



**Digital Energy Element**

**September 2024**

**Return to a Bullish  
Pricing Environment**



## Annual gas prices

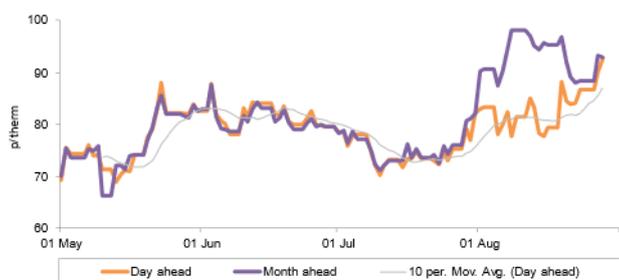


In August, we returned to a bullish pricing environment compared to the previous month. Both shorter-term and notably longer-term gas contracts registered bullish price movements from July, stemming from a volatile gas market across the month.

On average, seasonal gas contracts from Winter 24 to Winter 26 were 8.8% higher in August compared with the previous month. The most significant average price rises were concentrated across Winter 24 to Summer 25, up 11.5% on average across the two seasons.

The influence of bullish near-term market fundamentals set a strong upward price direction for the forward curve to follow. The sensitive political landscape surrounding a potential reduction to Russian gas flows through Ukraine continued to be a dominant market force in August, with increasing Russian attacks on Ukrainian energy infrastructure alongside tensions in the Middle East providing an upside for gas prices. Moreover, August saw Liquefied Natural Gas (LNG) spot market prices reach 111.07p/th on the 16 August, the highest level seen since December 2023, following outages across Australian and Malaysian gas processing facilities, tightening the global supply and influencing both European and GB wholesale gas prices due to the role of LNG as a marginal price setter.

## Spot gas prices



As a result of the aforementioned bullish drivers for gas prices, we saw day-ahead gas rise 10.9% from July to average 83.15p/th. Front-seasonal contracts also shared collective average price growth, with September 24 up 15.9% to 92.99p/th and October 24 rising 15.2% to average 96.29p/th. Concerns about potential losses in Russian gas supply to Europe caused the September 2024 contract to trade notably above its day-ahead counterpart, throughout the month.

Despite the gains in gas contracts, August saw day-ahead power prices drop 16.8% on average to £58.78/MWh, opposing their gas counterparts. These losses were the result of frequent periods of strong wind generation, acting to reduce the reliance on more expensive forms of power generation. Day-ahead prices fell to a low of £18.00/MWh on 8 August, finding influence from strong wind generation projections, leading to five instances of negative pricing within-day on the 9 August. This trend continued into the latter stages of the month, following the arrival of Storm Lillian, leading to periods of notable wind generation on the system.

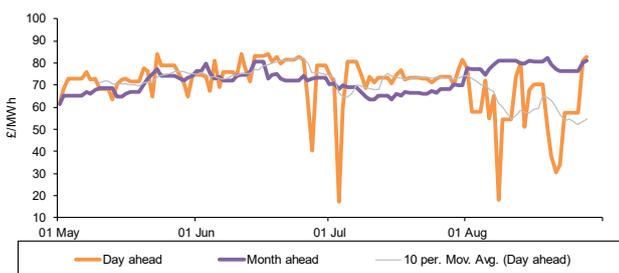
## Annual power prices



However, the day-ahead contract was an outlier in the overall trend for power prices across the forward curve, with the strong upward momentum on longer-term domestic gas prices setting a bullish direction for power prices to follow.

Front-month power contracts, September and October 24, shared the price direction of their gas counterparts, subsequently rising 10.4% on average to sit at £79.09/MWh and £80.10/MWh, respectively. Likewise, seasonal power contracts from winter 24 to summer 26 registered gains, up 6.6% on average.

## Spot power prices



Brent crude oil fell month-on-month, averaging \$78.87/bl, down 6.0%. This came following reduced factory output from China and continued decreases to refinery output levels, outlining China's economic recovery is still below expected levels. Moreover, prices found downward influence from concerns surrounding a potential recession in the US, and global markets by extension.

