

Commentary

Prompt:

This morning prompt gas contracts are trading sideways. The UK gas system is undersupplied, currently 13.2mcm short. Wind is contributing 11% (3.52GW) to power generation and CCGT currently supplies 29% (8.84GW) to the grid.

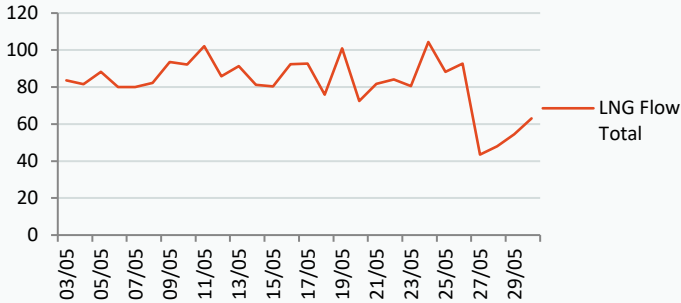
Curve:

Further out, gas contracts are trading lower. Temperatures are expected to be near seasonal average across much of Europe. LNG flows to NW Europe remains strong – currently at 251.3mcm/d. There are now two outages: the Norne gas field remains closed due to a scheduled outage, and the Kollsnes gas processing plant remains unavailable today. Despite the interruptions, Norwegian gas flows to the UK and NW Europe remain stable at 227mcm/d, which is in line with the 5-day moving average.

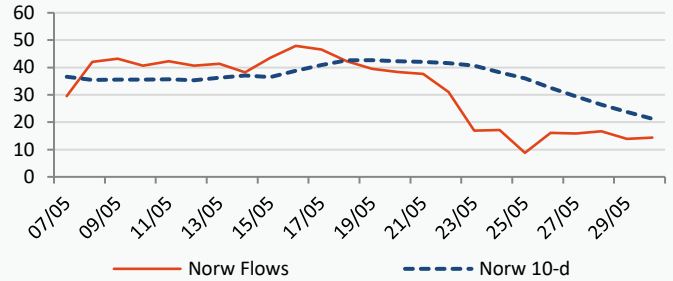
Context:

China could hit its carbon neutrality goal by 2060; 10 years earlier than expected. Analyst predicts an investment of around \$37.7 trillion would be needed for China to achieve this. Most of investment would be invested into electric vehicles, low carbon clean energy, carbon capture and storage. China would need an 80% reduction in cumulative emissions for it to reach net zero by 2050.

LNG Flows NBP (Million Tonnes)

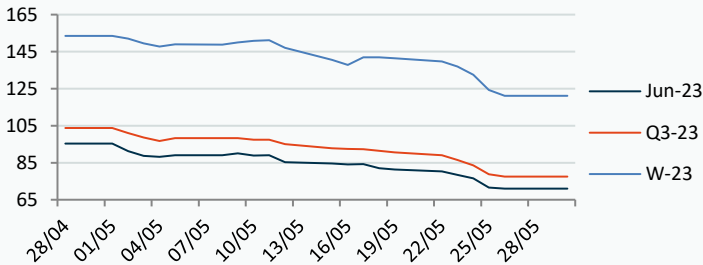


Norwegian Flows to UK (mcm/day)



