



IndigoSwan

energy contract enthusiasts

Mini Energy Report

16th of February 2022



▶ *Written by Lee Hart, Head of Knowhow*

Energy Overview

Headlines:

- ✓ The potential invasion of Ukraine by Russia is adding upward pressure to prices
- ✓ The EU's Gas Storage levels are just 33% full compared to 42% last year
- ✓ A great deal of uncertainty as to the direction of prices

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

Wholesale costs for 2022 are very high, although there is better value later in the year. Contracts for 2023 and 2024 are considerably lower and do allow an opportunity to contract longer and reduce the shorter term % increases.

Russia continues to dominate the price direction for Gas and Electricity, and to some extent Oil, which is at a seven year high. The latest development on the 15th of February saw Russia comment that they are moving troops back from the Ukraine border and President Putin claimed to still wish to negotiate a settlement. This eased prices, which had been showing more volatility. However, the actual evidence of the claims of troop movements has yet to be verified, and prices will likely react as the position becomes clearer.

EU Gas Storage levels are lower at 33% full compared to 42% last year. This is a more positive position than had been feared, largely due to the lack of a significant cold spell. The future of Nord Stream 2, which would provide additional Gas supplies, remains uncertain and is most likely linked to the outcome of Russia's threat to Ukraine.

In the UK, Wind's contribution to generation has increased from 23% in January, to 35% so far in February, easing the use of Gas. The Met Office forecast for the remainder of the month suggests temperatures in the region of seasonal norm and at times strong winds.

We would advise looking at your options for contracts ending Q2 and monitoring the remainder of 2022, having conversations with your contact at Indigo Swan about your specific requirements.