The disparity between the EU and UK ETS schemes increased across August, with the EU ETS recording a 4.6% gain from July, averaging €71.39/t, whereas the UK ETS fell 5.4% to average £39.63/t. UK ETS carbon prices found bearish influence from above-average temperatures leading to lower levels of heating demand on the system, in tandem with periods of high wind generation. However, EU ETS carbon prices found bullish influence from increased gas prices across Europe, and the upcoming compliance deadline on 30 September. As a result, EU ETS carbon prices reached the highest level seen since May 2024 at €73.31/t on 20 August.

Key market indicators: 28/08/2024

		Gas (p/th)		Electricity (£/MWh)		Coal (\$/t)	EUA Carbon (€/t)	UKA Carbon (£/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead				
This month	28 Aug 24	92.64	102.08	82.76	86.50	119.50	70.75	41.90	78.83
Last month	31 Jul 24	82.20	97.64	81.62	81.95	116.50	69.30	38.21	80.51
Last year	30 Aug 23	89.00	129.38	90.50	116.75	127.75	86.54	47.49	85.95
Year-on-year % change		4%	(21%)	(9%)	(26%)	(6%)	(18%)	(12%)	(8%)
Year high		135.00	134.25	142.00	121.50	140.00	86.65	52.55	96.05
Year low		56.70	68.43	17.26	63.50	77.30	51.60	32.30	73.40

This table shows the price at the end of this month compared with prices from the previous month and year. The graphs show the position of this month's prices with a red X and the range of prices over the year is represented by the black line.

Commodities

Carbon: EU Emissions Trading Scheme carbon is quoted as over-the-counter (OTC) latest opening prices. All carbon prices are in euros per tonne (€/EUA).

Coal: Coal is quoted as OTC latest opening prices. All coal prices are in US dollars per tonne (\$/t).

Electricity: UK power base-load and peak-load are quoted as OTC latest opening prices. All UK electricity prices are in pounds per megawatt hour (£/MWh).

Gas: UK National Balancing Point (NBP) gas is quoted as OTC latest opening prices. All UK gas prices are in pence per therm (p/th).

Oil: Brent crude oil is quoted as OTC latest opening prices. All Brent crude oil prices are in US dollars per barrel (\$/bl).

Language/ terms

Bearish: A bearish market shows a general decline in prices over a period of time.

Bullish: A bullish market shows a general increase in prices over a period of time.

Curve: A graph of forward prices over a future time period.

Margin: The indicated UK imbalance of a given settlement period. It is the difference between the sum of the indicated generation available, and the national demand forecast made by National Grid.

Over-the-counter (OTC): The trade of a commodity directly between two parties, often on standardised terms.

Spark/ Dark spread: The theoretical net income of a gas/ coal-fired power plant from selling electricity having purchased the necessary fuel. The clean spark/ dark spread is this net income adjusted for the cost of carbon.

Disclaimer

This monthly news and pricing bulletin is produced by Cornwall Insight in conjunction with Catalyst Commercial Services exclusively for the customers of Catalyst Commercial Services and provides general information and commentary on energy market trends. The opinions contained in this bulletin constitute the current opinions of Cornwall Insight and/or Catalyst Commercial Services and are produced for informational purposes only. This bulletin should not be construed as an offer, recommendation or solicitation to buy, sell or deal in any commodity, product or security or to enter into any trading or investment activity whatsoever. Any use by you or any third party of any information or other material contained in or associated with this document signifies agreement by you or them to these conditions. The report makes use of information gathered from a variety of sources that have not been subject to independent verification. Neither Cornwall Insight nor Catalyst Commercial Services gives any representation or warranty as to the accuracy or completeness of the information collected from market participants or from sources in the public domain. Neither Cornwall Insight nor Catalyst Commercial Services make any warranties, whether express, implied or statutory regarding or relating to the contents of this report and specifically disclaim all implied warranties, including, but not limited to, the implied warranties of satisfactory quality and fitness for a particular purpose. While Cornwall Insight and Catalyst Commercial Services consider that the information and opinions given in this bulletin and all other documentation are sound, all parties must rely on their own skill and judgment when making use of it. While every effort is made to ensure the accuracy of any information or material contained in or associated with this document, neither Cornwall Insight nor Catalyst Commercial Services, their affiliates and employees, either individually or collectively accept any responsibility for any loss, damage, cost or expense of whatever kind arising directly or indirectly from or in connection with the use by any person whomsoever of any such information or material; neither do they make any representation or warranty as to the accuracy or completeness of the data, information or statements contained herein.



