



NEW STREAM
RENEWABLES

New Stream Insight :

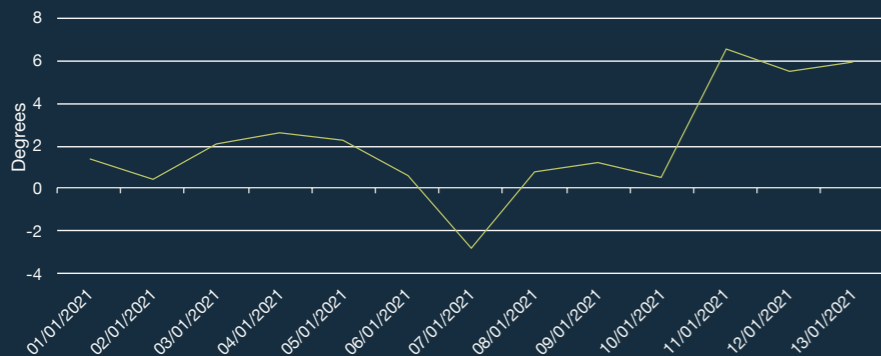
2021: Cold Weather Drives
UK Power Prices Higher

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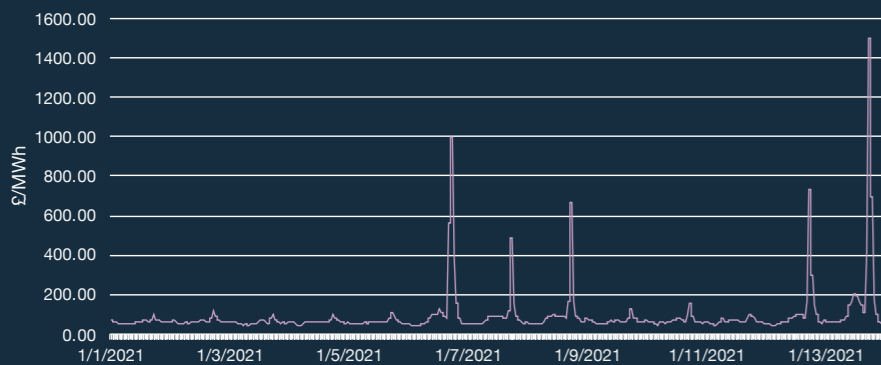
Commentary from Adam Green, Operations Manager at New Stream

UK Average Temperature °c



We have seen margins tighten with renewable output low on wind, this results in the need to run the more expensive thermal plants to increase supply. Which in turn has pushed up prices on the day-ahead and intraday power markets. With the cold weather forecast adding further risk premium to pricing.

N2EX Day Ahead Auction Price



Gas is again supporting UK power pricing. If you look at the weather models it is uncertain how long the cold spell will last and it depends on a number of factors but we could see a return to cold in the coming days and some forecasts show that cold hanging around month end and into Feb. The move up in pricing on Tuesday was extreme though effectively pricing in cold for the whole of February. We flagged this as a fixing opportunity for our PPA clients.

“In the medium term we see strength in broader commodities and potential inflationary risks continuing to support markets. Oil, carbon and coal are all strong. LNG prices have gone bonkers.”



Charlie Ward,
Head of Renewables



LNG (Liquified Natural Gas) Prices Surge

The combination of a severe cold snap in Asia, supply (liquefaction) outages and freight issues have spiked spot prices for LNG to historic highs.

1. North Asia LNG pricing surged into the \$30 + range.
2. Increased power-generation demand in Asia as countries seeking to transition from coal.

“We heard of a Total-Trafigura deal done at \$40.00 making that around £3 per therm. Then you look at the Henry Hub (US benchmark) at \$2.70, it just puts that level into context”. Ward said.

1. South Korea, China and India were all in the market as buyers of February delivery shipments on higher-than-expected demand.
2. LNG traded on a spot basis is a relatively small part of the overall market because of long term supply contracts and destination clauses.

European Energy Markets Are Also Tight

German power hit 2-year high last week.

“Low availability from EDF’s nuclear fleet on the back of maintenance will mean less or more expensive power flowing from France to its neighbours.” added Charles Ward.

France has a much higher level of electric heating demand (limited gas supplies) than most other European nations and demand is more sensitive to cold weather.

