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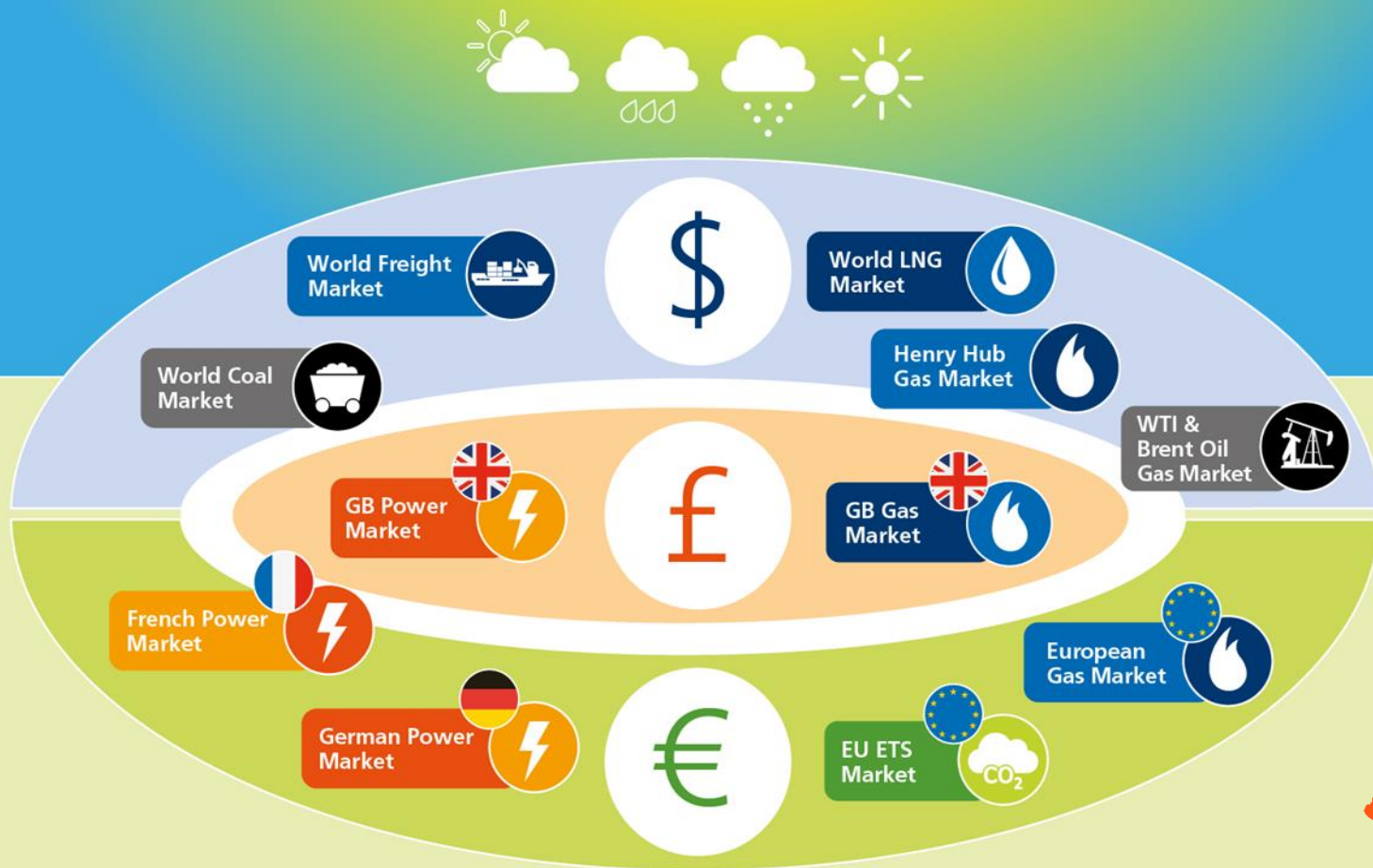
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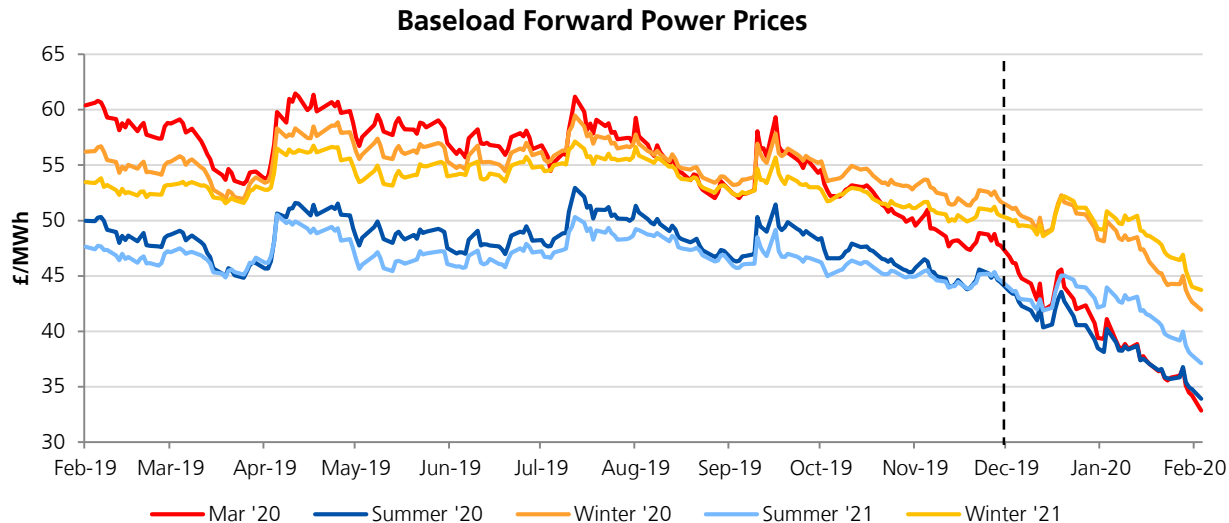
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What influences the wholesale energy price?



