



NEW STREAM
RENEWABLES

Market Report

Jan 2020



Oil over \$70 a barrel in London.



EUA carbon for December settlement is trading at around 24.55 € / tonne.



Base load Summer 2020 power trading at £40.50 / M Wh winter 2020 at £49.75/M Wh.

Market Overview

Middle East tensions are still the main focus with crude oil hitting highs of \$70 a barrel in London for the first time since September yesterday.

However, prices have pulled back this morning as traders took stock of the fact that there hasn't been any supply disruption yet.

"Prices haven't hit these levels since the attack on Saudi Arabia's production facilities in September. That briefly halted around 5% of global output and the market seems to be pricing in some real risk now. Obviously prices have a come off a bit since yesterday as we haven't seen any supply losses but let's see what happens over the next couple of days" said Gareth Goodall, head of trading at New Stream.

NBP Gas

Curve gas contracts are trading lower this morning after a sell off post spike yesterday on middle-east situation.

Gas for summer 2020 delivery is trading slightly below yesterdays close around 31 pence per therm. Winter is also off but in thin trade.

On the prompt market gas day ahead is trading in the 28.5 to 29.5 pence per therm range. Norwegian flows are strong at around 10 MCM higher than last week with the Langeled at circa 50 MCM.

LNG imports are also looking strong with ten LNG cargoes expected to land this month.

"Oil is still an important reference for some long-term NBP gas contracts hence relevance for UK power and gas market and pricing" he went on to say.

On the futures market forward oil contracts were off slightly with the focus on the U.S. State Department warning of a "heightened risk" of missile attacks near military bases and energy facilities in Saudi Arabia.

Trump reiterated threats of retaliation should Iran "do anything" and vowed heavy sanctions against Iraq if American troops are forced to leave the country.

Stocks were flat this morning after their losses yesterday and gold is at highest in more than six years.

UK Power

The UK power market is again taking its lead from NBP gas and the broader commodity complex.

Gas for power demand is around 32 MCM.

On the generation side wind is providing around 14GW of electricity, gas CCGT generation 11GW and nuclear 7GW.

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New Stream View

New Stream still remain wary of potential downside risk on the back of strong gas supply and weak demand. However, oil (rather than carbon) represents a potential upside shock but impossible to assign a probability to that.

We still advocate fixing short term PPAs to protect against downside risk.

Providing renewable generators PPA and route to market power trading advice since 2008.

New Stream View

New Stream continues to work with a number of buyers and sellers to match volumes for technology / site specific demand.

Other News..

Ofgem has fined power companies £10.5m following the blackout of 9th August 2019.

An investigation launched by the regulator in the wake of the blackout caused by a significant loss of generation at two generators in particular and its resultant effects on the system has found that both Orsted's Hornsea

One offshore wind farm and RWE's Little Barford CCGT failed to remain connected to the system following a lightning strike.

REGO's

With a clear result in the UK General Election and greater clarity as to the UK's direction of travel in relation to Europe, we have seen a number of buyers now re-enter the REGO market.

Deep Green certificates continue to trade at a premium and the differential has widened REGO values relative to EU GoOs still key.

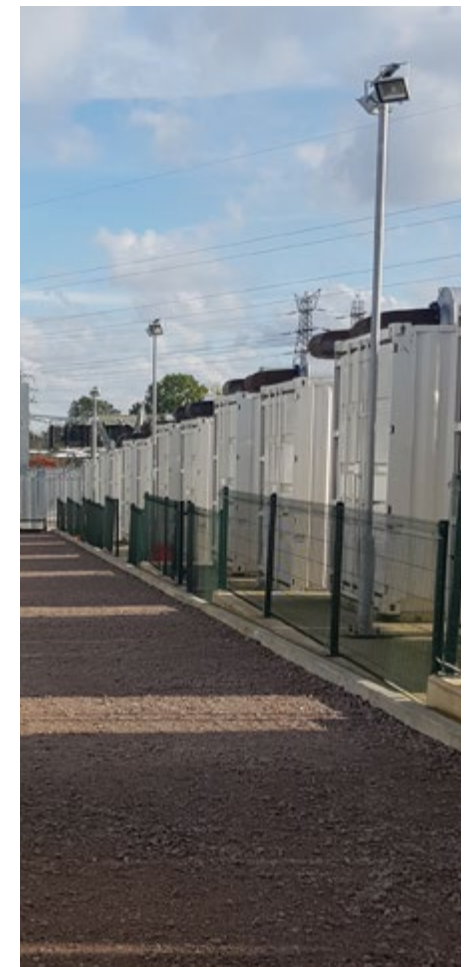
New Stream see spread the of "deep green" certificate value increasing.

For CP18 there is demand from suppliers FMD but there is now a clear premium for 'Deep Green'

REGO technology (e.g. not Biomass..) from business and public organisations for offsetting purposes.

