Monthly Energy Market Report

May 2023

5th June 2023

Market Context

Gas and power prices continued the downward trend through May with the high gas storage inventories contributing to the bearish market. Front Month prices reached lows not seen since summer '21, dropping below 2.5p/kWh for gas and 7p/kWh for electricity.

- May witnessed a continuation of strong LNG supply to Europe and sluggish Asian demand.
- Despite heavy Norwegian maintenance, prices remain subdued with ample supply to meet demand.
- Northwest Europe gas storage increased to over 65% this month creating confidence that the 90% target for November the 1st should be comfortably achievable.
- During May, winter and summer prices further down the curve diverged as the potential for weather impacts continue to have a strong bearing on winter prices.
- Electricity prices were helped with some rare good news from EDFs French nuclear fleet shortening the duration of several planned outages.

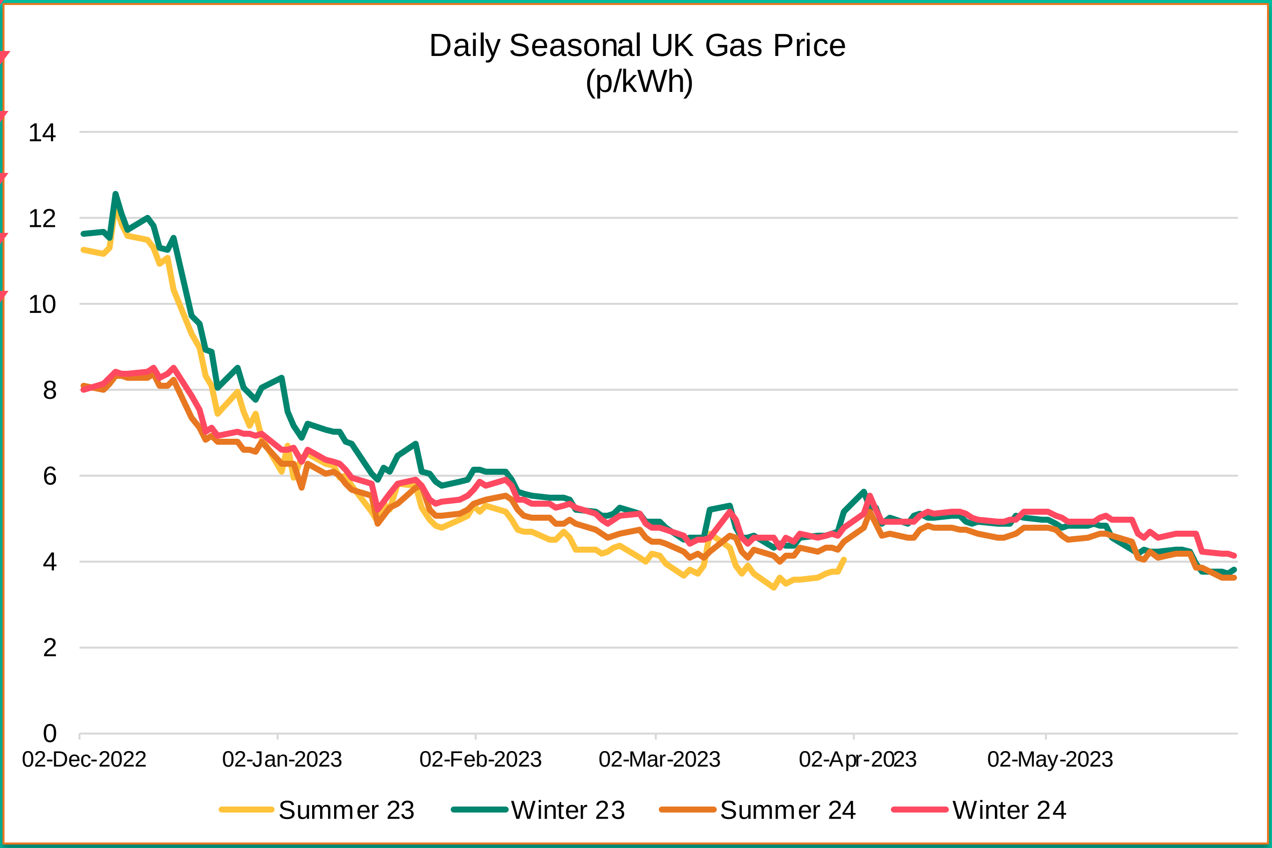
In other news

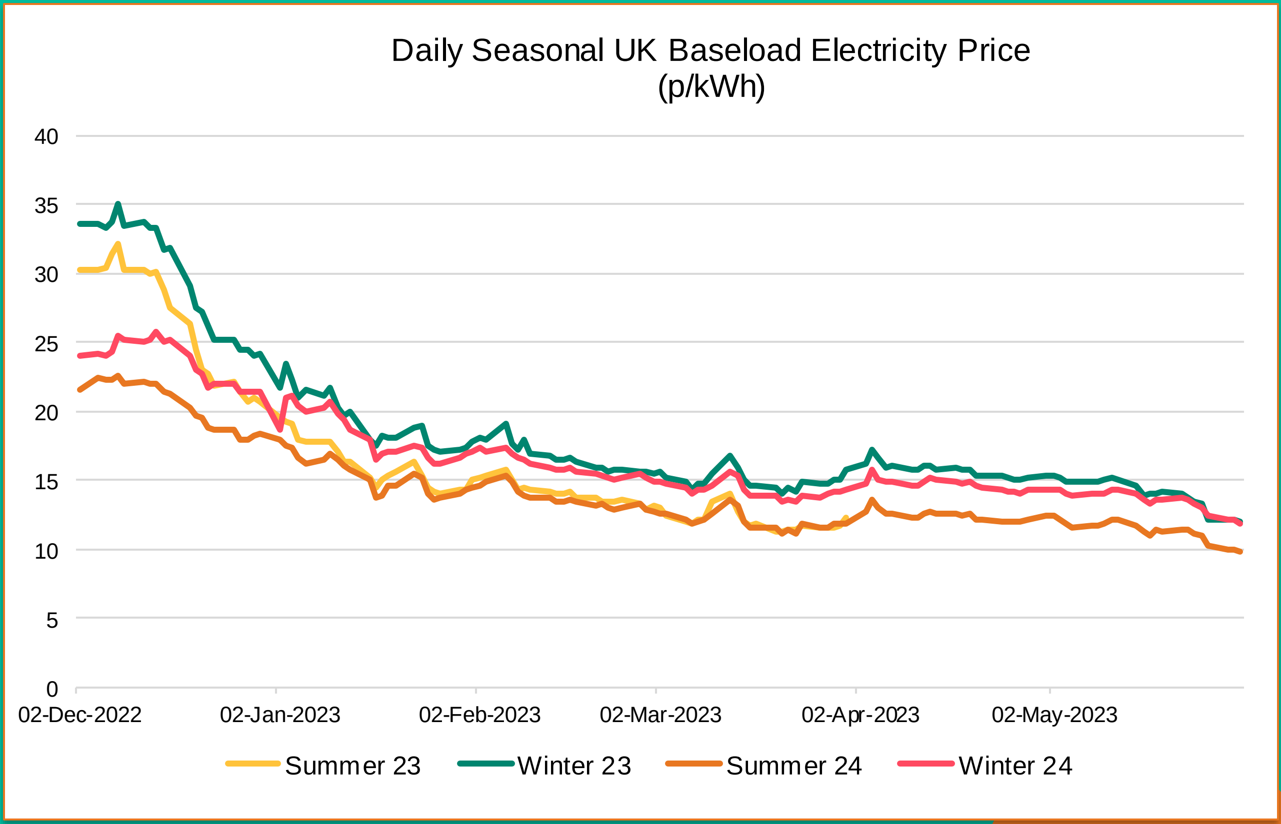
The latest domestic price cap was announced by Ofgem which shows a reduction for the first time in 18 months. The lower wholesale energy cost has lowered the headline rate to £2,074 (effective 1st Jul – 30th Sep). This is considerably lower than the current cap of £3,280, and importantly below the Energy Price Guarantee cap of £2,500. These are annual values for a typical user and not the amount that everyone will pay.

Gas – 29p/day standing charge / 7.51p/kWh unit rate

Electricity – 53p/day standing charge / 30.11 p/kWh unit rate

Seasonal Prices





Price Table

Across the curve, prices lost value through May with most contracts losing over 20%. Currently front season prices are around 2.3x higher than 2019 levels

	Month End Prices			
	Fuel	May-23 (p/kWh)	Apr-23 (p/kWh)	Month-on-Month Difference
Spot Prices	Gas (NBP)	2.16	2.99	-28%
	Power (UK Baseload)	6.77	9.53	-29%
Front Month	Gas (NBP)	2.10	2.99	-30%
	Power (UK Baseload)	6.97	9.45	-26%
Front Season	Gas (NBP)	3.79	5.01	-24%
	Power (UK Baseload)	12.01	15.24	-21%
