Energy Pricing Report

April 2022

Did you know, we now offer Business Energy?

We are changing the way businesses procure their energy. We help our customers get the best value from their energy contracts, reducing their energy consumption, minimising their carbon footprint, and ensuring that their bills are right.

Businesses of all sizes from all over the UK rely on us for their energy needs, whether that be one site or multi-sites across the UK. We remove the stress of dealing with the energy contracts by contacting your existing and new supplier, as well as managing the process throughout, from start to finish.

Working with a wide range of suppliers we ensure that we have access to the best market pricing available. Prices can vary by 28% between the highest and the lowest quote & if you only check the price of one supplier, it's rare that their prices will be the lowest on offer. This takes the pain away from you needing to trawl the market looking for the best deal. All the suppliers picked by Pace Energy have been carefully selected by us based on their long-term financial viability, billing accuracy, ease to do business with and responsiveness to our customers. Rather than have dozens of unproven and untested suppliers, we only let the very best partner with us. The cost of placing business with a financially unstable or unethical supplier can be catastrophic to your business, let us guide you in this vital decision.

How can we help your business?

We offer a **FREE** Energy health check.

It is this simple

1. **Just send us a bill** – Using our smart technology, we will search the marketplace on your behalf to find a tariff that best suits your business. You can email your bill to Hello@pace-comms.com or upload a copy through our website https://www.pace-comms.com/energy

2. **Choose a tariff.** – We will send over a selection of the best available rates and help you choose the right tariff and contract length.

3. **Leave the rest to us –** Our energy experts will take care of everything, from supplier negotiations to managing your energy contracts.

Our specialised energy consultants can offer businesses, regardless of size or sector, the opportunity to secure the most cost-efficient tariffs on the market.

Geo-political factors and other market fluctuations have resulted in prices rising year-on-year. Our advanced software solutions allow us to monitor the market and advise you on the best purchase model.

Forward purchasing allows you to guarantee a rate in advance. We can help you to find a fixed rate tariff that will allow you to take control of the rising prices, even before your contract is up for renewal.

Registered offices: 5, Castle Court, The Cartway, Bridgnorth, West Midlands WV16 4BG Email: Hello@pace-comms.com
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Registered in England Company Reg: 07926308 VAT No: 131 4232 63

Pricing Report April 2023

Energy bills are driven by both the price of energy on the wholesale market and Third-Party Costs (TPCs). TPCs include non-energy costs set by the government, network (the National Grid), policy and system costs and electricity transmission/distribution costs.

The biggest single cost on a bill is the price of the energy. Before the energy crisis the wholesale cost of energy made up approximately 40% of an electricity bill and 70% of a gas bill, with the remaining being TPCs, which have been continuously rising in recent years and can be volatile. Currently, with the rise in wholesale costs they are around 78% of a gas bill and 72% of an electricity bill.

This pricing report will focus on the energy element of a bill to help you keep track and understand the wholesale energy market and the factors affecting the price of your contracts.

Overview:

The market continues to trade lower this week, with wholesale prices at the lowest they have been in 18 months.

The European Commission is also to look at strengthening its dealings with US LNG exporters with hopes to bolster relationships and supply lines with its current largest LNG supplier (by volume). The Netherlands has also cut back on consumption considerably to the lowest level since 1972. This has supported the continent with its endeavours to fill gas levels and are positive moves ahead of the next winter heating season.

There are currently 11 LNG cargoes expected to breach UK shores by the 2nd of May. However, the market remains volatile and there are forecasts in demand rises now China has relaxed their COVID restrictions. Asia depends more on LNG to cover fluctuations in gas demand, while the EU used to have access to cheaper pipeline gas (mainly from Russia before the war). A rebound in Chinese LNG imports could constrain the EU's ability to secure gas supplies throughout 2023.

Bullish Factors (*upward pressure on markets*):

- Lower wind generation
- Temperatures below seasonal norms
- Maintenance at Dvalin gas field extended to 1st of May.
- Demand rises forecasted Asia.

