

Webinar

A winter of discontent?



ConsultivUtilities
CORPORATE DIVISION

17
OCTOBER
2024
10AM



**BEN
SHERBROOKE**
Energy Trading
Director



**EMMA
HODSON**
Strategic
Account Director

Welcome



Ben Sherbrooke
DIRECTOR OF TRADING

ben.sherbrooke@consultivutilities.com

 [Ben Sherbrooke | LinkedIn](#)



Emma Hodson
STRATEGIC ACCOUNT DIRECTOR

emma.hodson@consultivutilities.com

 [Emma Hodson | LinkedIn](#)

Before we begin

1

We are recording today's session.

A copy of which will be sent to you afterwards.

2

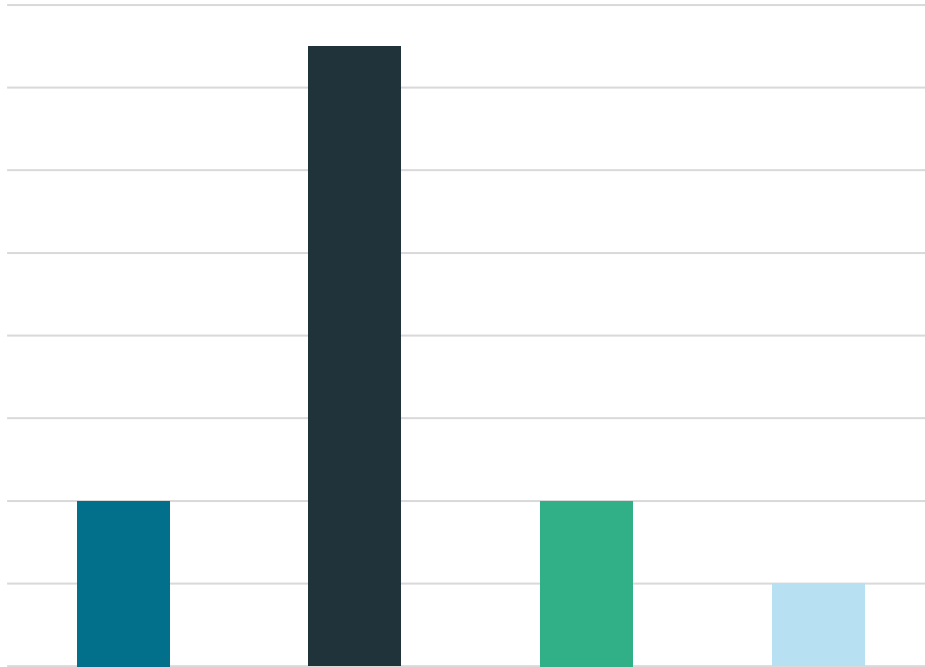
You will also receive a copy of the slides.

3

Q&A at the end of the session will be available.

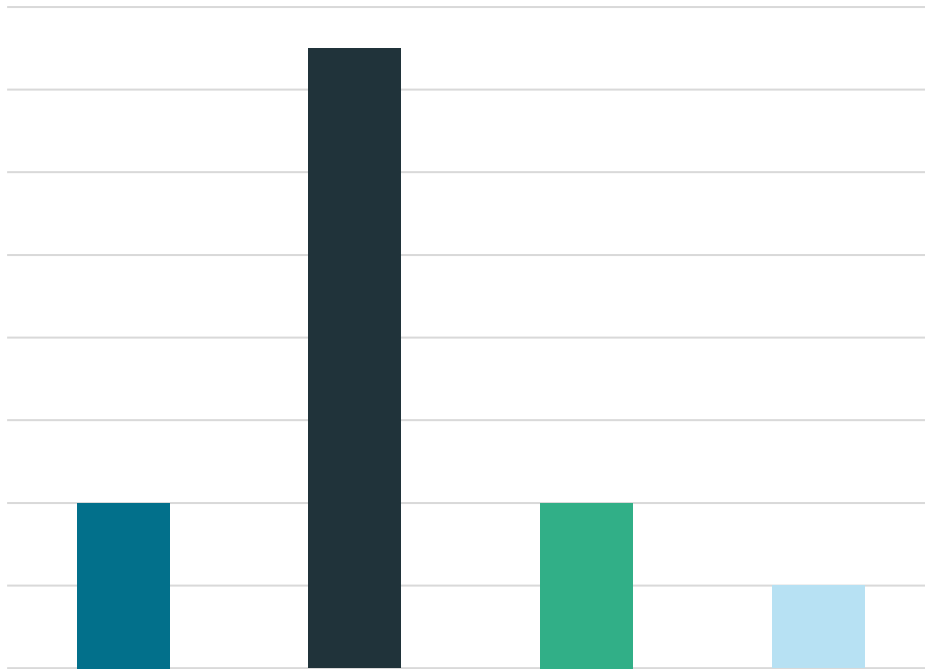
All questions that are asked will be cascaded out to clients.

Let's take a poll



ARE YOU
CURRENTLY
IN A FIXED
OR FLEXIBLE
ENERGY
CONTRACT?

