



IndigoSwan
energy contract enthusiasts

Mini Energy Report

22nd of March 2022



▶ *Written by Lee Hart, Head of Knowhow*

Energy Overview

Headlines:

- ✓ Prices ease due to the continuation of Gas supplies into Europe
- ✓ The possibility of Gas shortages remains an upward price pressure
- ✓ The EU's Gas Storage levels are 26% full compared to 31% last year

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

Wholesale costs for 2022 are very high despite the significant reductions we have seen in the last two weeks. There is better value later in the year and for 2023 and 2024, which does allow an opportunity to contract longer and reduce the shorter term % increases.

The invasion of Ukraine by Russian forces on the 24th of February continues to dominate price direction for Oil, Gas and Electricity. Despite the wide-ranging sanctions in place against Russia, they have yet to cut off Gas into Europe, which would have a significant impact on supplies and prices. The EU's Storage levels are stable at 26% full and just 5% lower than last year, compared to 18% earlier in 2022. There will be a need to begin filling Gas Storage shortly in preparation for this coming winter. Peace talks appear to have made some progress, with President Zelensky pushing President Putin for direct talks to find agreement.

Electricity prices have followed Gas lower due to 33% of the UK's generation coming from Gas so far in March, with Wind falling to 24% from 35% in February. The Met Office forecast for the remainder of the month suggests temperatures above seasonal norm, with little possibility of a significant Wind contribution.

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.