Bearish Factors *(downward pressure on markets):*

- European demand lower
- First export from Freeport since 2022
- Milder weather

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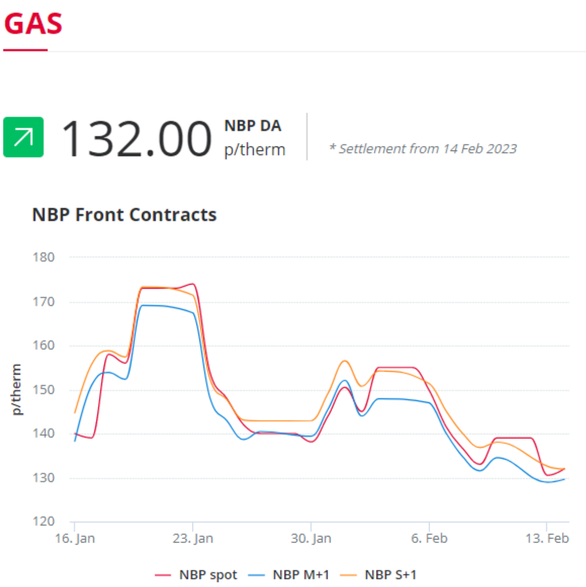
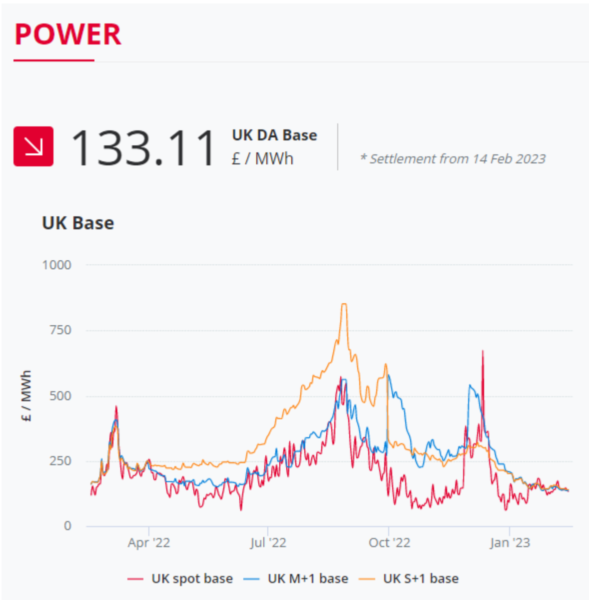
MARKET REPORT

Gas and Power

Sudden stratospheric warming (SSW) see extreme weather conditions across the UK and Europe in the coming weeks. Coupled with lower wind speeds have raised prices slightly. However, wholesale power prices are 17.9% lower than at the start of 2023 and over 80% lower than the peak in December. Gas prices are 26.7% lower than at the start of 2023 and 26.9% lower than the peak in December.

Wholesale prices have fallen to levels before the Ukraine invasion where mild weather, renewable generation and good levels of storage continue to be able to meet demand. Due to this gas and power contracts starting now (spot), starting within the month head (M+1) and starting within the next season (S+1) all currently remain similar in price.



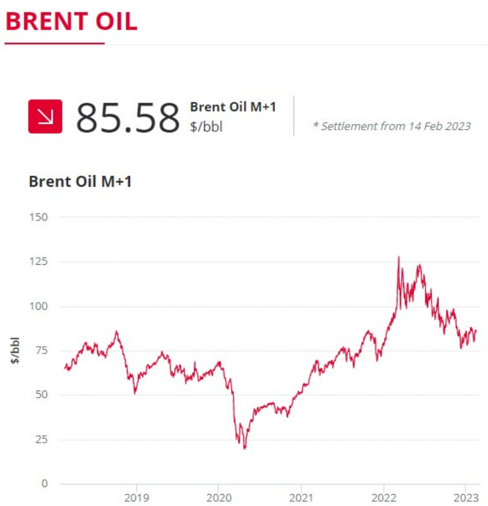


A season in the business energy market is a 6-month spread and these are from April to September for "Summer" and October to March for "Winter".

Crude Oil

Brent crude increased last week due to continued forecasts of demand rises, especially in Asia. This week prices have fallen this week following reports of production increases, allied to further concerns over US demand.

Brent prices still remain under $90/bbl which had not been seen since mid-November and briefly in September last year and then not back until February earlier this year.



ENERGY NEWS

Current price standings:

Brent Crude = $85.58/bbl

Ukraine War Accelerating Renewable Push

A new report by BP estimates that primary energy consumption by 2035 will be 2% lower than last year – as energy efficiency improves.

The war in Ukraine will see the world shift to renewables at a quicker rate. Countries will look to produce energy domestically, with the war in Ukraine seeing the world shift to renewables at a quicker rate due to energy security worries. The report states that this will result in more renewables being used than fossil fuels.

Three scenarios have been predicted, which all see global energy demands peak within the next 12 years and oil demand decline rapidly after 2030. It also sees world demand dropping to between 70 and 80 million barrels per day in 2035, as opposed to the 100 million barrels per day currently.

BP's Chief Economist, Spencer Dale, said: "Global energy polices and discussions in recent years have been focused on the importance of decarbonising the energy system and the transition to net zero.

"The events of the past year have highlighted the complexity and interconnectedness of the global energy system. The increased focus on energy security because of the Russia-Ukraine war has the potential to accelerate the energy transition as countries seek to increase access to domestically produced energy, much of which is likely to come from renewables and other non-fossil fuels.

"But the events also show how relatively small disruptions to energy supplies can lead to severe economic and social costs, highlighting the importance that the transition away from hydrocarbons is orderly, such that the demand for hydrocarbons falls in line with available supplies."

CONTACT US TODAY ON 01384 898269 OR EMAIL Hello@pace-comms.com TO SEE HOW WE CAN HELP WITH YOUR ENERGY PROCUREMENT

We are a member of the Energy Brokers dispute resolution scheme through the ombudsman service.