Let's take a poll



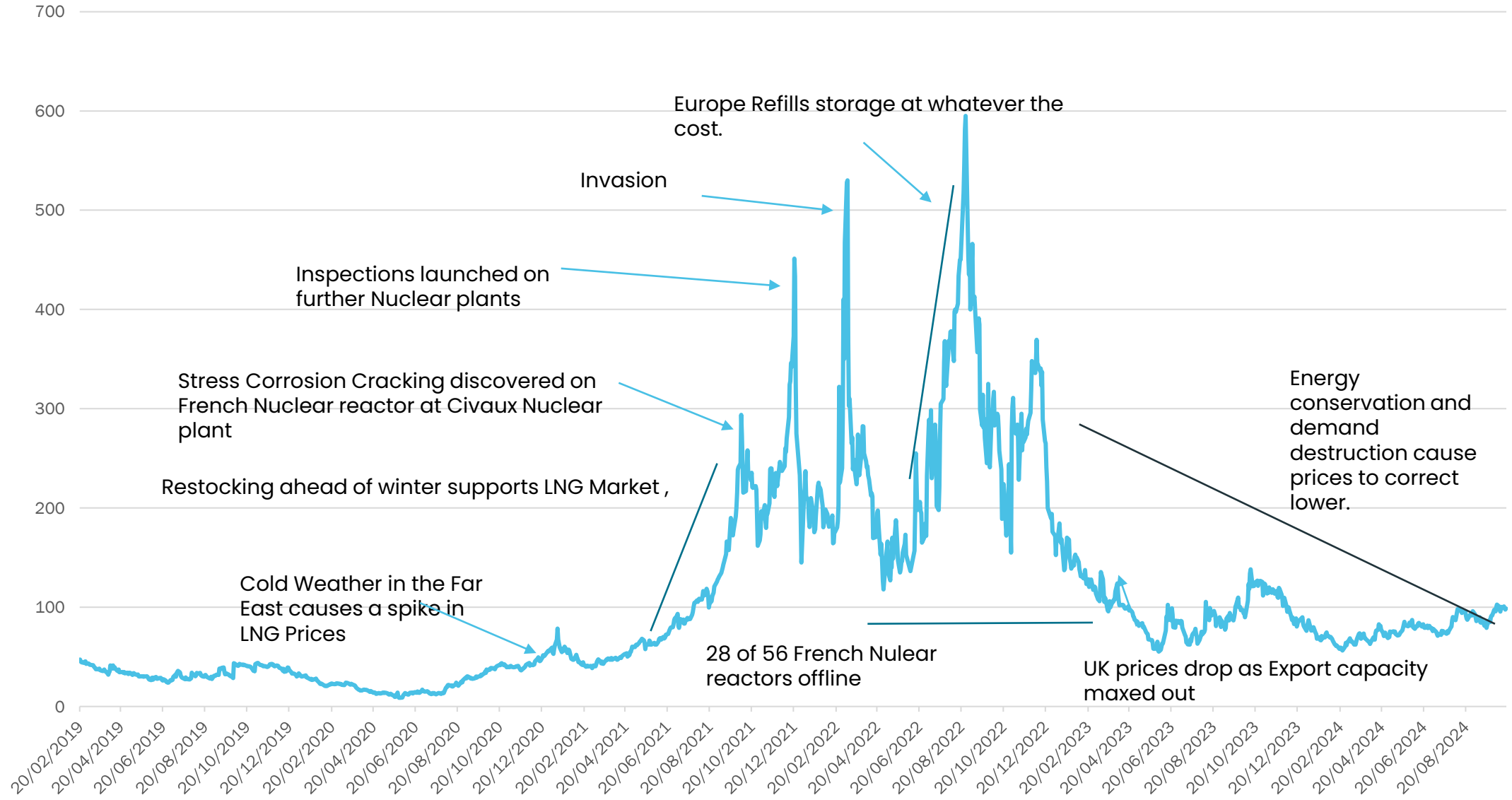
WHEN IS
YOUR ENERGY
CONTRACT
UP FOR
RENEWAL?

Agenda

- Setting the scene
- Demand destruction
- LNG supply and demand
- Market outlook
- Q&A



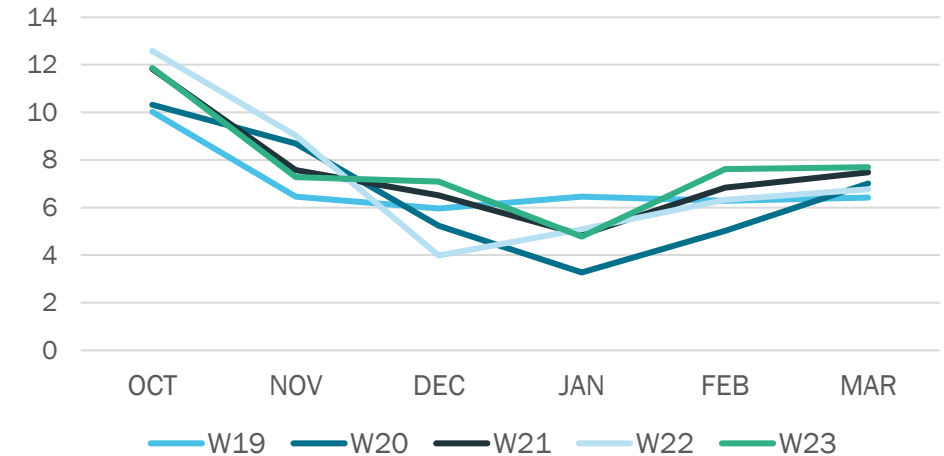
SETTING THE SCENE:



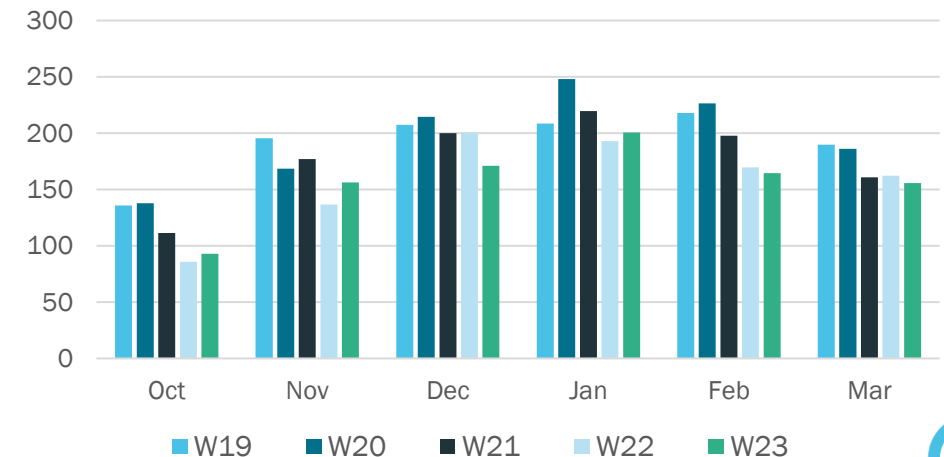
SETTING THE SCENE:

- **The last two winters have been very mild**
- Not had a significant cold spell in the UK since Jan 2020
- LDZ consumption was 28.6 BCM, last winter very similar W22 significantly below the 35 and 32 BCM recorded in W20 and W21
- Looking at consumption per heating degree day, there was a small recovery. But levels are still over well below the longer-term average
- La Nina potential which could cause cooler weather like in Jan 2021.

