

## CLIENT DASHBOARD

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# New Stream Market Price Assessments

NEW STREAM  
RENEWABLES

03/08/2022

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## European Gas Extends Gains

*“It will be no surprise that Russian supply risks and possible demand destruction are the main focus again. NBP and TTF moved higher at the start of the week as traders look for clarity on supplies from Gazprom and the pace of demand destruction in the region.”*

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

- Tight gas supply across all markets.
- Lack of clarity on Gazprom flows.
- Russia’s Gazprom reduced flows on the Nord Stream pipeline last week to about 20% of capacity.
- Russia is now supplying less than a third of normal volumes.



## European Energy Outlook

- European gas storage facilities are about 69% full.
- Germany and Austria revive coal power plants.
- The Le Havre floating LNG terminal will start from September 2023.
  - It will provide the equivalent of about 60% of Russian gas imports to France last year.
- In Germany, the utility Stadtwerke München has turned to oil-fired generation at two heating plants that were previously shut.
  - They have also postponed a planned conversion of a power plant to gas from coal.
- Italian oil major Eni is building a second LNG Platform off Mozambique to provide gas to Europe.

- EDF to curb Nuclear output.
- High river temperatures restrict EDF's ability to cool plants.
- France's nuclear reactors were operating at just 45% capacity at the start of the week.
- The Netherlands also removed any limits on power production from coal-fired plants to "ensure energy security".

*"Given the energy crisis, it's not surprising that we see some moves back to oil and coal in the short term. It's all about keeping the lights on in Germany."*

*European power producers have for years shifted away from burning fossil to cut emissions, but now they have to manage the gas situation, which is forcing their hand. Germany's gas-storage facilities are about 65% full, well short of the 95% target they set for 1<sup>st</sup> Nov."*

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

***"We see European energy markets impacting UK power and PPAs. We continue to see generators viewing recent moves up, as a fixing opportunity for longer-dated PPA contracts."***

***In short to medium term, price volatility will present opportunities and risks for PPA pricing and renewable generators."***

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

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**UK Power and PPAs:**

- 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, higher wind generation has decreased with spot power pricing firming on the back of that.

**Key Drivers:**

- Gas demand and Renewable weather forecasts.
- Carbon markets.
- Geopolitics and Russian gas flows.
- European storage levels.
- LNG supply.

**Carbon:**

- EUA's are currently trading around 83 €/t, with UKA's around 80 £/t.
- The EUA Carbon market has climbed 10% in the past week providing additional support to power prices.
- Increased hedging demand for coal and tight winter margin forecasts continue to influence price movements.