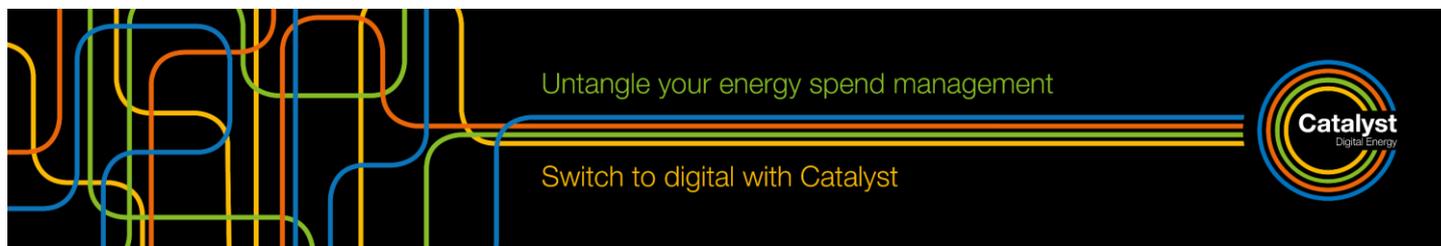
As an Award-Winning Digital Energy Consultant our job is to put **you** back in control of your utilities

Our Energy Spend Management platform powered by Robotic Process Automation - EaaS<sup>i</sup>® sits at the heart of our journey to transform how you manage, reduce, contract and report on your utilities.

Visit [www.EaaS.co.uk](http://www.EaaS.co.uk)



EaaS<sup>i</sup>® is a registered trade marked product of Catalyst Digital Energy  
[www.catalyst-commercial.co.uk](http://www.catalyst-commercial.co.uk)



---

## White paper released examining DCC licence tender challenges

On 8 August, Correla published a white paper which examines the progress to date and the upcoming challenges of the next tender of the Data Communications Company (DCC) Smart Meter Communications Licence (DCC licence). The DCC licence, regulated by Ofgem, allows for the linking of smart meters in homes and small businesses with energy suppliers, network operators, and energy service companies.

Awarded to Capita in 2013, the contract aimed to complete the rollout of 53mn smart meters by 2020. The report sets out the current state of play for the smart meter rollout, detailing that at the end of 2023, there were almost 35mn smart meters installed in homes and businesses in the UK. It notes that, according to DESNZ, almost 4mn of these smart meters were not working properly. Correla also outlines wider challenges the DCC faces on the operational challenges of the rollout, explaining that around 25mn homes will require their SMETS 1 meters to be swapped out and replaced with SMETS 2 meters, with communication hubs also required for all SMETS 2 meters for them to continue to work over 4G.

Following analysis of the Ofgem consultation responses and the Smart Energy Code (SEC) modifications, alongside a range of interviews with relevant industry stakeholders, the paper groups the current performance of the DCC:

- **Transparency:** Users were found to want the DCC to be aligned with them, incentivised and reporting against a set of KPIs that users need the DCC to deliver against.
- **Operational performance:** Users recorded concerns around the system architecture and operational efficiency, especially in the North. Frequent In-Home Display disconnections and communication hub failures were noted.
- **Cost:** Users were found to perceive the DCC as not providing value for money, citing imposed costs and non-competitive procurement processes, alongside issues with maintenance outages and defect fixes. It reveals that the most affected are organisations that rely on DCC availability for real-time processes such as Distribution Network Operator network monitoring.
- **Governance:** Frustration with the composition of the DCC Board and lack of industry representation, transparency, and consumer focus was strongly recorded by users. As a result, users were found to turn to the SEC for operational support, but industry code modification processes are not designed for resolving operational issues. It revealed that many users have continuously lobbied Ofgem and DESNZ to get support.

