



IndigoSwan  
energy contract enthusiasts

# Monthly Mini Energy Report

*24th of August 2021*



▶ *Written by Lee Hart, Head of Knowhow*

# Energy Overview

## Headlines:

- ✓ Lower Gas and Electricity Wholesale prices.
- ✓ Wind has contributed an improved 16% of Electricity generation so far in August.
- ✓ Gas Storage levels have improved in recent weeks but are still low.

Since our last Energy Report, Gas and Electricity Wholesale prices are lower.

Wholesale costs for 2021 and early 2022 are still very high, with contracts starting later in 2022 and 2023 showing much better value. The main concern remains the availability of Gas Storage, which we may rely on this coming winter. Progress has been made, with levels currently 26% lower than 2020, compared to 60% at the start of the month. This and the news that we may see improved LNG shipments to the UK and deliveries of Gas into Europe from Russia, eased Gas prices late last week.

With Gas being the largest contributor to generation, Electricity prices have closely followed.

The price of Oil is unchanged at \$69 per barrel. Production increases by OPEC+ from August and new lockdowns which are impacting on Oil demand forecasts, have added downward price pressure. The US had also asked for additional Oil production from OPEC+, which was declined.

The Met Office forecast for the next two weeks suggests temperatures will be in the region of seasonal norm with slight winds. A stronger Wind contribution would allow for the easing of the use of Gas for generation.

We would advise looking at your contract options for 2021 starts and having conversations with your contact at Indigo Swan about your specific requirements. There is an opportunity to contract for two or three years to take advantage of the lower longer-term prices and dilute the impact of the higher short-term costs.

