

## CLIENT DASHBOARD

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# New Stream Market Price Assessments

NEW STREAM  
RENEWABLES

24/08/2022

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## European Gas Prices Pull Back from Highs

*"It's a bit of a perfect storm when you look at the demand side, which is extremely high for summer.*

*This period of hot and dry weather has led to high air-conditioning use and low hydro and nuclear output as European river levels are so low."*

**Francesca Reay |**  
**Energy Market Analyst at New Stream**

- Benchmark futures retreat after spiking prices on Monday.
- Soaring costs heap pressure on politicians to resolve the crisis.
- NBP and TTF gas prices moved lower amid further signs that soaring energy costs are crippling economic output.
- Germany is highly dependent on Russian gas to power industry and household heaters and, as a result, is particularly exposed to the crisis.

## Russian Gas Flow Update

- Gazprom PJSC said it would halt flows on the Nord Stream pipeline to Germany for three days of maintenance starting August 31<sup>st</sup>.
- Tight gas supply across all markets.
- Lack of clarity on Gazprom flows going forward.

## Natural Gas Prices in the US Drop as LNG Export Terminal Delays Restart

- The Freeport liquefied natural gas terminal in Texas will begin initial production in early to mid-November
- US Nymex Gas Futures down as much as 7%
- The announcement means more gas will become available for storage
- Delay may reduce the link between US and European prices.

- The US sent 75% of its LNG to Europe in the first four months of this year.
- NBP and TTF gas pricing has been around eight times the price of US Nymex gas.
  - This has created a significant arbitrage opportunity for American suppliers who have maximised exports.

*“Before Tuesday’s Freeport announcement, US gas had traded up on the back of the pricing we have seen at TTF and at the NBP.*

*We heard the terminal would restart as soon as October, which would help us here in Europe. But it looks like it is more likely November.*

*This will weigh heavy on US natural gas prices as they go into winter with full storage. It couldn’t be any more different in Europe.*

*The glimmer of hope on the supply side is that we will see a huge number of LNG cargo from US markets in Q4.”*

**Charles Ward |  
Head of Renewables at New Stream**



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## UK Power and PPAs:

- Contracting credible and commercially robust PPAs is more challenging than ever.
- Gas is still the main driver of PPAs and UK power.
- Price volatility returns at the front end of the curve.
- Generators are looking at current market strength as a PPA fixing opportunity on a relative value basis.
- Lower LNG and pipeline flows have moved UK pricing higher.
- On the spot market, higher wind generation has decreased with spot power pricing firming on the back of that.

*“What we are seeing across global energy markets, particularly on the gas side, is clearly impacting UK power and PPAs.*

*Contracting PPAs continues to be challenging with some big price spreads between PPA off-takers, and market timing is again important.*

*We also see some PPA counterparties taking a very conservative stance on new business and credit requirements. This stance has moved some generators out of the wait-and-see camp as they have been keen to contract PPAs while they can.”*

**Jamie Banks | PPA Manager at New Stream**