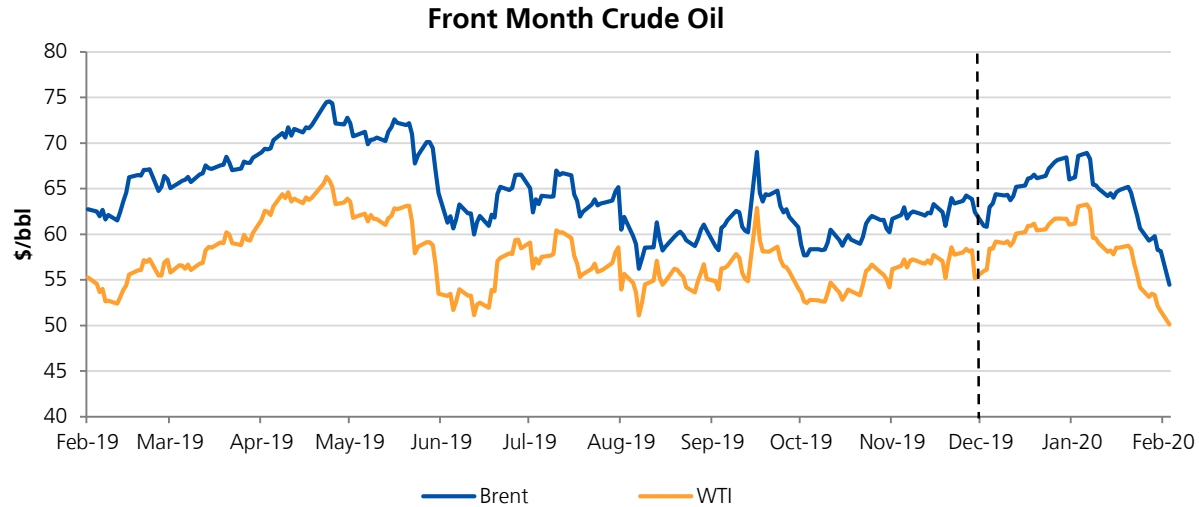
UK Baseload Power



**Summer 20:
-£10.53/MWh**

1 December – 3 February	Power Summer '20 (£/MWh)	Brent oil Front-month (\$/bbl)	Gas Summer '20 (p/th)	Carbon December '20 (€/t)
Absolute change	↓ -10.53	↓ -7.98	↓ -13.95	↓ -2.15
%	↓ -24%	↓ -13%	↓ -37%	↓ -8%