Correla

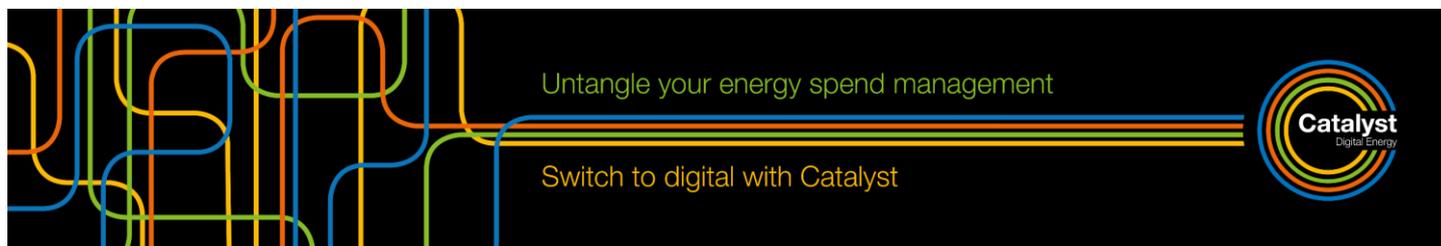
---

## UK Government releases update on ND-NEED

On 9 August, the government released an update on its Non-domestic National Energy Efficiency Data Framework (ND-NEED). The report presents the statistics on electricity and gas consumption from non-domestic buildings in England and Wales, from 2012 to 2022, with reference to building use and size, and occupying business size. It also presents statistics about the building stock, by year of construction and business size.

The report highlights that total electricity consumption in non-domestic buildings decreased by less than 1% in 2022, compared to 2021, although it states that this is still an overall increase of 5% from 2020, reflecting the continuation of bounce back from COVID-19 in 2021. However, in 2022, this bounce-back seems to have been offset by the potential impact of high energy prices and warmer weather. Total gas consumption, in non-domestic buildings, decreased by 5% in 2022 compared to 2021, following a fall of 2% from 2020 to 2021. It notes that this decrease, which affected all sectors, could be due to higher gas prices in 2022.

UK Government



---

## Prime Minister and Welsh First Minister to invest in homegrown energy

On 20 August, the Prime Minister and Welsh First Minister announced plans to work together to deliver clean energy investment across Wales and the rest of the UK. The release noted that the Prime Minister will pledge to build on the work already undertaken by the Welsh Government to establish a publicly owned energy company – Trydan Gwyrdd Cymru – by delivering Great British Energy. It added that Great British Energy will own and invest in clean power projects across the UK and will be backed by £8.3bn of new money.

The Welsh Government is also already working in collaboration with The Crown Estate, as part of The Crown Estate's latest phase of its Offshore Wind Leasing Round 5, to create offshore windfarms across 1,000km<sup>2</sup> of seabed. It states the offshore wind farms are expected to have the capacity to produce up to 4.5GW of renewable electricity aligned.

UK Government

---

## SBTi publishes findings on the effectiveness of carbon abatement measures

On 30 July, the Science Based Targets initiative (SBTi) published four technical outputs as part of its revision of its Corporate Net Zero Standard. The outputs include a scope 3 discussion paper, which sets out the SBTi's initial thoughts on potential changes around scope 3 target setting. The outputs also include a publication of all the evidence submitted as part of a consultation on the effectiveness of Environmental Attribute Certificates (EACs), which ran from September to November 2023. As part of this, the SBTi published a report presenting the SBTi's synthesis on the effectiveness of EACs in corporate climate targets, assessing the effectiveness of carbon credits. Included in the outputs was a report of the findings from an assessment conducted by an independent third party on the effectiveness of carbon credits when used as a substitute for direct abatement. The assessment found that there could be risks to corporates using carbon credits to offset emissions as it could hinder net zero efforts. It was also discovered that some carbon credits are ineffective in delivering intended outcomes. It concluded that the findings revealed that further work is needed to draw conclusions and progress its revision of the Corporate Net Zero Standard, as results were mixed.