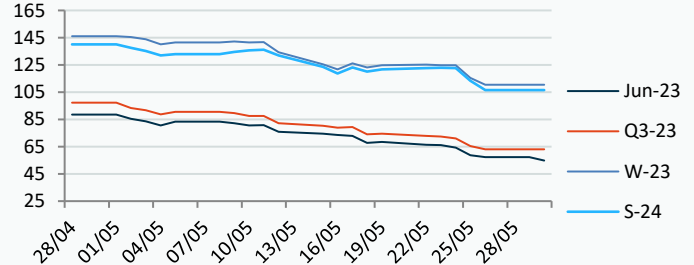
Power Forward Contracts Baseload £/MWh

Jun-23: 71.00 0 Q3-23: 77.50 0 W-23: 121.14 0



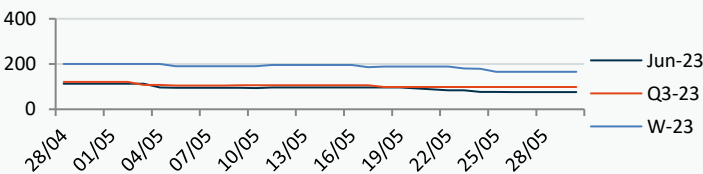
Gas Forward Contracts p/th

Jun-23: 57.36 0 W-23: 110.45 0 S-24: 106.53 0

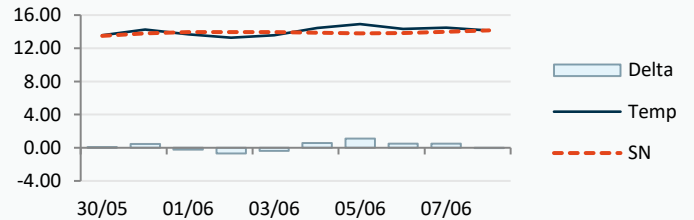


Power Forward Contracts Peakload £/MWh

Jun-23: 76.00 0 Q3-23: 98.50 0 W-23: 165.60 0

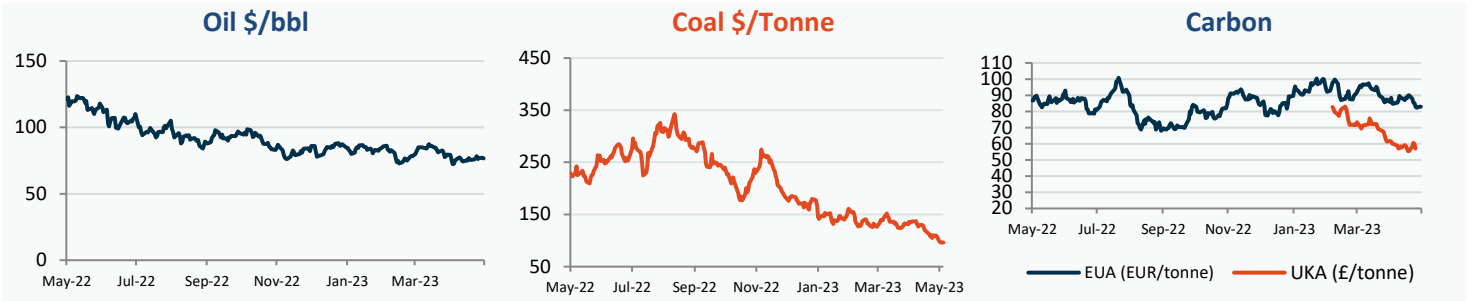


WSI Temperature Forecast c



Fuel Mix	30/05/23	29/05/23	26/05/23	25/05/23
Gas CCGT	38%	21%	39%	43%
Gas OCGT	0%	0%	0%	0%
Solar	1%	0%	0%	0%
Coal	0%	0%	0%	0%
Nuclear	24%	32%	30%	27%
Wind	18%	31%	16%	19%
Pump Stor	2%	0%	0%	-1%
Hydro	2%	0%	1%	1%
Biomass	3%	4%	4%	4%
Undefined	2%	1%	1%	1%
FR Inter	9%	11%	11%	8%
NE Inter	3%	2%	0%	0%
IRE Inter	-2%	-2%	-3%	-2%

	30/05/23	31/05/23	01/06/23	02/06/23
Temperature c	13.58	14.25	13.70	13.28
Temp vs Hist	+0.09	+0.45	-0.25	-0.67
	29/05/23	28/05/23	27/05/23	26/05/23
TTF Day Ahead	23.38	23.38	24.90	27.65
TTF Month Ahead	25.12	24.65	25.15	27.80
Oil Front Month	77.07	76.95	76.26	78.36
Carbon EUA	82.86	82.30	82.99	85.15
Coal Year Ahead	96.41	98.15	102.61	106.50
GBP/EUR	1.154	1.151	1.151	1.151
GBP/USD	1.236	1.234	1.234	1.234