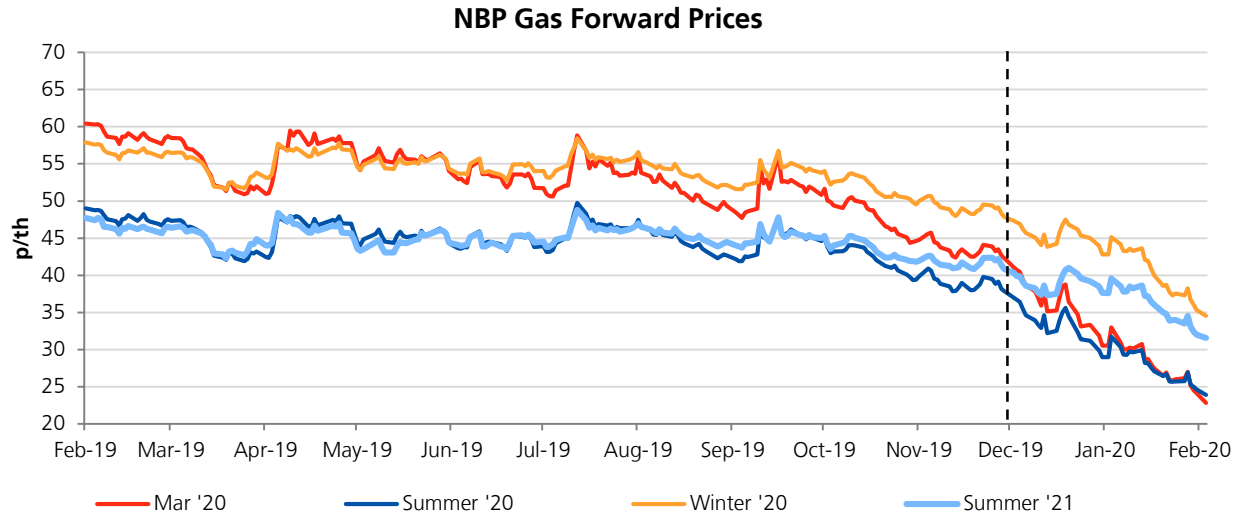
Crude Oil



**Brent Month+1:
-\$7.98/bbl**

- > Deeper supply cuts agreed by OPEC+ over Q1'20
- > Announcement of a phase 1 trade deal between the U.S. and China
- > Middle East tensions led to high volatility
 - > Global crude oil supply was threatened as an estimated 20% of total supply flows through the Strait of Hormuz
- > Economic growth and oil demand concerns following the outbreak of the Chinese coronavirus

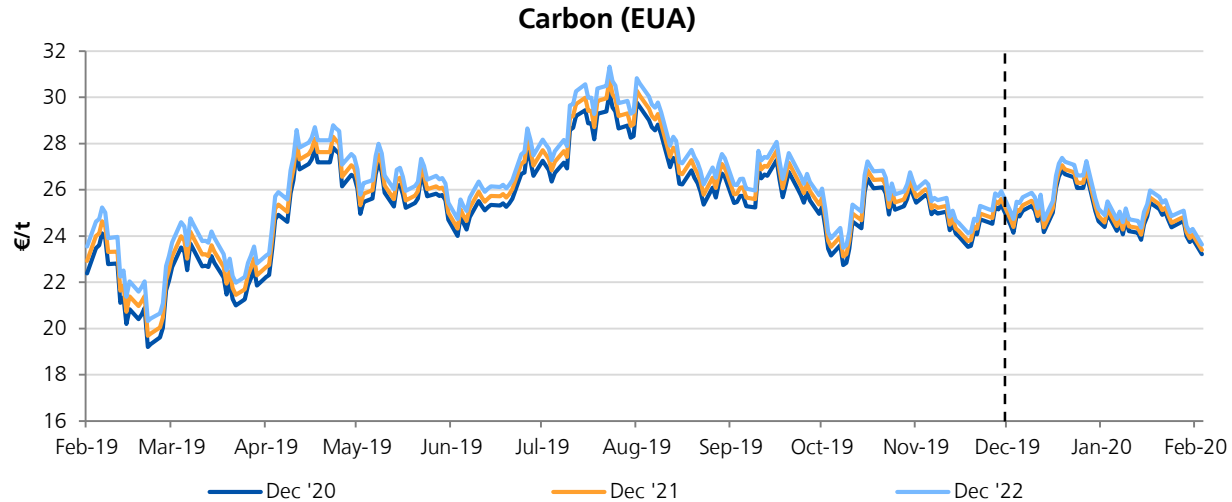
NBP Gas



**Summer 20:
-13.95p/th**

- > Russia-Ukraine gas transit talks were the major driver throughout last month
- > Mild temperatures and strong supply continue to heap pressure on the gas market
 - > LNG imports broke records again in December, with the UK receiving 29 vessels, totalling 2.8bcm
 - > Gas storage levels, both in the UK and on the continent, remain almost full as LNG imports have filled any excess gas requirements