The SBTi stated that it will publish a draft Corporate Net Zero Standard towards the end of Q424. It will then publish a summary of feedback to inform the development of the standard.

SBTi, SBTi

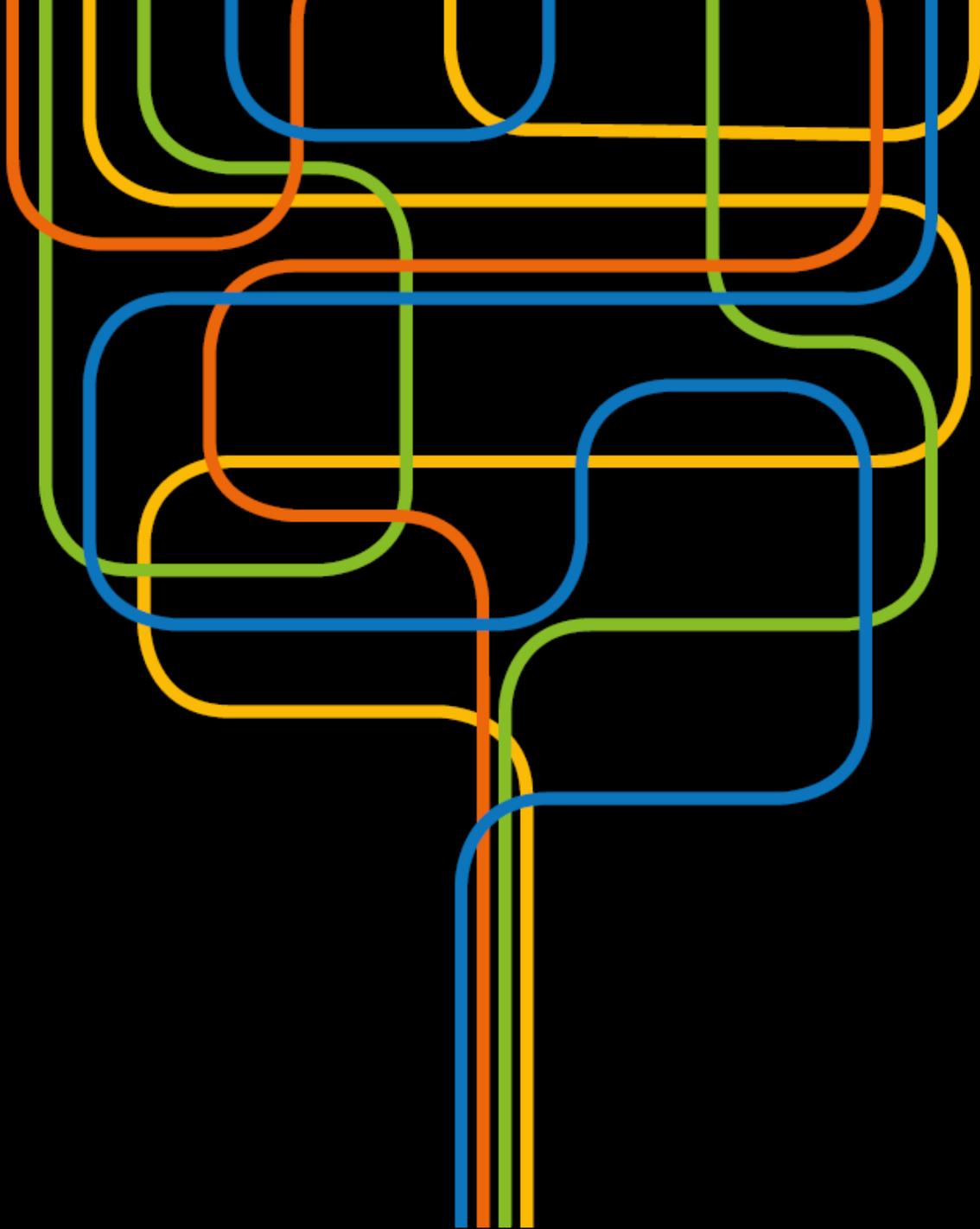
---

## REA and EST publish practical resource for electrifying fleets

On 20 August, the Association for Renewable Energy and Clean Technology (REA) and Energy Saving Trust (EST) published Electrifying the Fleet: A Practical Resource for Fleet Managers. The resource, developed by the REA's Heavy Goods Vehicle (HGV) and Commercial Fleet Working Group, outlines the benefits behind adopting electric HGVs, including the savings fleet managers could make by switching to zero emission HGVs. It also notes the UK's current policy targets to reach zero emission HGVs, with all new HGV models sold in the UK needing to be zero emission by 2040, which it states will be supported through UK Government Plug-in Grants, helping to offset costs of electrification.

REA

---



Simplify your energy  
spend management

Switch to digital with Catalyst



[www.Catalyst-Commercial.co.uk](http://www.Catalyst-Commercial.co.uk)



## Energy Mission Board and Offshore Wind Taskforce meeting commence

On 31 July, DESNZ announced that Energy Secretary Ed Miliband has chaired the first energy Mission Board, which focuses on the objectives to continue immediate action to deliver clean power by 2030 and accelerate towards net zero.

Ed Miliband said: “In an unstable world, the best way to boost our energy security and protect billpayers permanently is to speed up the transition away from fossil fuels and towards homegrown energy – making Britain a clean energy superpower. As we move forward, our Mission Board will keep a laser focus across government on delivering clean, cheap energy to homes and businesses – but also on driving economic growth and creating skilled jobs right across the country.”

On the same day, it was announced that the Offshore Wind Taskforce has met for the first time, chaired by the Energy Secretary and CEO of EDF Renewables UK, Matthieu Hue. DESNZ states that the Taskforce will drive action across industry and the government to unblock barriers to speed up the increase in offshore wind capacity.

