



NEW STREAM
RENEWABLES

New Stream Insight :
67 days, 22 hours and 55 minutes.

Britain's Record-breaking Run Without Any Coal-fired Power Stations Operating Has Come To an End After 67 Days, 22 Hours and 55 Minutes.

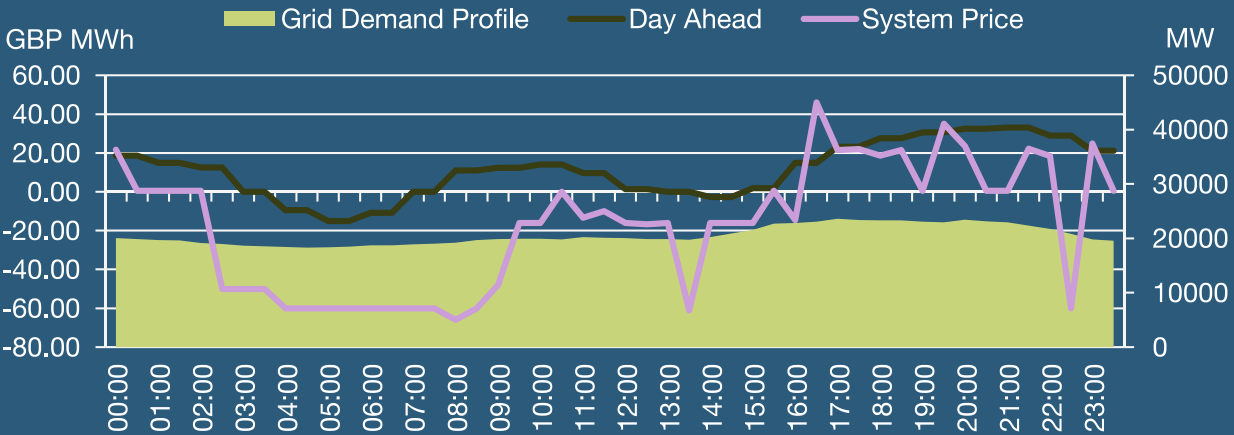
“It was only back in 2017 that we recorded the first 24hrs without coal generation which started in 1882. What an incredible run we have had with over 67 days without coal on the grid. This clean run was only ended because of some testing that Drax had to do. The challenge we now have is managing the loss in flexibility”



Jamie Banks,
PPA Manager at New Stream Renewables.

UK Price Volatility Is Certainly Playing Out In The Market.

Time HH	SYS	DA	Time HH	SYS	DA	Time HH	SYS	DA
[01] : 00:00	21.72	18.56	[17] : 08:00	-65.94	10.94	[33] : 16:00	-14.57	14.92
[02] : 00:30	0.50	18.56	[18] : 08:30	-60.00	10.94	[34] : 16:30	46.00	14.92
[03] : 01:00	0.50	14.88	[19] : 09:00	-47.97	12.40	[35] : 17:00	21.50	23.16
[04] : 01:30	0.50	14.88	[20] : 09:30	-16.00	12.40	[36] : 17:30	22.01	23.16
[05] : 02:00	0.50	12.50	[21] : 10:00	-16.00	14.04	[37] : 18:00	18.58	27.59
[06] : 02:30	-50.00	12.50	[22] : 10:30	0.05	14.04	[38] : 18:30	21.47	27.59
[07] : 03:00	-50.00	0.00	[23] : 11:00	-13.39	9.64	[39] : 19:00	0.50	30.57
[08] : 03:30	-50.00	0.00	[24] : 11:30	-9.90	9.64	[40] : 19:30	35.00	30.57
[09] : 04:00	-60.00	-9.50	[25] : 12:00	-16.00	1.32	[41] : 20:00	23.54	32.44
[10] : 04:30	-60.00	-9.50	[26] : 12:30	-16.76	1.32	[42] : 20:30	0.50	32.44
[11] : 05:00	-60.00	-15.06	[27] : 13:00	-16.00	0.00	[43] : 21:00	0.50	33.08
[12] : 05:30	-60.00	-15.06	[28] : 13:30	-61.00	0.00	[44] : 21:30	22.24	33.08
[13] : 06:00	-60.00	-10.90	[29] : 14:00	-16.00	-2.67	[45] : 22:00	18.46	28.85
[14] : 06:30	-60.00	-10.90	[30] : 14:30	-16.00	-2.67	[46] : 22:30	-60.00	28.85
[15] : 07:00	-60.00	-0.03	[31] : 15:00	-16.00	1.94	[47] : 23:00	24.86	21.14
[16] : 07:30	-60.00	-0.03	[32] : 15:30	0.50	1.94	[48] : 23:30	0.50	21.14



“We saw negative pricing on Sunday morning on strong wind performance and then back to fifty pounds by the evening. Price volatility playing out in the market again. It was interesting to see that impact flow through to the Monday as low auction pricing meant that generation didn’t run so the system was short. We then had to dispatch the smaller flexible gas assets to help fill that gap.”



