



IndigoSwan

energy enthusiasts

Mini Energy Report

23rd of May 2023



▶ *Written by Lee Hart, Head of Knowhow*

Energy Overview

Headlines:

- ✓ Gas and Electricity Wholesale prices are up slightly on last week.
- ✓ EU Gas Storage levels are a healthy 66% full.
- ✓ LNG deliveries continue to arrive in Europe.

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

The EU continues to divert Gas supplies into Storage, which are currently 66% full, against a target of 90% by November. Gas will need to be diverted into Storage during the warmer months when heating demand is low. We are still receiving good supplies of LNG to the UK and EU, which are replacing some of the reduced Russian Gas flows. Energy markets are likely building in a price premium in case LNG begins to head towards Asia as the Chinese economy grows.

Wind was low at just 16% over the last week, compared to 20% - 30% for much of this year. The availability of Imports from the continent at a high 20%, has meant less reliance on expensive Gas generation to meet the shortfall. Should there be more issues with French Nuclear reactors and their delayed maintenance, due to industrial action, then Imports may be restricted. The Met Office forecast for the remainder of the month suggests temperatures will be above seasonal norm with light winds.

Although there is a downward price trend and we have seen significant reductions this year compared to 2022, there is a premium against 2020 and early 2021. It is generally considered unlikely that we will see those low levels for some time. With little price movement in recent months, concern remains that an unexpected event, which has not been factored into costs, could once again see increases. Therefore, we would advise discussing your options for contracts ending in 2023 with Indigo Swan.