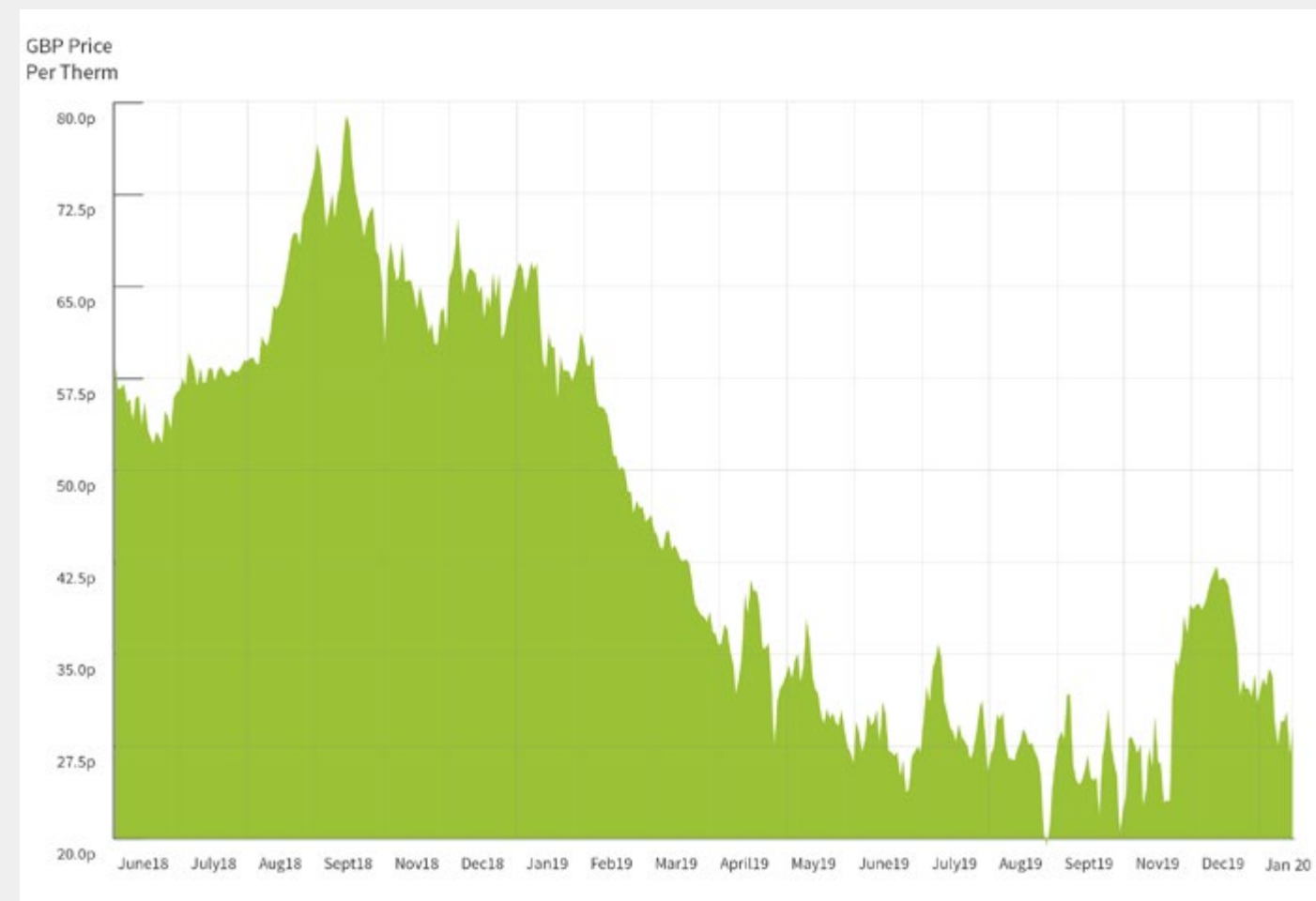
"Traders are continuing to look to continental Europe for buying interest. We have obviously had a wait and see approach from some as we moved through the Brexit election and into the new year so it will be interesting to see how things pick up from here" said Charlie Ward, head of renewables at New Stream.

New Stream continue to support our clients from a market access perspective, risk management and green / carbon "compliance".



UK Market Summary

Gas Price Trends



UK Power Season Ahead





Our Approach...

In today's volatile energy markets pro-active placement of the PPA is a fundamental part of maximising the value of the return on your asset.

The New Stream Renewables team has over 20 years of experience in working with developers, farmers, landowners, commercial (from private pension funds to listed funds) and the public sector to bring electricity to market.

Work with you on preferred PPA structure and term.

- Ensure "Bankability"
- Report to you on current market pricing and sentiment.
- Analyse Embedded Benefits and maximise Green Certificates ROC, REGOs etc (if applicable).
- Consider Volumetric Risk (Nominations, Imbalance coverage, technology risk)
- Create competitive tension on process and negotiate on your behalf.
- Provide credit analysis on potential buyers.
- Provide ongoing support and market updates.

What our clients say about us...

"It was refreshing to work with Charlie and the team at New Stream to secure a long-term PPA agreement. It was not without its challenges and the structure of our final agreement was quite complex. We got there and the PPA now means we can secure the long-term revenues which will ensure commercial viability of the project."

"Entering any new market is challenging and New Stream's support in understanding the landscape in southern Europe, market risks and key PPA players has been vital."

"We have been working with New Stream since 2011 and their highly efficient PPA route to market team means we can focus on our core development business. UK energy markets are fast moving and having someone we can partner with who has the experience, skills and market access has been key."

"In the pre-commissioning stages of our solar project New Stream played a key role in validating the assumptions around PPAs and renewable power income. We went on to work with New Stream to tender our solar PPA into the wider market. Jamie Banks was key to creating competitive tension in that process and enhancing PPA income value for us. Well done!"



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New Stream Renewables are a specialist consulting and support services group operating across renewable energy markets and technologies.