Paul Sanders,
Head of Flexible Generation at New Stream.

Despite some bounce off the lows, New Stream still advocate fixing PPAs to protect against further potential downside risk rather than adopting a “wait and see approach.”

- National Grid said that solar power had provided a record high of 11.5 per cent of electricity generation in May.
- To put this into context: Gas is providing 30% and Nuclear 20%.
- As recently as 2014 Coal generation was supplying over 30% of the UK’s power requirement.
- No coal-fired power plants were used during the entire month of May.
- The run of coal free generation lasted **67 days, 22 hours and 55 minutes.**
- The run ended as Drax Group confirmed that it had fired up one of the coal fired units to carry out tests after maintenance.

- Negative pricing on the back of strong wind performance on Sunday 28th June.
- Pricing at negative £50MWh to negative £66MWh.
- Negative system power pricing through to 10am on Sunday bouncing back to positive £50MWh by late afternoon.
- The energy transition is playing out in-front of us.
- Flexibility to help us manage this new system will be key.



DID YOU KNOW?

“PPAs are not standardised and each transaction requires a customised solution. New Stream have been delivering those PPA solutions for over 10 years now.”

New Stream PPA and Trading Strategy

PPA Outlook : UK Power market showing some signs of recovery.

New Stream PPA Fundamentals Summary :

- New Stream see potential price support from broader economic “bounce.”
- Sentiment around potential “V shape” recovery post Covid and price action in broader commodity markets will be key.
- New Stream continue to caution the supply demand fundamentals as we move through summer and Q4 with some possible downside risk.
- We have continued to see a decrease of LNG imports to Europe due to global gas pricing.

PPA Recommendation : Short term PPA fixes to protect against downside demand risk whilst monitoring exit from UK lockdown.

“We are still working with clients to put in place short term PPA fixes of 6 to 12 months but also ensuring we have flexibility to re-contract on a forward looking basis if market turns strongly upwards.. As always every client has slightly different requirements so we work with them on a bespoke basis to find the best PPA solution.”

Jamie Banks, PPA Manager at New Stream Renewables.

UK Power Chart : Off The Lows





New Stream Green Markets

Charles Ward head of PPAs and Green Certificates at New Stream discussed recent market pricing and fundamentals:

REGO

“Although suppliers are soon required to submit their fuel mix disclosures for the period April 19-April 20, we have seen limited demand for Deep Green certificates (solar, wind , hydro). Buyers for biomass certificates are now pretty much non existent.”

Vattenfall puts plan to build large Biomass Power Plant on hold

“We have obviously seen that Vattenfall has decided to postpone plans to build the Netherlands’ biggest biomass plant because of the ongoing discussion about how green biomass actually is. The CEO of Vattenfall is being quoted as questioning the model, how green it really is, where the supply of chip is coming from and if there will be Dutch government support. Corporate and compliance focused buyers of REGOs have picked up on this and are acting accordingly.”

REGO pricing has been considerably lower that this time a year ago.

Drivers of this are the current pandemic, sharp fall in power demand in March and high load factors from renewables.

For the current compliance period the market is still in price discovery mode.

Ongoing impact on power demand is yet unknown.

ROCs

Forecasts for CP18 are at £54.65, including a recycle value of £5.87.

“For CP19, the picture is slightly blurred due to the C-19 impact on power demand. For modelling / budgeting purposes, we would use a recycle value of £2.50/ROC. However, this may be impacted still further.” Ward said

Green Gas

“On the Green Gas front, we have seen reignited interest from European buyers for both waste and crop based certs. Auditability / traceability together with ability to access the European register is key to attracting premium prices. A number of UK based suppliers are now looking to offer a “green gas” product which will drive domestic demand.”

- Currently we are seeing crop based certificates (without carbon capture) trading at a £1.50-2.50 discount to waste.
- Waste certs have recently traded in the £7.50-8.50 levels.

OUR PPA APPROACH

“Our view is that PPAs can’t typically be standardised and put on an auction platform. Or if they are, then there is a risk of either undervaluing the renewable price or ending up with a PPA structure that doesn’t work for the company or individual.”

In Other News....



In Poland....

In Poland, which currently relies on coal for more than 70% of its electricity generation, the government are finalising their 2040 energy policy that will create extensive opportunities for renewable developers.

Poland will increase its renewable power capacity by 65% from 2019 to 2024.

The government’s shift comes as the European Commission proposes to link 750-billion-euro of economic support to climate goals.



In Scotland...

Scotland is seeking proposals to install turbines off the coast in a process that is looking for up to £8 billion of investment.

The ScotWind program may eventually lead to offshore wind farms with enough capacity to power every Scottish household, according to a statement Wednesday from Crown Estate Scotland.



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