



IndigoSwan
energy enthusiasts

Mini Energy Report

25th of October 2022



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Energy Overview

Headlines:

- ✓ Gas and Electricity Wholesale prices are lower.
- ✓ EU Gas Storage levels are an improved 94% full.
- ✓ Large numbers of LNG shipments are available.

Since our last Energy Report, Gas and Electricity Wholesale prices are lower.

Costs for the remainder of 2022 and the first quarter of 2023 are very high. Although 2023 and 2024 show better value, there is still a considerable premium, but does provide an opportunity to contract longer and reduce the shorter term % increases. The government has introduced the Energy Bill Relief Scheme, which provides a reduced Wholesale cost to those non-domestic customers that have contracted from December 2021. This started in October 2022 and runs until March 2023, and maybe extended for specific industries. However, customers still need to monitor the markets for contracts from April 2023, when they may once again be fully exposed to costs.

Mild temperatures and efforts across Europe to reduce energy consumption have helped EU Gas Storage levels reach 94% full, compared to the higher target of 85% by November. This is despite the Nord Stream 1 and 2 Gas pipelines from Russia, being offline due to sabotage. We continue to see a large number of LNG shipments, with additional supplies due from Freeport, when it restarts operations in November, following the fire in June.

Wind's contribution to generation is high so far in October, currently at 30% of supplies compared to 21% in September. This reduces the demands placed on Gas, which fell to 39% from 46%. In early 2023 the government is looking to temporarily cap the cost of generation from Renewables and Nuclear, for those assets which are currently being paid the premium Wholesale cost, that is set by expensive Gas generation.

Wholesale prices remain extremely volatile with a great deal of uncertainty. Therefore, we would advise looking at your options for contracts ending in 2023, having conversations with Indigo Swan about your specific requirements.