Annual Price (Oct-23)	Gas (NBP)	3.64	4.87	-25%
	Power (UK Baseload)	10.72	13.58	-21%

Historical Comparison	2019 Average Front Season Price (p/kWh)	% Increase to May-23
Gas (NBP)	1.64	131%
Power (UK Baseload)	5.10	135%

Outlook

Overall, the outlook remains positive with storage across Northwest Europe continuing to increase during this injection season. Asian demand for LNG continues to be muted, but an expectation of an increase in cooling demand could add upward pressure to prices.

Bearish signals

- NWE gas storage forecast to be just shy of the record high observed in 2020.
- NWE storage potential to be full before the end of the injection season.
- June forecast to be warm which will reduce demand.

Bullish signals

- Heavy Norwegian maintenance to continue.
- Potential for higher gas for power demand due to low French nuclear availability and wind generation.
- Potential for strong cooling demand in Asia could limit sendout of LNG in NWE and UK.

ginger
ENERGY

Focusing our energy on yours

***__Disclaimer__**: The information contained in this document has been prepared in good faith by Ginger Energy and provides our views on current/future trends and outcomes, but, as with all forecasts dependent upon multiple, complex variables, there is no certainty whatsoever that our forecasts will turn out to be correct. The information may be based on licenced 3rd party data, publicly available sources, assumptions, and observable market conditions and may change without notice. No warranty, express or implied, is made as to the accuracy, correctness, fitness for purpose, completeness or adequacy of this information nor is it intended to serve as basis for any procurement decision and as such Ginger Energy shall not accept any responsibility or liability for any action taken, financial or otherwise, as a result of this information. Please note that this email is intended for the recipient only and may not be copied, reproduced, or distributed without the prior consent of Ginger Energy.*

The Cloisters, 12 George Road,
Edgbaston,
Birmingham.
B15 1NP

0345 307 3433
info@gingerenergy.co.uk
www.gingerenergy.co.uk