

This is just a sample of the in-depth pricing information we upload every morning.



NEW STREAM
RENEWABLES

26/10/2022

New Stream PPA and GPA Market Analysis

CLICK HERE

To get your own access to the client dashboard please get in touch with [Tom](#)

European Gas Sell-Off Pauses

"Weather will be key now for gas and, ultimately, PPA pricing. It's delayed the heating season, and we continue to see high imports of liquefied natural gas on the supply side."

This unseasonable act has allowed even more gas to be injected into storage. But the test will be if or when the weather turns colder. If it stays relatively mild, we don't need to draw down the storage inventories."

Also, it will be interesting to see how people's behaviour and price sensitivity around putting on their domestic heating will play out on the demand side."

- Gas storage levels in the EU are currently at 92%.
- The sell-off has paused as key EU measures to contain the energy crisis were pushed back further.
- NBP and TTF gas prices had moved lower amid further signs that soaring energy costs are crippling economic output.
- On Tuesday, European Union energy ministers set another deadline of November 24th to agree to the deal's structure.
- Germany, which is highly dependent on Russian gas to power industry and household heaters, is particularly exposed to the crisis.

Charles Ward

Head of Renewables at New Stream

- Gas has sold down from the highs.
- NBP and TTF pricing is still headed for the most significant monthly decline this year.
- Heating demand is low on the back of above-seasonal average temperatures.

"If you look at gas prices, we are still about three times higher than normal for this time of year, which is putting pressure on the economy and inflation. But there has been a big sell-off this month."

Francesca Reay

Energy Market Analyst at New Stream



Low demand and high import volumes move LNG to Asia

- Plentiful LNG in the short-term market means some cargo is diverted to Asian markets.
- Asia LNG spot prices jumped above the European gas benchmark for the first time since June.
- Bearish price signal for European gas pricing.

"There is too much LNG in Europe and insufficient import terminal capacity.

That is putting huge pressure on spot prices across the key gas trading hubs and prompting traders to look to divert cargo to Asia if there is no destination clause in the contract."

Jamie Banks | PPA Manager at New Stream





UK Power and PPAs:

- Political turmoil and uncertainty around government intervention on renewables cap is impacting pricing and contracting.
- Contracting credible and commercially robust PPAs is more challenging than ever.
- Gas is still the main driver of PPAs and UK power.
- Strong Wind is putting pressure on spot and cash-out PPA structures.
- 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.
- We have seen most generators fix for 24 months and are now looking at 2025 fixings.

“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 has moved some generators out of the wait-and-see camp as they have been key to contracts PPAs while they can.”

Jamie Banks | PPA Manager at New Stream

