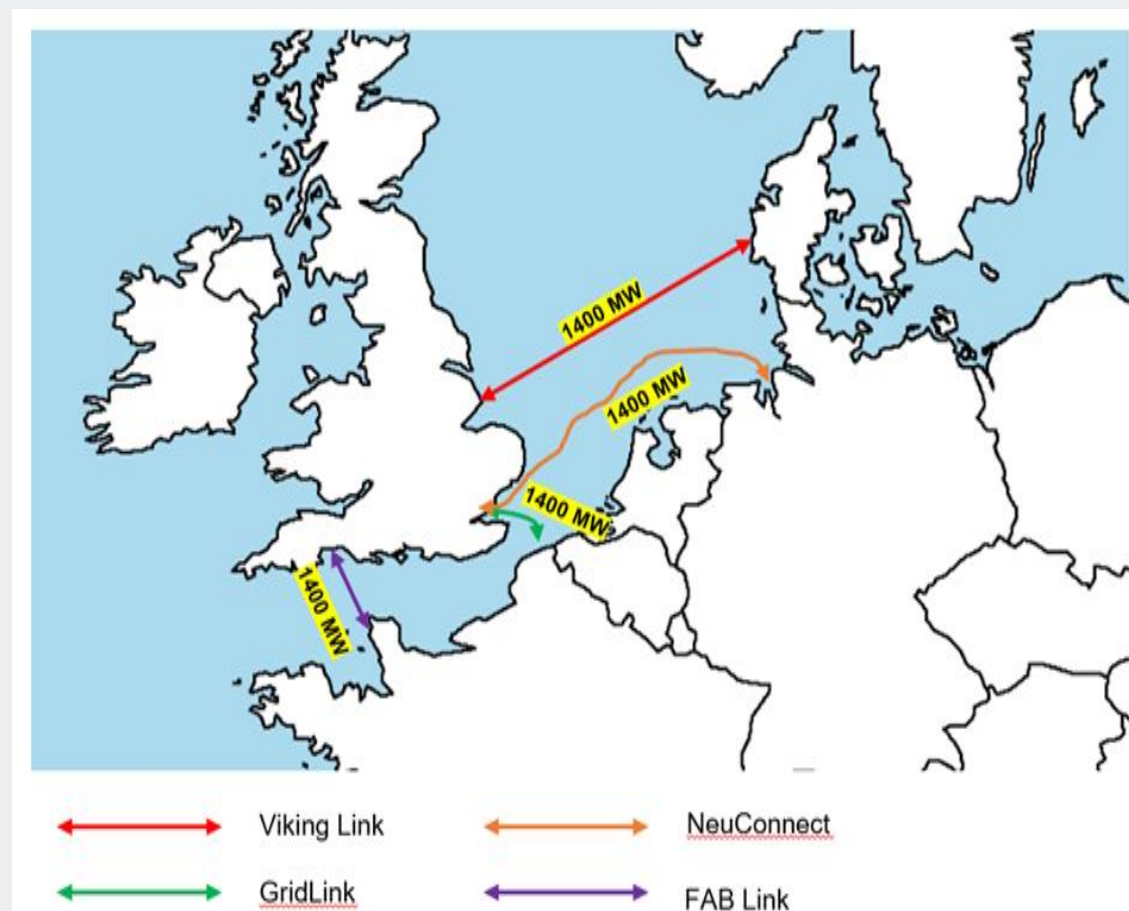


Market Theme: Interconnectors

The outage of the IFA2 electrical interconnector between France and the UK, currently scheduled to return in mid-November, highlights the growing importance of our links to mainland Europe in sourcing power, especially at times of low domestic wind output.

Greater interconnection with the rest of Europe over the remainder of this decade will enable energy to flow to the UK – harnessing hydro output from the Nordic region, wind power from Germany and nuclear output from France – and allow the UK to export to the Continent at times of excess output.

In addition to the Viking Link (1400MW) with Denmark, which began commercial operations earlier this year, there are several more interconnectors under development: GridLink (capacity 1400MW) due for completion in 2027, NeuConnect (1400MW) and FAB Link (1400MW), both due for completion in 2028. These will play a key role in supplying power to the UK over the coming decades.



4.2GW new interconnector capacity by the end of 2028

Disclaimer: This communication is for information purposes only. It is not intended as an offer or solicitation for the purchase or sale of any physical or financial instrument or as an official confirmation of any transaction. All market prices, data and other information are not warranted as to completeness, accuracy, or reliability and are subject to change without notice. The use of, or reliance on, the information contained within this communication shall be at the user's risk, and accordingly SSE plc, its subsidiaries and affiliates shall have no liability to the user for any loss or damage caused by its use of (or inability to use), or reliance on such information. Any comments or statements made herein do not necessarily reflect those of SSE Energy Supply Limited or SSE plc.

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)

SSE Energy Solutions is a trading name of SSE Energy Supply Limited, registered in England and Wales number 03757502, which is a member of the SSE Group.
The registered office of SSE Energy Supply Limited is No. 1 Forbury Place, 43 Forbury Road, Reading, RG1 3JH.