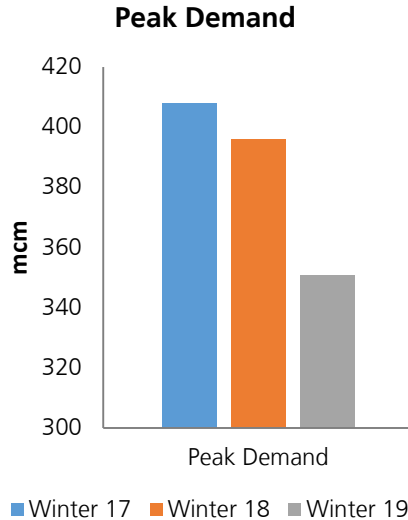
European Carbon



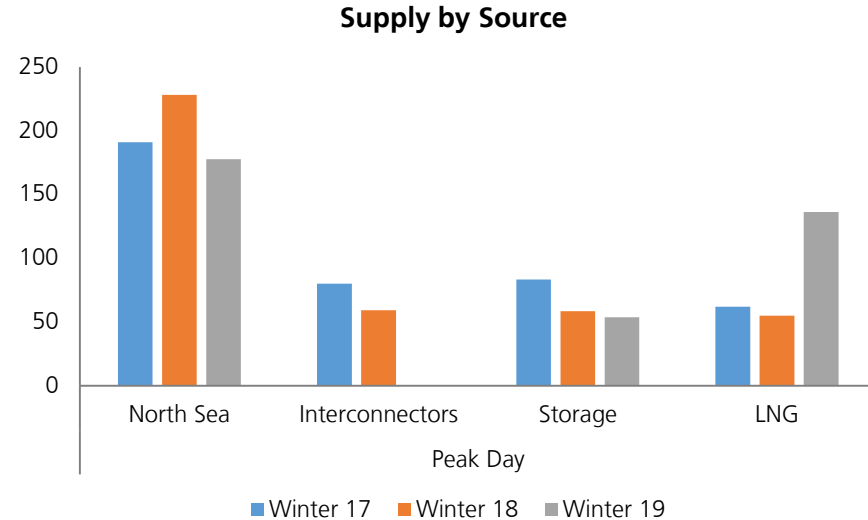
**Dec'20:
-€2.15/t**

- > A pause in auctions and outage extensions at several EDF nuclear reactors caused bullishness through December
- > German coal-phase out report further drove the market up
- > Continued mild temperatures and end of year profit taking led to a crash in prices near the end of the month
- > The potential return of backlog UK auction volumes over this year has also added some selling pressure

