

# June 2016 Newsletter



energy  
services  
BUSINESS POWER LTD

## Dear Customer

Wholesale UK energy prices rose slightly in May supported by rising oil, lower Norwegian gas supplies and the onset of injections into gas storage which all gave the market a bullish look. With gas regularly providing over 50% of electricity generation, power prices followed suit.

## 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
- Atlantic Hurricane Season

## General Comments

Even with warmer temperatures associated with the start of summer, lower gas supplies arriving at UK shores due to scheduled maintenance, meant the sentiment in the market remained bullish although prices are still well below average for the last 5 years.

An anticipated influx of US LNG supplies to Europe in the first quarter of 2016 failed to arrive as expected which has also help boost wholesale gas markets.

Electricity prices also rose slightly in May in response to the change in sentiment around all commodity markets.

For the first time since 1882, coal did not provide any electricity generation at several times during May and official figures suggested coal fired generation was down 50% year on year in March with the percentage expected to climb.

Oil prices climbed in May as wild fires in Canada cut oil production in the Canadian oil sands area thus cutting exports to the USA where official stock levels dropped towards the end of the month. This coupled with supply disruptions in Nigeria and Venezuela helped prices recover to around \$50. Experts are now suggesting the market is beginning to rebalance however the actions of the middle east producers will be key with an OPEC meeting due to be held in June.

## Electricity

### Annual Forward Baseload Price (Flat Cost)



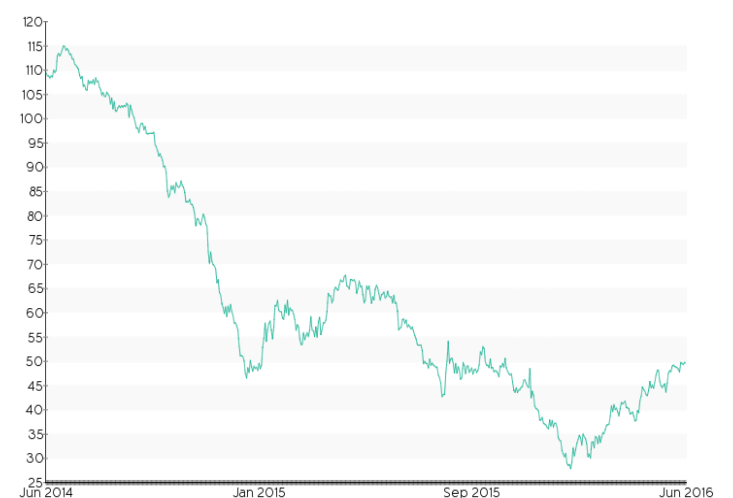
## Gas

### 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