



IndigoSwan

energy enthusiasts

Mini Energy Report

21st of September 2022



▶ *Written by Lee Hart, Head of Knowhow*

Energy Overview

Headlines:

- ✓ Gas and Electricity Wholesale prices have moved slightly higher over the last week.
- ✓ EU Gas Storage levels are an improved 86% full.
- ✓ Nord Stream 1 has closed for the foreseeable future.

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

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 just outlined plans to cap business energy contract unit rates from October 2022 for six months, for contracts entered since 1st April 2022. Thought still needs to be given to the potential exposure to market prices from April 2023.

Despite Nord Stream 1 remaining offline for the foreseeable future, EU Gas Storage levels have increased to 86% full, against an initial target of 80% by November. The EU is looking to impose a cap on the revenue achieved by Electricity generators with the additional income going back to member states in support of schemes assisting energy consumers. This will exclude Gas generation. The UK is looking to negotiate providers away from the Wholesale market, onto lower longer term contract arrangements.

The continued closure of a large number of French Nuclear reactors is just one reason for concern this winter. Measures are being taken to try to rush these back into service, but in the meantime, countries are looking at all options to secure additional supplies, including paying for Coal to be on standby.

Gas and Electricity prices remain extremely volatile. Price direction will likely be led by Russia, meaning there is a great deal of uncertainty which way they will go. Therefore, we would advise looking at your options for contracts ending in 2022 and having conversations with your contact at Indigo Swan about your specific requirements.