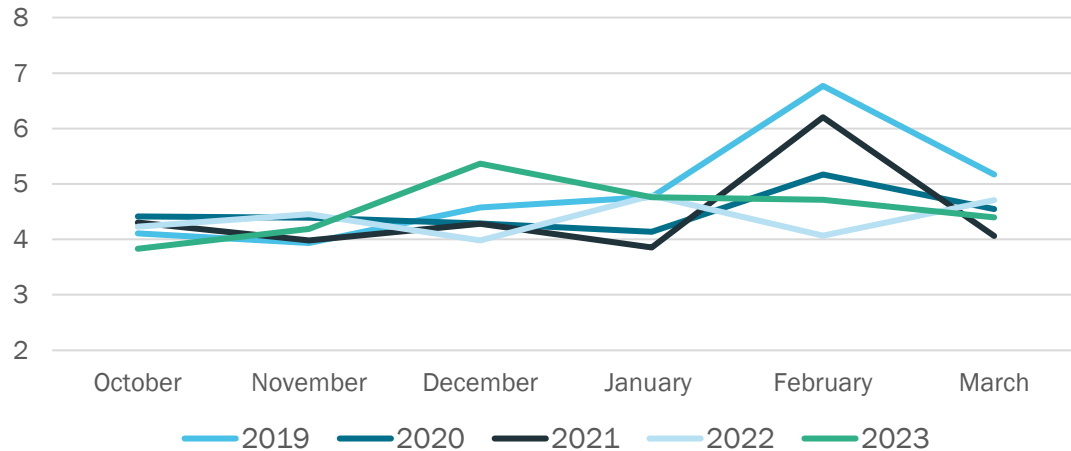
Average Daily Temperature °c



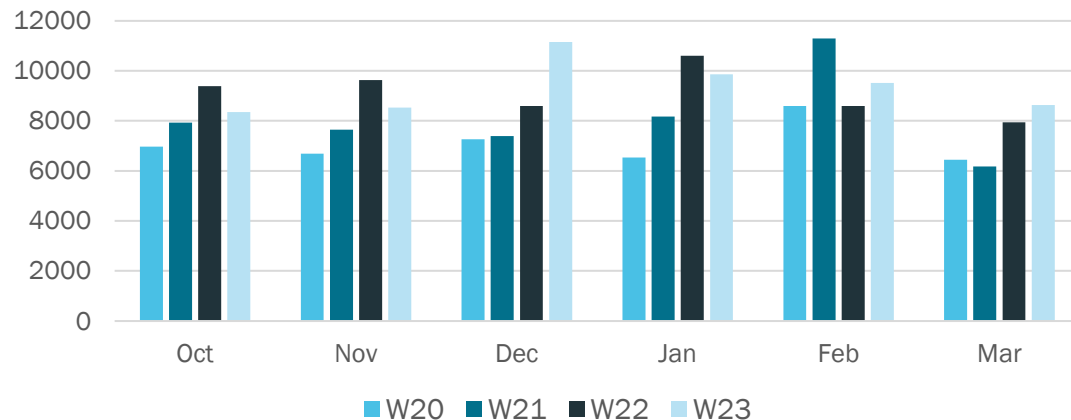
Average LDZ Consumption MCM/d



Average Wind Speed M/s



Average Daily Wind Generation MW

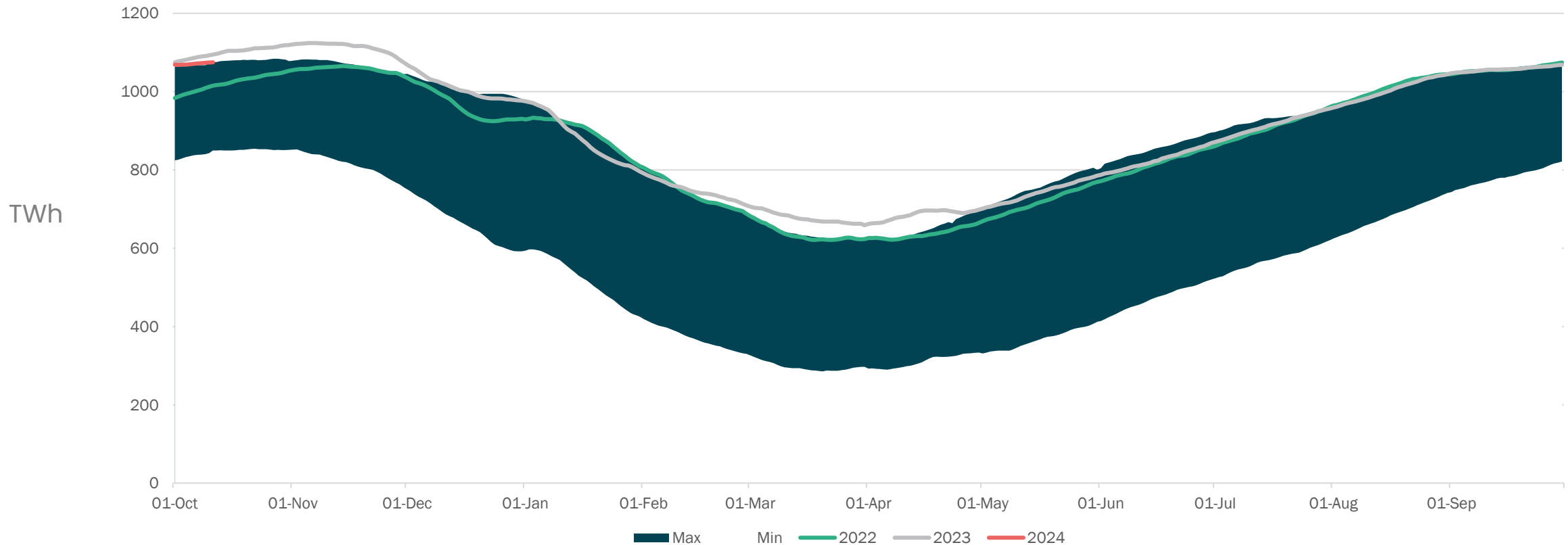


SETTING THE SCENE:

Review of wind output

- Installed renewable capacity continues to grow increasing by 3.9% in Q2
- Total renewable capacity in the UK now stands at 57.5GW
- Growth rates are slowing 7.5% in 2022 and 5.2% in 2023. Bigger base
- 30.2GW of wind capacity now installed

