



IndigoSwan

energy enthusiasts

Mini Energy Report

13th of September 2022



▶ *Written by Lee Hart, Head of Knowhow*

Energy Overview

Headlines:

- ✓ Gas and Electricity Wholesale prices have eased over the last month.
- ✓ EU Gas Storage levels are an improved 84% full.
- ✓ Nord Stream 1 has closed for the foreseeable future.

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

Costs for the remainder of 2022 and the first quarter of 2023 are very high. Although 2023 and 2024 show better value, there is still a considerable premium, but does provide an opportunity to contract longer and reduce the shorter term % increases. Some energy suppliers are being very selective as to which contracts they will provide offers for.

Despite Nord Stream 1 remaining offline for the foreseeable future, EU Gas Storage levels have increased to 84% full, against an initial target of 80% by November. Government interventions across Europe to cap prices and a natural reduction of Gas consumption due to high costs, have provided an element of relief. LNG deliveries continue to arrive as demand from China is dampened by lockdowns to tackle COVID infections. The US Freeport LNG facility is due back online in November to provide additional shipments.

The use of Gas for generation has decreased slightly so far in September, at 48% from 50% in August, with Wind's contribution increasing to 18%. We continue to export large volumes of Electricity to the continent via the Interconnectors to help them with their supply issues. Some are the result of the dry spells through the summer, but also a large number of French Nuclear reactors are offline due to safety concerns. There are plans to utilise more Coal generation this winter in the event of tight supply margins.

Gas and Electricity prices remain extremely volatile. Price direction will likely be led by Russia, meaning there is a great deal of uncertainty which way they will go. Therefore, we would advise looking at your options for contracts ending in 2022 and having conversations with your contact at Indigo Swan about your specific requirements.

