



IndigoSwan
energy contract enthusiasts

Mini Energy Report

9th 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 36% full compared to 48% 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.

Prices continue struggle to find direction with considerable daily swings, depending on some key indicators but also the sentiment surrounding the outlook for a conflict with Russia. The threat of an invasion still exists with the potential to further disrupt Gas supplies. EU Gas Storage levels have fallen further, at 36% full compared to 48% last year, but there had been fears in the market that some cold spells across Europe could have seen a worse position. Germany and the EU are both refusing to sign off the use of Nord Stream 2, at this time.

Gas continues to dictate Electricity prices as it has provided 24% of generation so far in February. However, this is significantly lower than the 40% in January, due to a high contribution from Wind at 37% from 23%.

The Met Office forecast for the remainder of the month suggests temperatures in the region of seasonal norm and at times strong winds. This should reduce heating demand and ease the pressure on our own Gas Storage, which is in the region of 80% full.

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.