Winter in Review



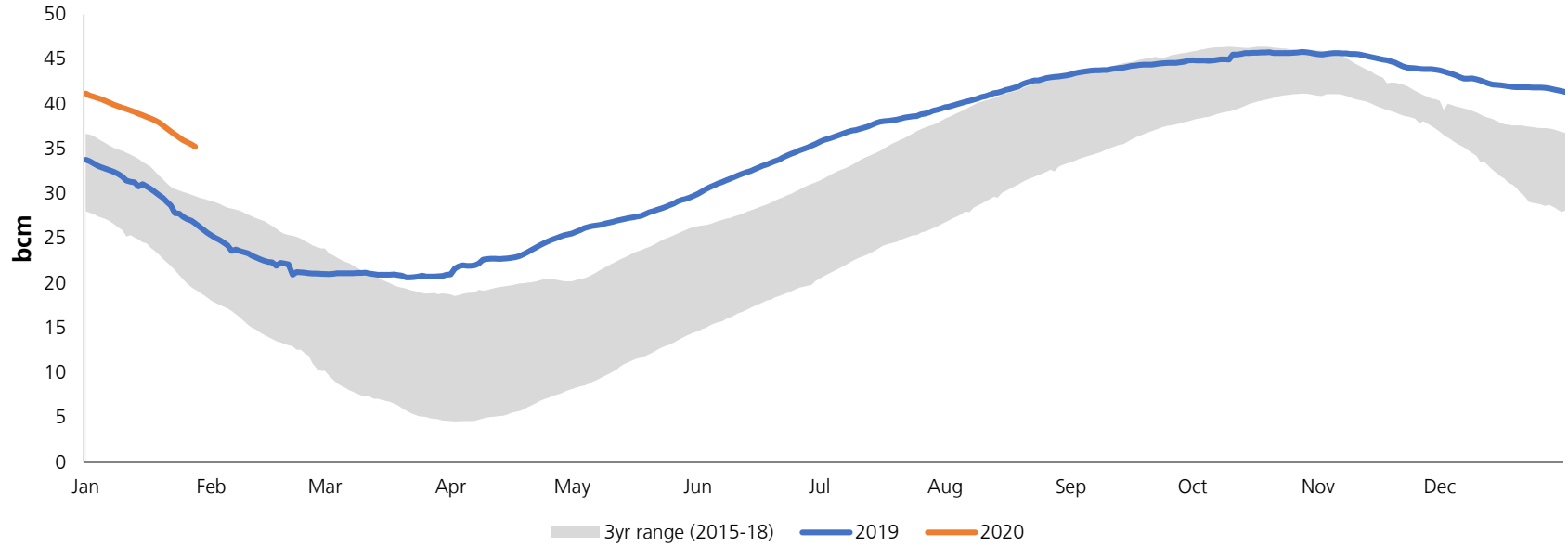
- > Mild temperatures this winter has led to a relatively low 'peak demand day'



- > Declining domestic production countered by increased flexible supply
- > No reliance on interconnector imports
- > Higher LNG send-outs this winter despite lower demand