SETTING THE SCENE: Review of gas storage

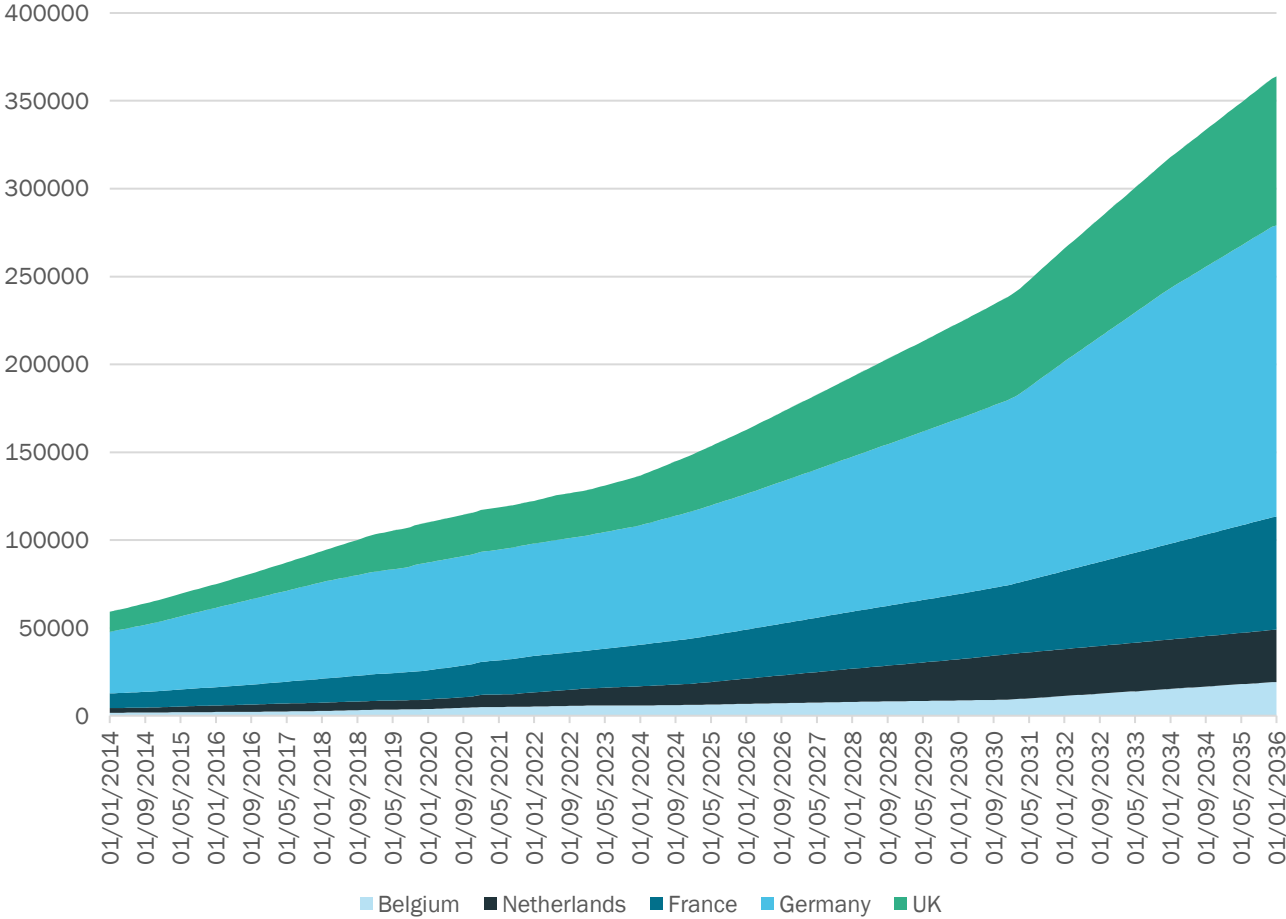


- Low demand and strong supply leaves Europe well-stocked ahead of Winter.
- Maximum draw in the last ten years is 800TWh, likely end the Winter at 45-55% full

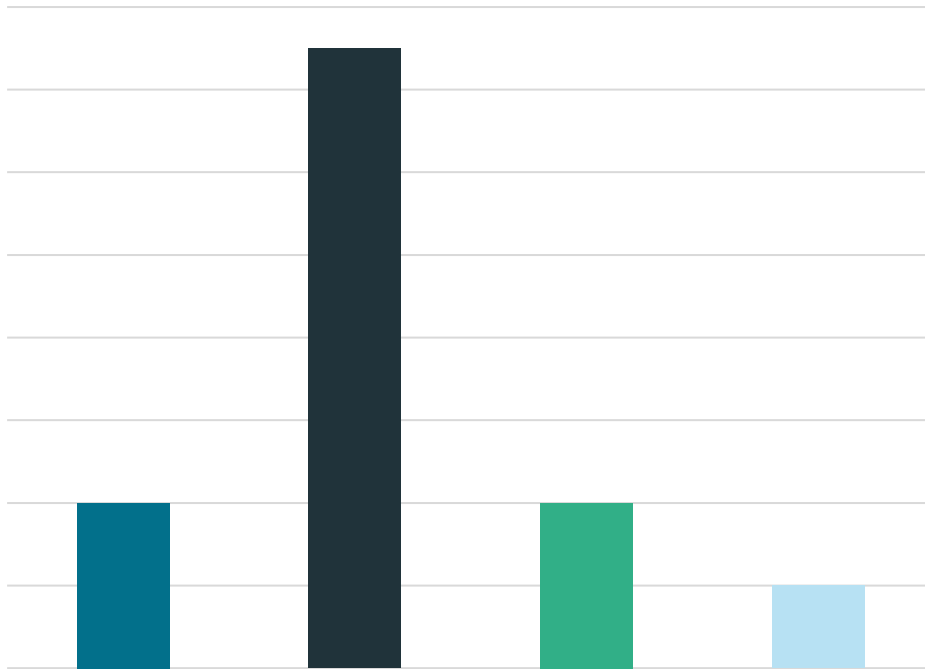
Summary

- Demand has been weak
- Europe has been through two mild winters during the energy crisis
- Even during cold events we are using less gas and power.
- Strong demand response looks set to continue
- Supply response is just beginning got kick off.