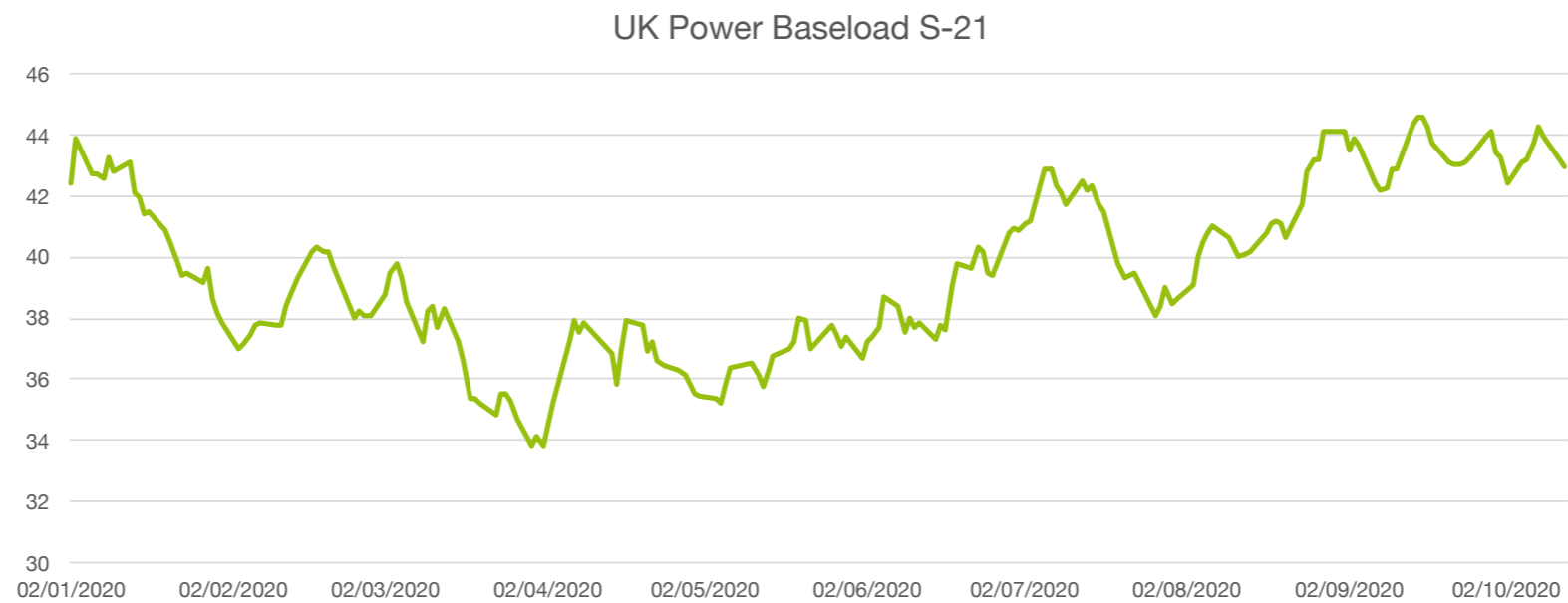
“We see this a great fixing opportunity for PPA and green gas clients. Always difficult to call the top of any market and price volatility has made things challenging but we see real value here.”

Nice to have such a positive start to 2021 for renewable generators. The cold weather and demand side picture is again the key driver. We are keeping our PPA and GPA clients with upcoming renewals updated in order to try and time best fixing.”

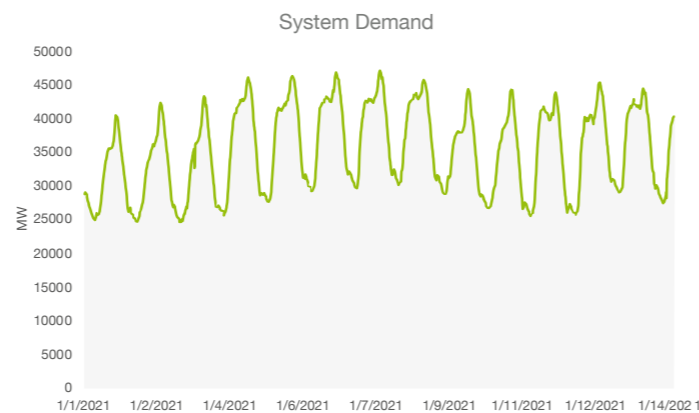


Jamie Banks, PPA Manager at New Stream Renewables

PPA view



- UK gas pushing power higher.
- Domestic heating demand and colder weather increasing demand.
- The broader commodity market and carbon are being supported by positive vaccine news when we look at the 12 month + time horizon.
- Lower wind speeds continue to support spot gas and power markets.
- LNG pricing is a key driver.
- Demand forecast remain robust in the face of renewed pan European lockdowns.
- French nuclear generation issues that could have implication across European energy markets including the UK.
- Market priced risk premium for potential shocks as move through winter.



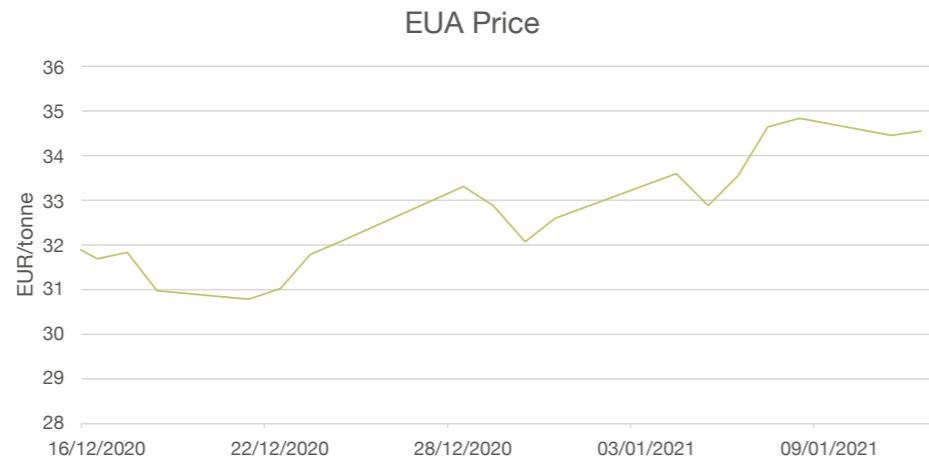
New Stream Summary PPA Recommendation :

New Stream are flagging market strength to both renewable power generators and green gas exporters as a fixing opportunity.

