IndigoSwan

energy enthusiasts

Mini
Energy Report

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Energy Overview

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

Costs for the remainder of 2022 and the first quarter of 2023 are very high. Although 2023 and 2024 show better value, there is still a considerable premium, but does provide an opportunity to contract longer and reduce the shorter term % increases. Some energy suppliers are being very selective as to which contracts they will provide offers for.

On Tuesday the 30th, Gas and Electricity Wholesale prices saw significant falls. However, this was a market adjustment, reversing last week's increases, following the news that Nord Stream 1 is shutting down for a further three days from the 31st. Once flows resume, they will continue at just 20% of capacity, due to ongoing maintenance.

The concern is that Russia may delay the return of Nord Stream 1 or stop supplies at any point through the winter. To reduce the impact, EU members set a target for Gas Storage to be 80% full by November, which has already been reached and are on track to hit the higher level of 85%.

Electricity prices in the UK are following Gas as it is our main source of generation. In addition, the drought across Europe is creating issues, impacting on Hydro power and the delivery of Coal by river to power stations. Over half of French Nuclear reactors are currently offline. These factors mean we are exporting large volumes of Electricity.

Gas and Electricity prices remain extremely volatile. Price direction will likely be led by Russia, meaning there is a great deal of uncertainty which way they will go. Therefore, we would advise looking at your options for contracts ending in 2022 and having conversations with your contact at Indigo Swan about your specific requirements.