

June 08

# ENERGY UPDATE

## British Energy turns down French Bid.

June 10th

French hopes of speedily picking up UK sites for new generation of nuclear power plants were set back last night when a £10bn takeover offer for British Energy was rejected by the board.

British Energy said a proposal from EDF, which was almost £2bn below Fridays closing share price, was insufficient for a company with the best locations for new plants and fleet stations that provide at least 15% of the UK's electricity.

## UK bill to set carbon targets clears first hurdle.

June 10th

The UK governments groundbreaking bill to combat climate change cleared its first hurdle in the House of Commons last night. But ministers are set to come under increasing pressure to impose even tougher limits on carbon dioxide emissions. The climate change bill, which was granted a second reading by 344 votes to three, will set a legally binding target for reducing the UK's carbon dioxide emissions by at least 60% by 2050.

## Britain set to miss EU renewable energy target.

June 19th.

Britain could invest more than £100bn in renewable energy over the next decade and still fail to meet an EU target on clean technology, the governments own renewables advisers have warned. The Renewables Advisory Board (RAB), made up of senior figures from across the industry, says the best the UK could realistically hope for is to generate 14% of its energy from sustainable sources by 2020. The EU has set Britain a target of 15% renewable energy generation by then.

## Emission Curbs could close new coal plants.

June 29th

Fresh doubts have been raised over plans for a new coal-fired power plants after the environment regulator said it expects that those not fitted with expensive carbon capture and storage (CCS) equipment in future will have to close.

## Oil marches towards \$150 a barrel.

June 30th

The price of oil continued its seemingly relentless march towards \$150 a barrel today, driven by the simmering tensions between Iran and Israel.

The cost of a barrel of US crude hit \$143.67 this morning, its highest-ever level. London Brent crude also reached a new peak of \$143.81 a barrel.



## The Outlook

With maintenance season upon us prices will be dependent on deliveries into Langede and Rough remaining consistent and work being carried out running smoothly. With the Large Combustible Plant Directive (LCPD), forcing plants to run derogated hours, coal-fired generators are now running at costs of oil-fired plants and any failure in production could spike prices

## Power

Power Baseload Wholesale Price.	30 Day High	30 Day Low	30 Day Mean
Oct Ann Contract	£89.70/MWh	£76.90/MWh	£83.50/MWh

Forward curve prices continued to track the bullish oil and coal markets, but bearish movement on the carbon market capped gains. Boiler problems at the Tilbury and Aberthaw coal stations caused a significant drop in available capacity as the units were temporarily withdrawn from the grid.

## Gas

Gas NBP Wholesale Price.	30 Day High	30 Day Low	30 Day Mean
Oct Ann Contract	97.70p/th	83.48p/th	92.03p/th

Forward curve prices continued to track oil price through out much of the month, with the bullish coal market also pushing prices. Winter 09 hit a life-of-contract high at 110p/th with traders sitting on long positions and the near curve. Despite the start of the maintenance season flows into Langede remained steady at 44M cubic mtrs. BP's Bruce and Rhum came back on line at the weekend while Centrica's South Morecambe field went down for four weeks and the BP operated CATS pipeline is off-line for two weeks.