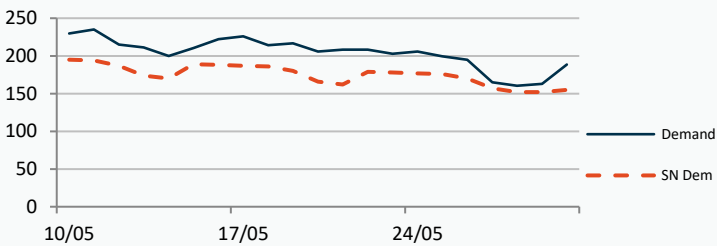


UK Market Closing Prices

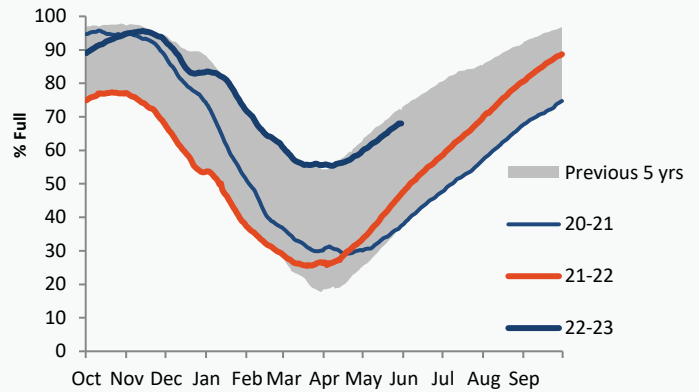
Gas p/th				Base £/MWh				Peak £/MWh			
	26/05/23	25/05/23	Change		26/05/23	25/05/23	Change		26/05/23	25/05/23	Change
DA	57.10	57.10	0	DA	62.50	62.50	0	DA	55.00	55.00	0
Jun-23	57.10	57.10	0	Jun-23	69.90	69.90	0	Jun-23	76.50	76.50	0
Jul-23	55.10	55.10	0	Jul-23	73.00	73.00	0	Jul-23	80.10	80.10	0
Aug-23	63.14	63.14	0	Aug-23	78.00	78.00	0	Aug-23	82.00	82.00	0
Q3-23	63.12	63.12	0	Q3-23	79.67	79.67	0	Q3-23	86.32	86.32	0
Q4-23	96.50	96.50	0	Q4-23	113.61	113.61	0	Q4-23	157.24	157.24	0
Q1-24	109.18	107.99	+1.19								
W-23	102.80	102.80	0	W-23	109.52	109.52	0	W-23	142.87	142.87	0
S-24	81.07	81.07	0	S-24	98.08	97.54	+0.53	S-24	122.28	121.62	+0.66
W-24	94.82	94.82	0	W-24	105.63	105.63	0				
S-25	99.00	99.00	0	S-25	95.00	94.48	+0.52				

Gas System

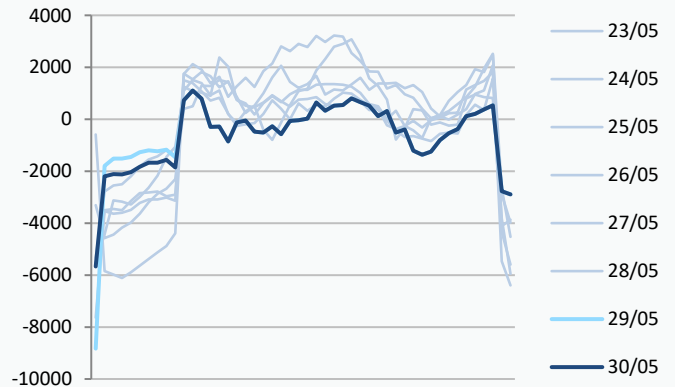
Current	-13.2mscmShort	UK Stor	9,639	
Demand	188.7	UK Stor %	51%	
SN Demand	155.0	5y Avg %	45%	
Total Terminal Flow	178.4	LNG Inv	10,559	
Norwegian	14.3	8%		
IUK	0.0	0%	EU Stor %	68%
Storage Total	4.6	3%	EU 5y Avg	50%
LNG	63.1	35%		



European Gas Storage



Power System Indicative Imbalance MW



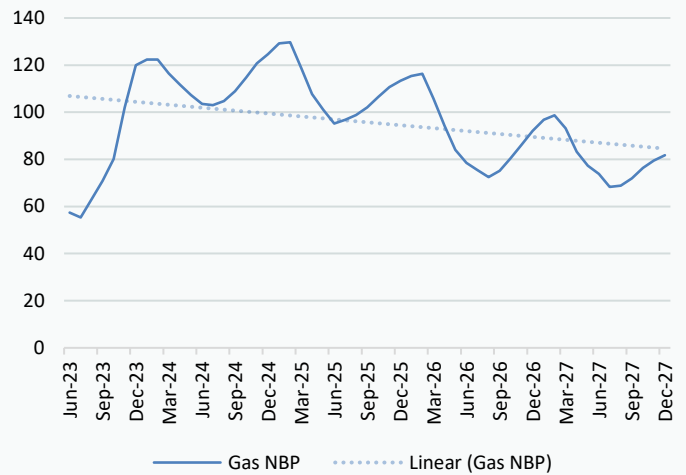
	Gas System Price (ppth)			N2EX Power DA £/MWh
	SAP	SBP	SSP	Baseload
30/05/23				70.70
29/05/23	61.28	62.74	59.83	66.86
28/05/23	61.28	62.74	59.83	64.75
27/05/23	62.54	63.99	61.08	60.39
26/05/23	58.29	59.74	56.00	72.52
25/05/23	61.61	63.07	60.15	73.98
24/05/23	66.13	67.59	64.67	74.72
23/05/23	67.26	68.71	65.80	74.16
22/05/23	64.51	65.96	63.05	75.29
21/05/23	64.47	65.92	63.00	75.26
20/05/23	66.85	68.31	65.39	75.81
19/05/23	63.99	65.44	58.25	82.74