Wind Installed Capacity and Forecast

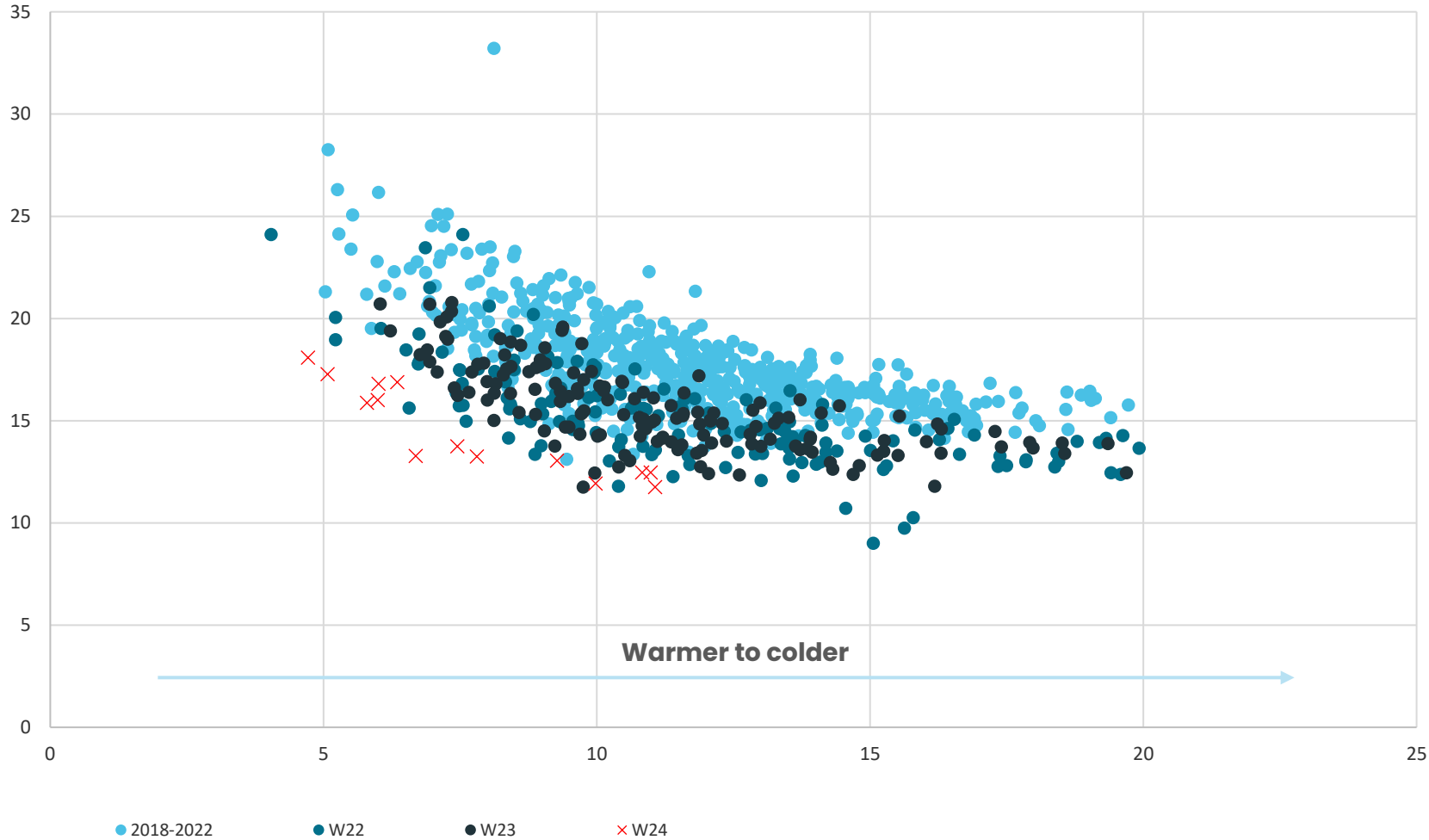


Let's take a poll



**HAVE YOU
SWITCHED
ON YOUR
HEATING
YET?**

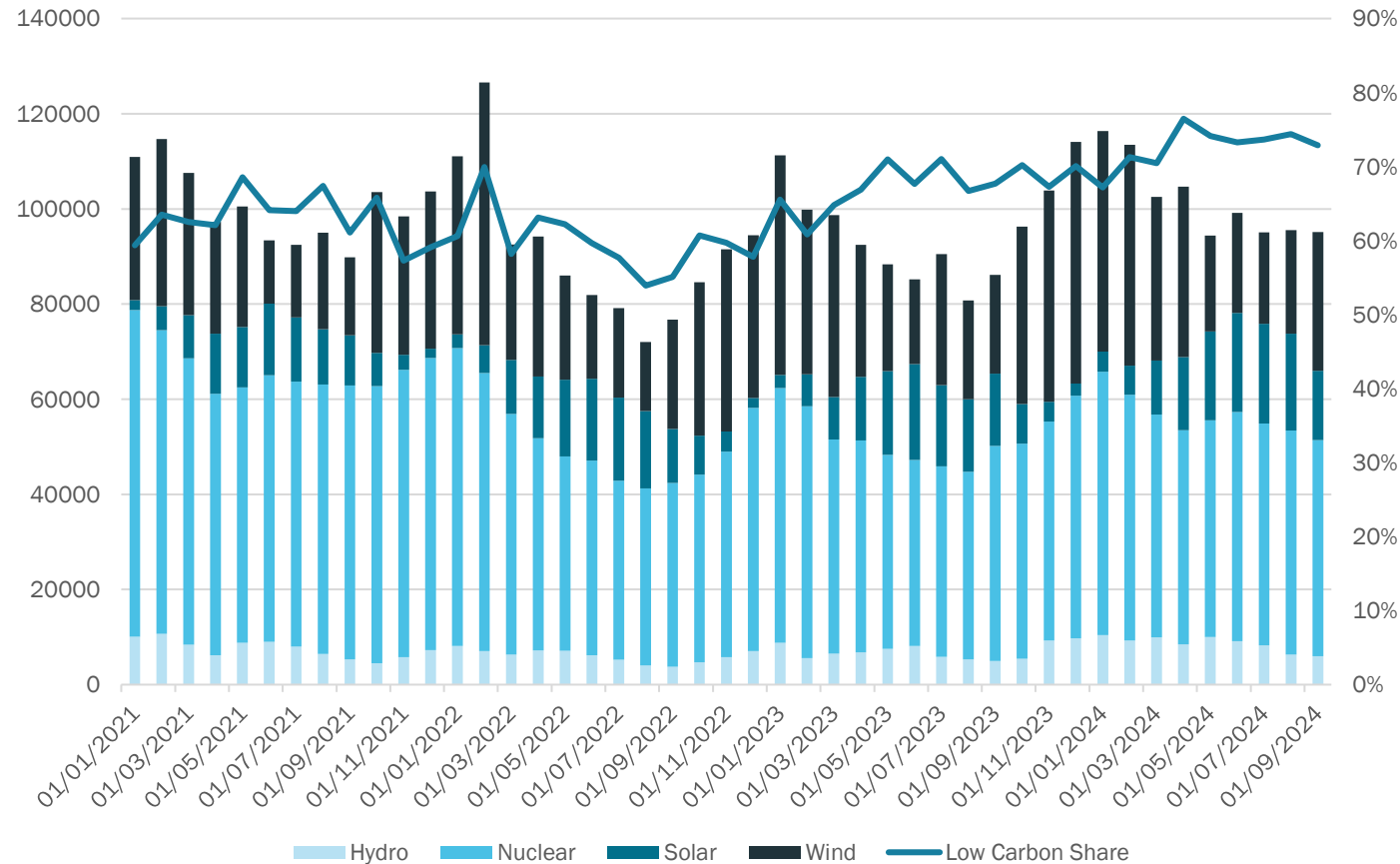
Consumption Per HDD



- **Even with colder weather we are still using less gas.**
- Heating Degree days measure the difference between actual temperatures and a baseline 18°C
- Consistently using less gas for each heating degree day since the energy crisis.

