

January 2016 Newsletter



Dear Customer

UK Energy prices followed the Oil Market which fell after an OPEC meeting which broke up after failing to agree on production cuts to stem the global glut of oil. Temperatures in the UK also remained above seasonal normal levels until a cold spell over the last few days leaving plenty of supply to cover any shortfall.

Main Drivers

- Financial Speculation & Trading Activity
- Plant Maintenance & Outages
- UK Coal Fired Power Station Closures
- UK Distribution & Transportation Network Upgrade
- UK Government Green Taxes (RO / FiT / EMR CfD & CM)
- Geopolitical Tensions in the Middle East & Eastern Europe
- Global Oil & Coal Prices
- UK & European Carbon Prices
- Seasonal Supply and Demand Balance

General Comments

Gas prices continued to be weighed down as winter continued with all eyes on the supply and demand balance which remained healthy even with some cuts in supply from the Norwegian and UK sectors of the North Sea. A short cut in withdrawal levels at the Rough storage facility failed to stimulate any interest in the market.

With the largest proportion of UK electricity generated by gas fired power stations, wholesale electricity prices mirrored the gas market and ended the month lower on a lack of winter weather.

Oil prices fell rapidly after an OPEC meeting at the beginning of December failed to agree on a production cut which could have bolstered prices.

With the rise in tensions between Saudi Arabia and Iran at the very end of December and into the first few days of January, in the past this would have seen oil prices rise however with the lifting of sanctions on Iran this was seen to be adding oil supplies to an already saturated market.

Electricity

Annual Forward Baseload Price (Flat Cost)



Gas

UK October Gas Year Price (Flat Cost)



Oil

Front Month Price (Brent Crude)



ENERGY SERVICES (BUSINESS POWER) Ltd, Unit 4, Wakefield Office
Village, Fryers Way, Silkwood Park, Wakefield, West Yorkshire, WF5 9TJ

Tel: 01924 267 406
Fax: 01924 262 636

sales@energy-services.co.uk
www.energy-services.co.uk

Registered in England & Wales No. 07145602 VAT No. 660 3584 37

Note: All information was obtained from wholesale market data sources. Energy Services accepts no liability for the accuracy of any third party market information.