New Stream are monitoring the market closely, running our analysis and making recommendations to clients.

As always every client has slightly different requirements so we work with them on a bespoke basis to find the best PPA solution.

Carbon **EUA Pricing**



- EUA prices climbed to fresh 2021 and all-time highs at just below €35.
- Possible consolidation and some profit taking after big move up.
- In the short-term, downside looks limited though.
- Carbon EUA traded up through €29.
- Prices rallied as they tracked a sharp move up in wider financial markets and bullish sentiment across European energy markets.
- EUAs have also caught a bit of a tailwind after the election of Joe Biden, who seems set to prioritise climate change policy in his new administration.

2020 ENERGY HIGHLIGHTS

DEC 25th

First ever coal free Christmas Day electricity production

Dec 18

Highest ever level of wind power (17.2GW)

Aug 26

Highest ever share of wind power (59.9%)

May 30

Highest ever share of solar power (34%)

May 24

Lowest ever carbon intensity (46 gCO₂/kWh)

May

Greenest month on record (143 gCO₂/kWh)

Apr 20

Highest ever level of solar power (9.7GW)

Apr 10 - Jun 16

Longest ever GB coal-free period

Total coal-free hours: 5,147 hours

New Stream Client Dashboard

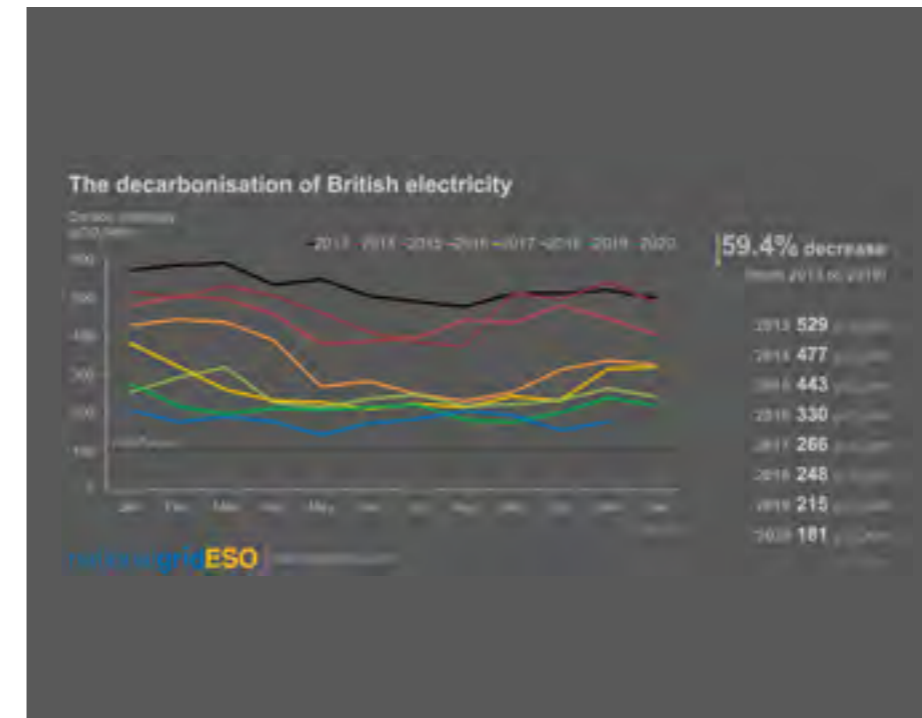


You can view more market data and live PPA and GPA pricing via our online client dashboard.

www.newstreamrenewables.com

If you would like to request access to this tool please email francesca.reay@newstreamrenewables.com

In Other News



Low Carbon 2021

Britain's power generation industry is headed for its greenest year yet as more renewable capacity is added and coal plants are needed less often.

The carbon intensity is a measure of the environmental impact of generating electricity - has dropped 60% in the U.K. in the six years to 2019 and is on track to reach another low this year, according to data from National Grid Plc.



France Plans Huge Solar Plant to Match Capacity of One of their Nuclear Reactors

The giant solar power plant in a pine forest near Bordeaux has attracted opposition from environmentalists.

Plans to install the 1GW plant, which will be the biggest in Europe.



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Since 2008 we have been involved in over 5GW of PPA power sales and route to market trading for a wide range of clients including institutional funds, private estates and local authorities.