

## Energy Market Trends Newsletter

October 2011

Welcome to the first Bglobal Energy Market Trends newsletter, this will be a quarterly analysis of our view of the energy industry and the factors that have an impact on energy prices today. As part of our end to end energy management services, Bglobal carefully monitors wholesale energy markets to ensure our procurement service provides best value to our customers. We would like to share this information to assist your organisation in making energy buying choices. For more information on procuring, measuring or reducing your energy needs, please get in touch.

### Q3 (July - September) Wholesale Price Trends

During the last 3 month period, prices for both Electricity and Gas plateaued, with no seasonal reduction evident during the summer months. Traditionally, prices would be expected to decrease over summer, due to a reduction in demand (reduced heating demand, holiday season etc...) but this price decrease was not seen in 2011.

- During the week of 8<sup>th</sup> July, a price plunge was experienced as oil prices fell across the world. This quickly returned to normal as oil prices recovered.
- A gradual increase in price was seen in weeks 3/4 in August - as the lower summer demand levels waned, and energy demand increased.
- A reduction in prices was seen in the first week of September, countering the increases seen at the end of August.

All in all, prices for Electricity and Gas were broadly the same at the end of Q3, as they were at the start of the period.

Over the course of 2011, wholesale prices for Electricity and Gas have steadily increased.



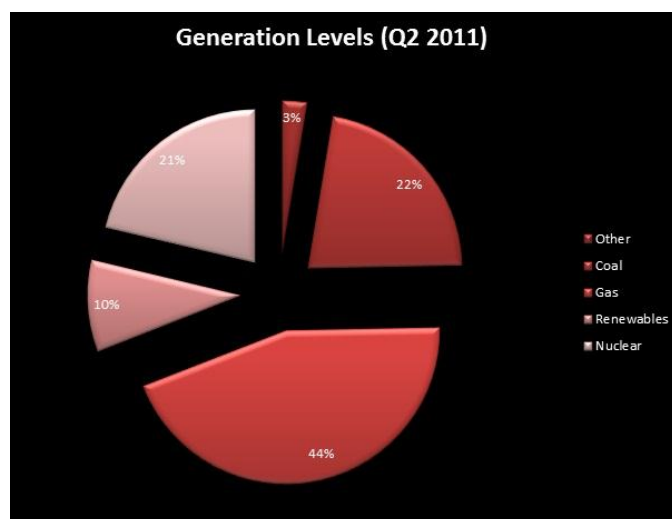
**Energy Prices from August Week 3 onwards**

### Industry Commentary

Generation and Imports from Q2 (DECC):

- Gas imports remained broadly stable (Liquefied Natural Gas (LNG) : Pipeline Gas 2:1)
- Electricity consumption was 1.5% lower than Q2 of 2010

- Fossil fuel generation accounted for 66% whilst nuclear accounted for 21%. Reliance on renewable sources provided 50% more generation capacity than the equivalent period in 2010.



#### Suppliers Retail Prices:

- Sustained wholesale year ahead market price prevents retail price reduction
- Legislative demands upon suppliers to meet and support reduction targets impact their overheads
- Energy Market Reform (EMR) white paper published 12/07/2011 to commit suppliers on their consumption reduction targets

#### Current Events and Impacts:

##### UK Events Affecting Wholesale Prices

- Shale gas exploration still remains viable although contentious. (Estimated reserves of 200 trillion ft<sup>3</sup>: Cuadrilla)
- 10<sup>th</sup> August - Oil Leak of approximately 218 tonnes from Gannet Alpha platform 176km east of Aberdeen

##### European Events Affecting Wholesale Prices

- Jun 2011 - German energy policy to close nuclear power plants by 2022 in response to Fukushima disaster.
- Summer 2011 - Euro zone financial crisis deepens creating overall market uncertainty

##### World Events Affecting Wholesale Prices

- 6<sup>th</sup> August - US loses AAA credit rating
- Continued conflict in Libya is affecting the supply and price of oil.

#### Summary

This newsletter is intended to be a very brief overview of some of the many factors that are having an impact on the UK energy supply market, and as a result, the price that your business pays for its energy.

Bglobal was recently able to save one of its clients over £35,000 on its NHH Electricity bills in one year by negotiating a deal with an alternative supplier. Get in touch for more detail or to discuss how Bglobal can help you save on energy and release cash into your business.

Thanks for reading!

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