Record Zero Carbon Generation this summer

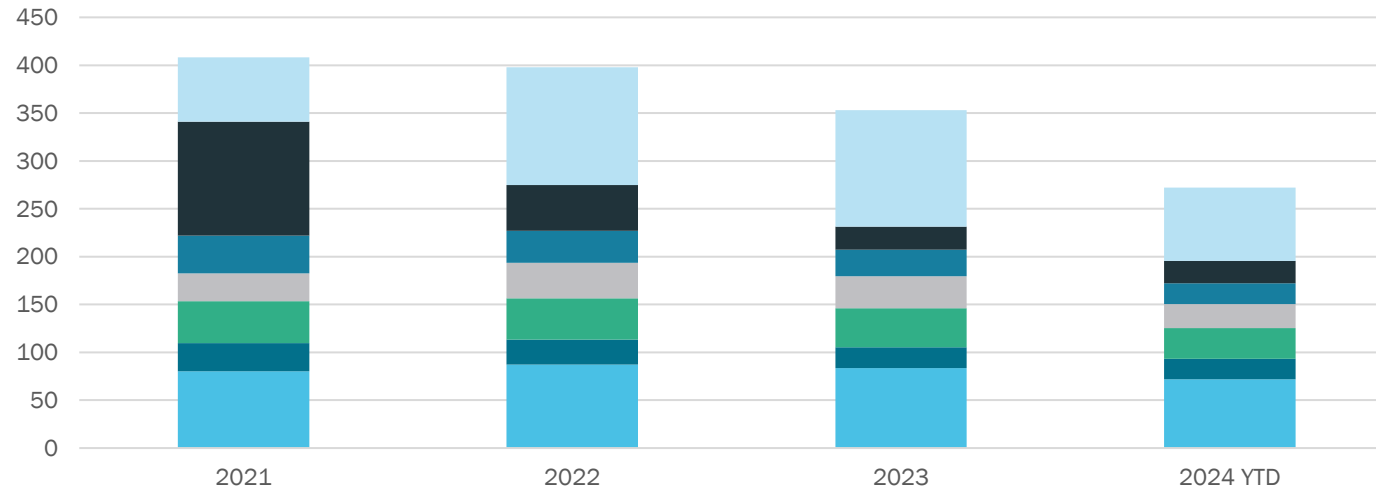
NW Europe low Carbon Power Supply



- Low carbon generation continues to grow.
- French Nuclear is back to normal levels but Germany has shut plants down.
- Renewable rollout will continue to accelerate.

European Gas Supply Evolution

European gas supply

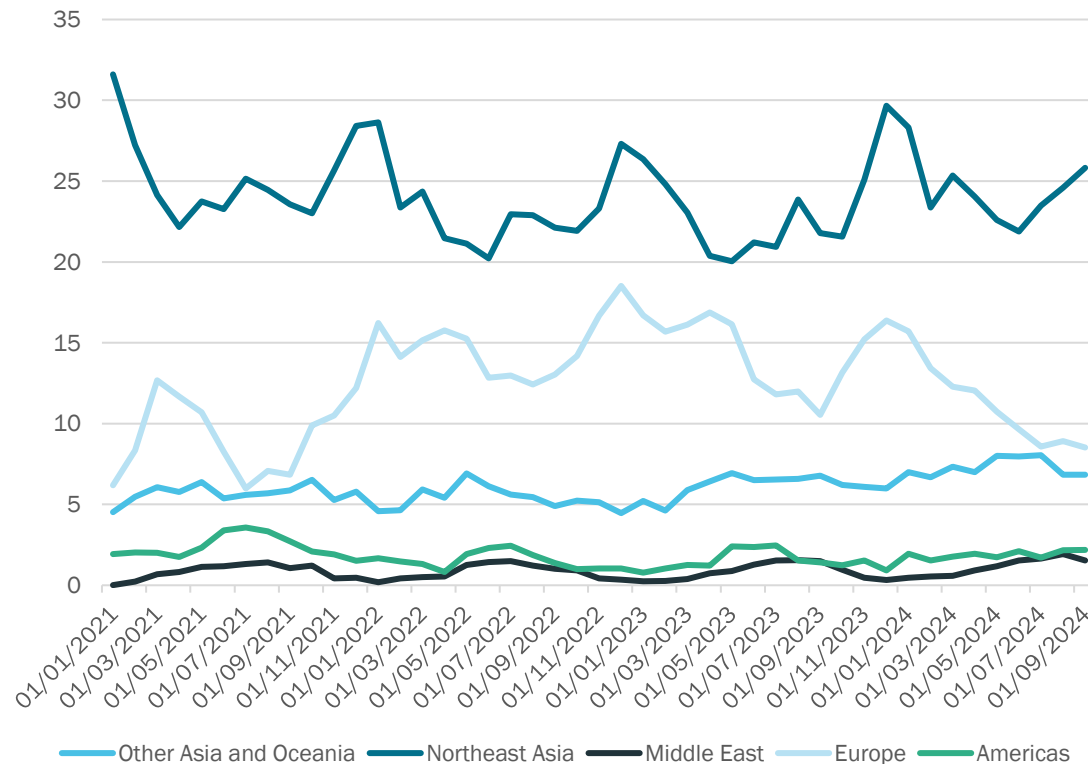


- Europe has seen significant reductions in Demand
- Piped Russian Supply has been displaced by LNG
- Domestic production continues to Fall.

■ Norway to Continent (excl UK) ■ Norway to UK ■ Other Piped ■ UK production ■ Other production ■ Russia ■ LNG