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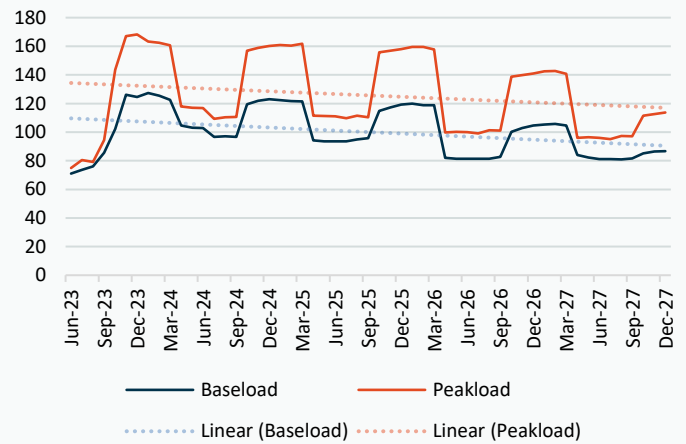
Monthly Pricing

26/05/2023	UK Baseload £/MWh	Peakload £/MWh	NBP Gas p/th
Jun-23	69.90	76.50	57.10
Jul-23	73.00	80.10	55.10
Aug-23	78.00	82.00	63.14
Sep-23	88.30	97.20	71.40
Oct-23	97.36	140.27	77.37
Nov-23	123.30	167.70	102.31
Dec-23	120.50	164.10	110.00
Jan-24	100.00	114.10	106.20
Feb-24	122.25	160.90	123.25
Mar-24	95.00	112.10	99.00
Apr-24	118.00	157.70	109.40
May-24	87.30	105.80	76.60
Jun-24	102.70	139.80	88.30
Jul-24	87.40	102.90	68.60
Aug-24	94.40	112.50	80.60
Sep-24	99.50	116.50	63.50
Oct-24	111.00	127.00	78.00
Nov-24	123.52	161.50	122.59
Dec-24	125.86	165.03	125.73
Jan-25	77.47	165.21	63.00
Feb-25	73.46	163.70	60.42
Mar-25	119.96	157.57	116.73
Apr-25	97.12	115.39	106.31
May-25	95.12	114.04	99.84
Jun-25	94.52	113.48	94.22
Jul-25	93.41	109.35	95.63
Aug-25	94.20	109.90	97.59
Sep-25	95.72	110.54	100.56
Oct-25	111.81	149.43	105.23
Nov-25	117.32	157.34	108.76
Dec-25	119.90	160.67	111.30
Jan-26	121.20	163.06	113.22
Feb-26	120.37	161.81	114.03
Mar-26	117.62	154.29	104.31
Apr-26	88.84	106.56	89.39
May-26	87.05	105.66	80.29
Jun-26	86.53	105.14	75.36
Jul-26	86.53	104.91	72.68
Aug-26	86.64	105.77	70.01
Sep-26	88.28	106.82	72.11
Oct-26	97.03	132.33	78.87
Nov-26	101.93	139.33	83.87
Dec-26	104.26	142.32	89.29
Jan-27	105.41	144.70	93.59
Feb-27	105.30	143.61	94.83
Mar-27	102.51	136.88	89.85
Apr-27	89.93	103.62	76.70
May-27	87.58	102.77	71.61
Jun-27	86.40	102.25	68.58
Jul-27	86.40	102.01	63.79
Aug-27	86.43	102.89	64.33
Sep-27	87.74	103.90	66.81

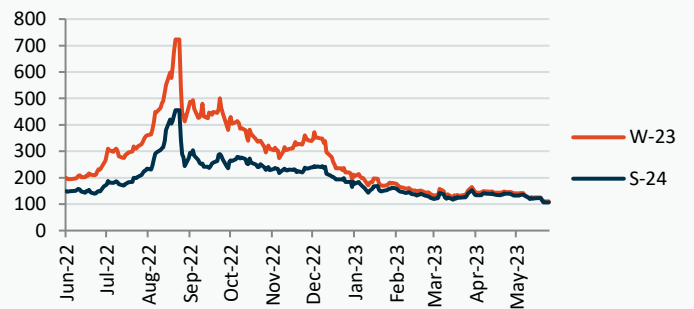
NBP Gas Curve



UK Power Curve



Gas Season Price History



Power Baseload Season Price History