UK Government

---

## Regen issues recommendations for Onshore Wind Industry Taskforce

On 9 August, Regen published a report highlighting its key recommendations for the Onshore Wind Industry Taskforce, which will aid in the development of doubling onshore wind capacity by 2030 and represents the government’s Clean Power Mission. Its main objectives are to unlock the barriers to deployment currently facing onshore wind developers, ensure sustainability, capture the benefits behind onshore wind, and commit to action. To continue the development of onshore wind in England, Regen has outlined six priority areas for the Taskforce:

- Connecting projects at pace: The Taskforce should work with Ofgem’s Connections Delivery Board and National Energy System Operator’s Connections Process Advisory Group to ensure new grid connections are effective.
- Evolving revenue support: To increase investment opportunities in onshore wind and reduce reliance on international gas prices.
- Further planning reforms on onshore wind, including the implementation of spatial and regional planning and centralised data sharing to determine appropriate onshore wind sites, and the consideration of fast-tracking onshore wind applications.
- Capturing the benefits and skills: Regen encourages the use of local suppliers for tier 1, 2, and 3 contractors and improving the certainty for the supply chain.
- Repowering and life extension: The paper considers the creation of a specialised work group to facilitate dialogue between developers, communities, and policymakers to navigate any challenges behind the need for larger turbines. It states the Taskforce should work with governmental departments and local authorities, to ensure that a policy is in place with consideration to financial incentives.
- Focus on local communities and people: Regen recommends making communities aware of the benefits behind onshore wind and provide support to increase its engagement with developers. The Taskforce is also urged to expand the Community Energy Fund to fund early-stage development.

Regen, UK Government

---



Award Winning  
Business Energy Consultants