Europe takes much less LNG

Monthly LNG imports by region

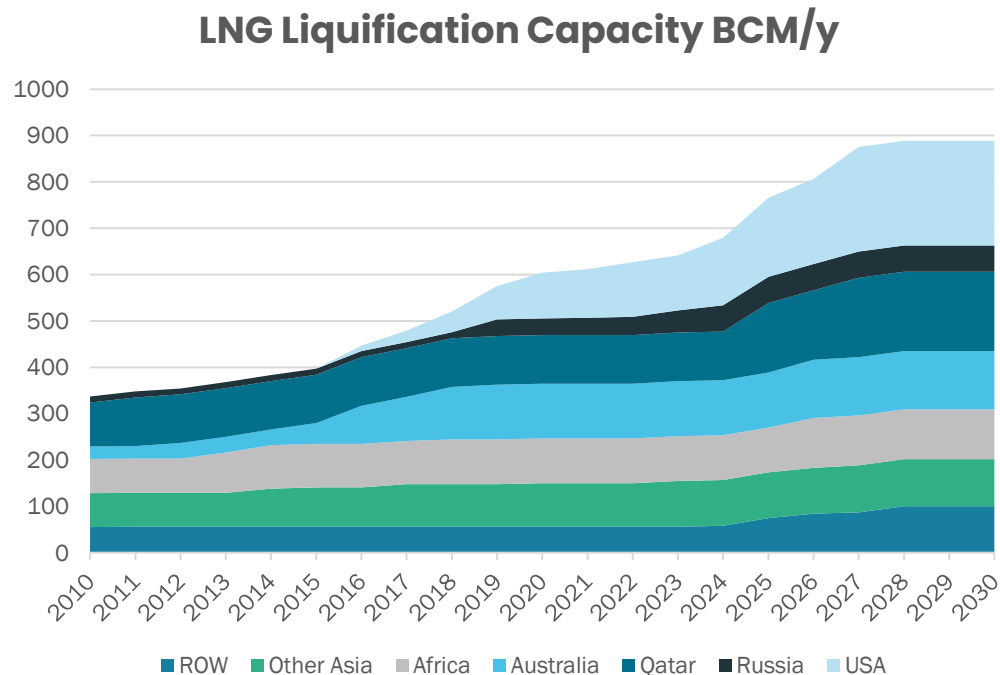


- Significant drop in LNG deliveries year over year, Particularly this summer
- Green shoot emerging for October
- Storage in Europe at record levels, and demand is weak
- This summer is still significantly above pre-crisis levels

• Record March for Asian Deliveries

• European deliveries declining

Does LNG demand recover before the wave of supply comes online in 2025-26?

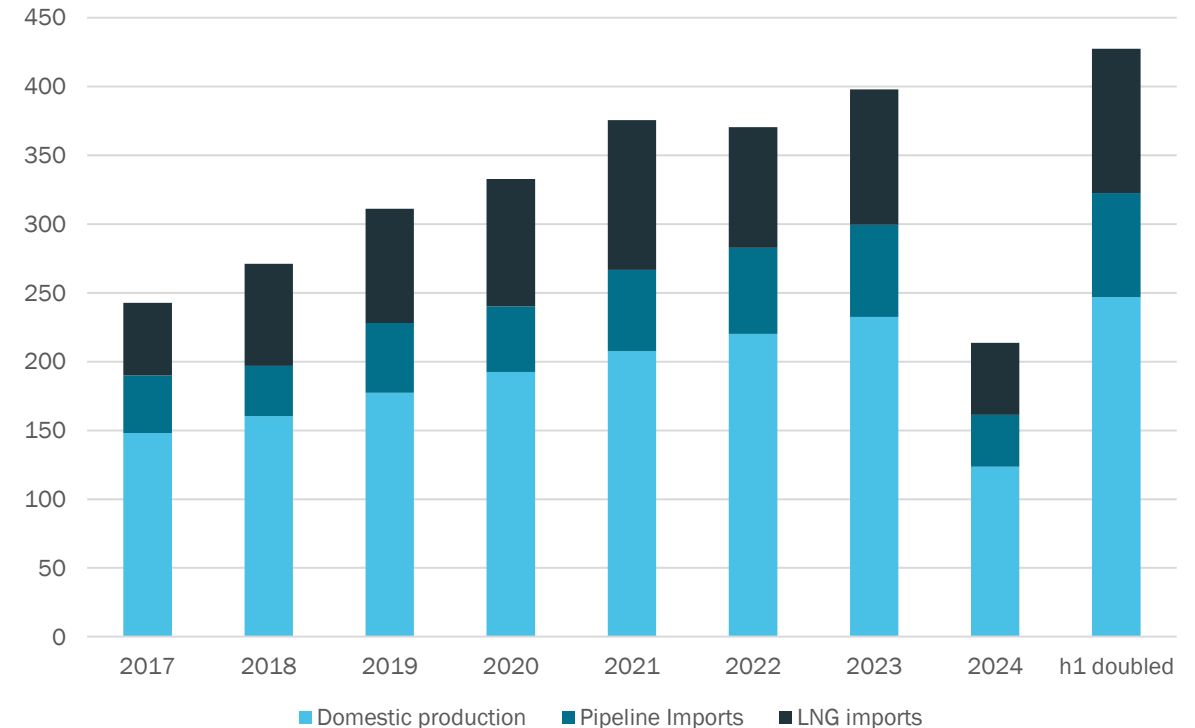


- Next wave of LNG projects are beginning to come online
- Plaquemines LNG is taking on cargo and Canada LNG set to be up and running this winter
- Delays at Cameroon expansion and sanctions on Arctic 2 push back the re balancing of the market
- Last wave which completed in 2019 sent prices to record lows
- Chinese, Indian and emerging demand need to absorb this extra supply as Europe's demand continues to structurally decline

China

- Domestic production is growing. Xi, must reduce dependency on Foreign oil and gas
- Demand growth to slow to 6.5% this year
- Import growth
- Power of Siberia up to full capacity ahead of schedule
- Can demand growth be sustained
- LNG trucking sales up 150% to take 30% of the market share
- Added 301GW of renewable capacity in 2023

Chinese Gas Supply



Future Demand Growth

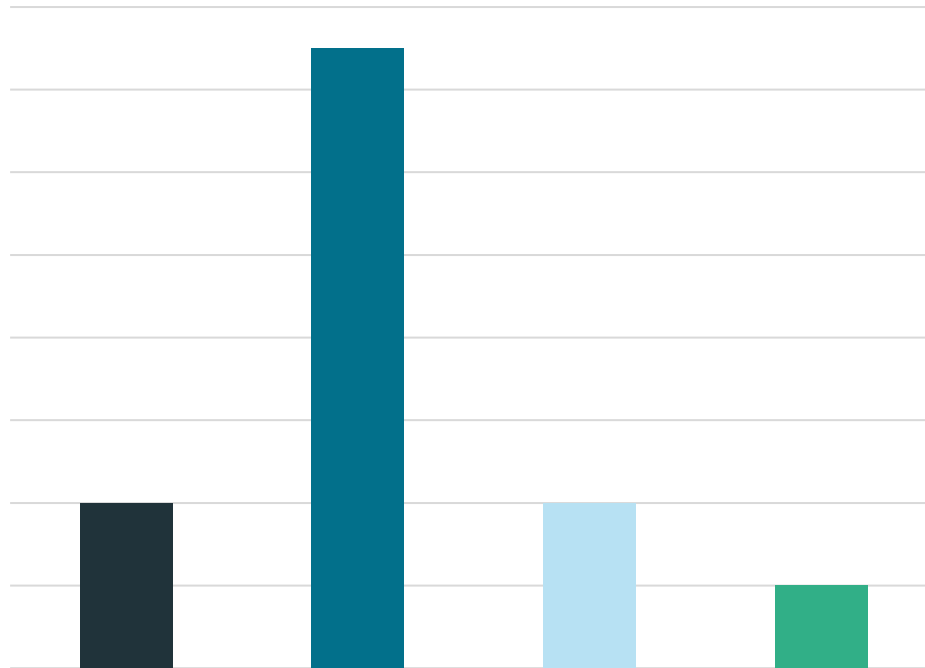
LNG

- New Market, both national and domestic.
 - Maritime Fuel
- Displacement of LPG
 - LNG Trucking