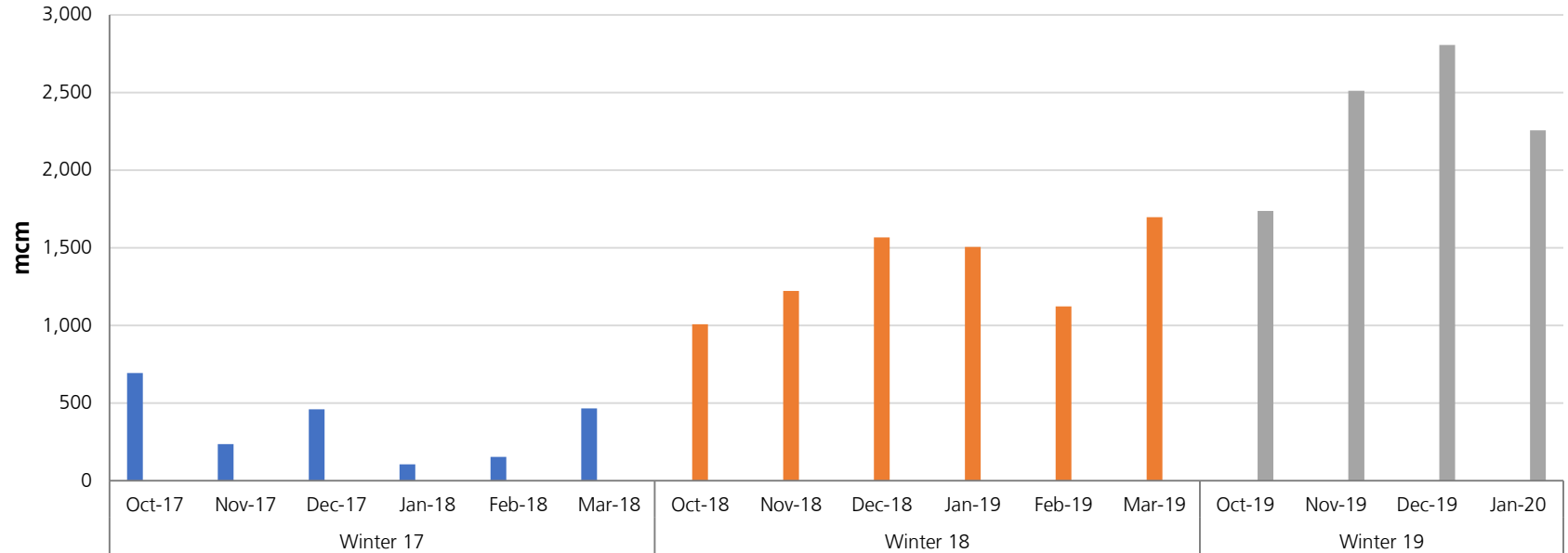
Winter in Review

Northwest European Storage Levels

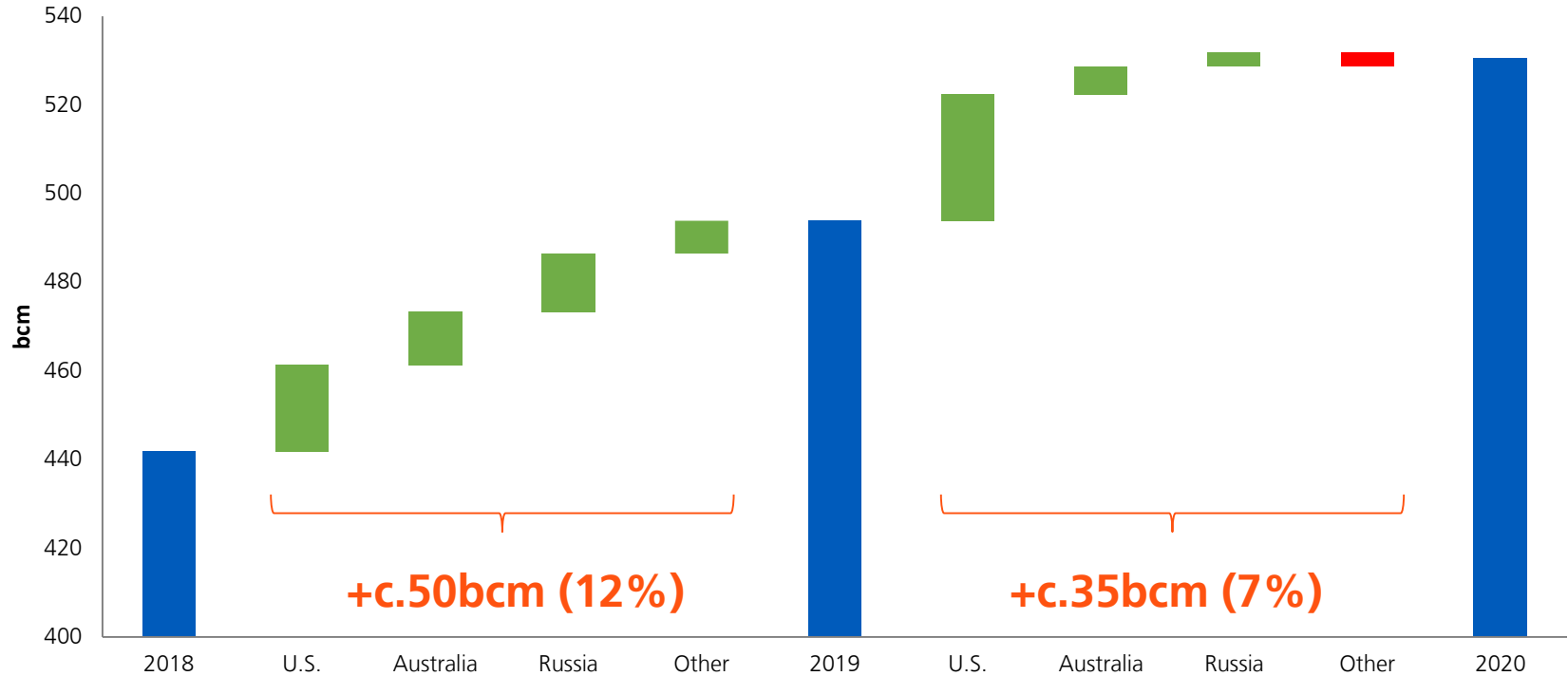


Winter in Review

UK LNG Imports



Global LNG supply capacity



Summary & Key Takeaways

- > Comfortable European gas market with strong LNG imports and high storage levels to keep pressure on prices, however uncertainty remains how the market will react in the new low price world.
- > Oil demand impact amid the Chinese coronavirus and future actions taken by OPEC will be key drivers in the global crude oil market.
- > UK government plans on the future of the CPS, extra carbon tax and EU ETS auction volumes continue to cause uncertainty in carbon and future dated power markets.

Questions?



Thanks for joining

E: letstalkpower@edfenergy.com

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