Power

- Data centre power consumption is expected to double in the next 2 years
- AI search uses 10x as much energy as a regular search

Let's take a poll



**WOULD YOU
ANTICIPATE THAT
ENERGY PRICES
WILL INCREASE
OR DECREASE
OVER THE NEXT 12
MONTHS?**

Market outlook

BULLISH PRICE DRIVERS:

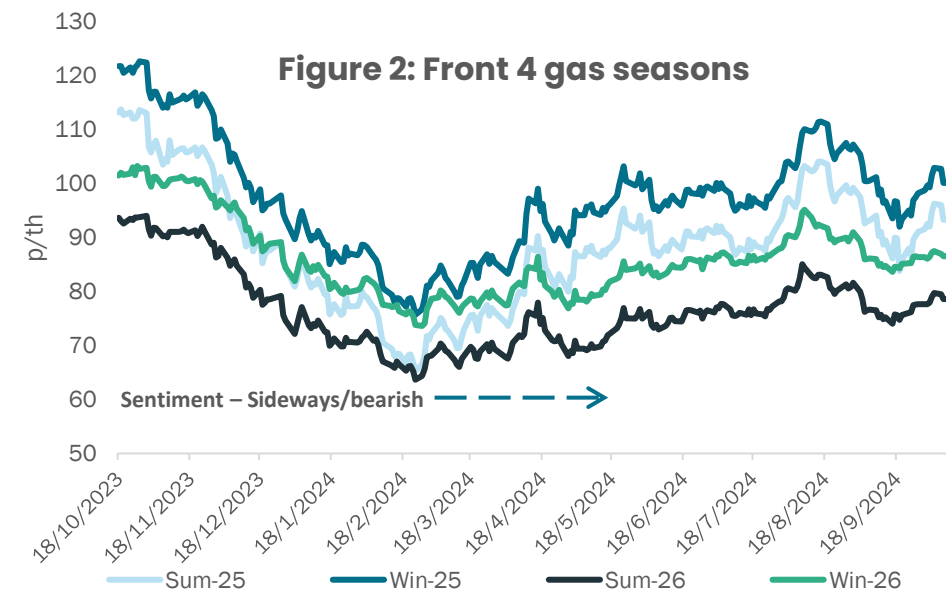
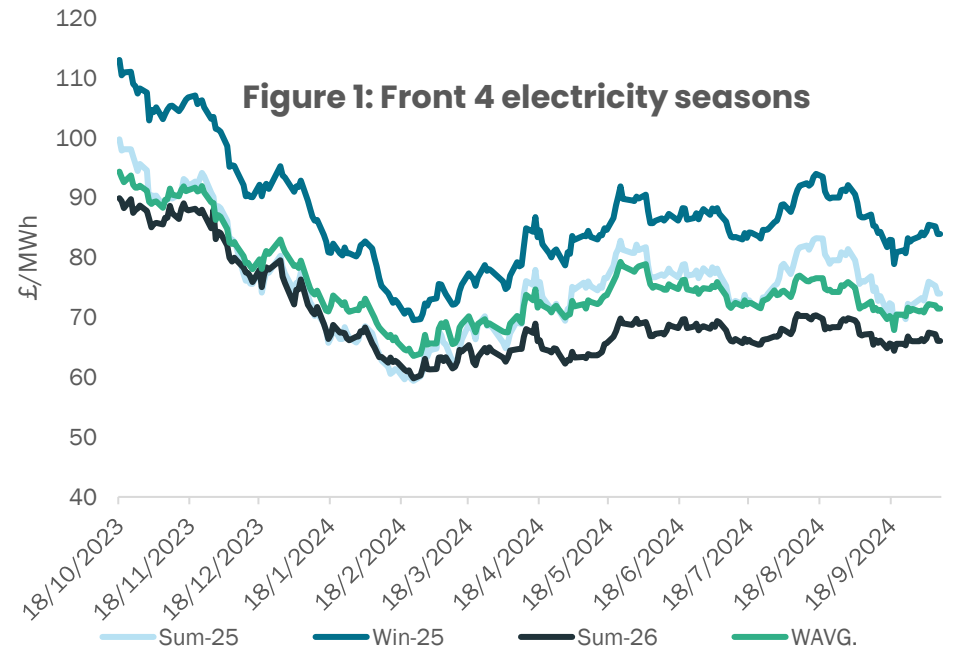
- Middle East tension ongoing
- Winter is coming
- LNG project delays Asian LNG demand

NEUTRAL

- Healthy levels of French Nuclear Generation
- New Nuclear coming online globally
- Ukrainian Transit continues, extension possible but still 50:50

BEARISH PRICE DRIVERS:

- European storage is 95% full
- LNG Supply due online in 2025
- Demand Destruction of 15%
- Electrification and renewable build-out continues



Recap

KEY TAKEAWAYS

1

Green shoots
of a recovery in
demand

2

Forward curves
are now looking
attractive
compared to
historical levels
especially when
adjusted for
inflation

3

More
behind-the-meter
generation.
More short-term
volatility, higher
NCC

4

More renewable
and LNG supply
comes online in
2025



Q&A



Ben Sherbrooke
DIRECTOR OF TRADING



Emma Hodson
STRATEGIC ACCOUNT DIRECTOR



Our Services



Buying Solutions

- Fixed Energy Contracts
- Flexible Energy Contracts
- Energy Intensive Industries (EII) Schemes
- Power Purchase Agreements (PPAs)
 - MOP DC/DA Contracts
 - Water
 - Waste
 - Merchant Services
 - Communications



Energy Management Solutions

- Account Management
- Energy Risk Management
 - Bureau
 - Capacity Analysis
- Climate Change Levy (CCL)
 - Climate Change Agreements (CCAs)



Sustainability Solutions

- Energy Audits
- Building Services
 - Smart Buildings
- Energy Generation and Storage
- Energy Saving Opportunity Scheme (ESOS)
- Streamlined Energy and Carbon Reporting (SECR)
 - Carbon Offsetting
 - 100% Renewable Energy



Thank you

CONTACT

EMMA HODSON

emma.hodson@consultivutilities.com



ConsultivUtilities
CORPORATE DIVISION