



Energy Brokerage & Management Specialists

# WTF just happened to my energy budget?

Joe Warren and Martyn Young

2 October 2018

# Unprecedented Wholesale price increase since June

History of Winter 18 futures

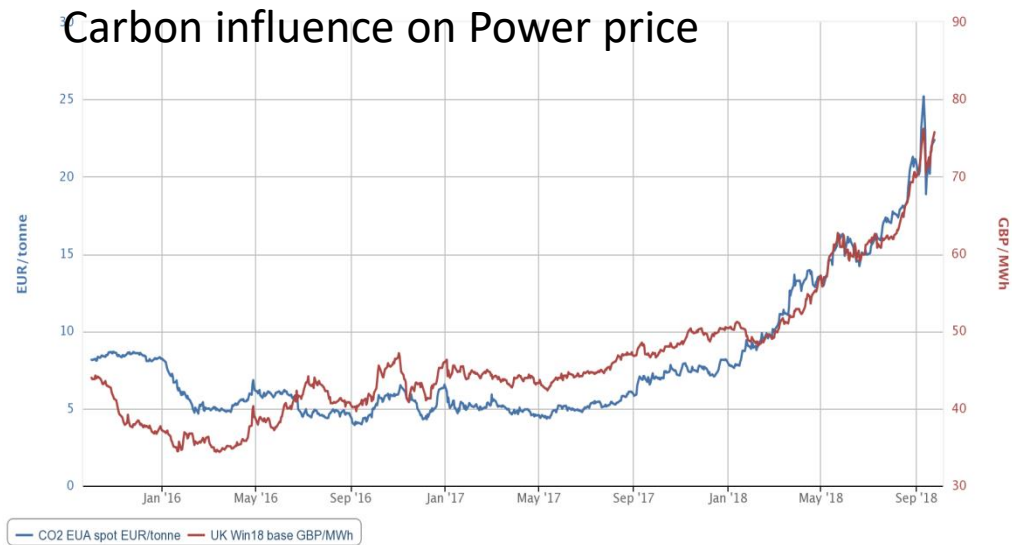
**Power** — 60% increase in 12 months = 2.85p / kWh



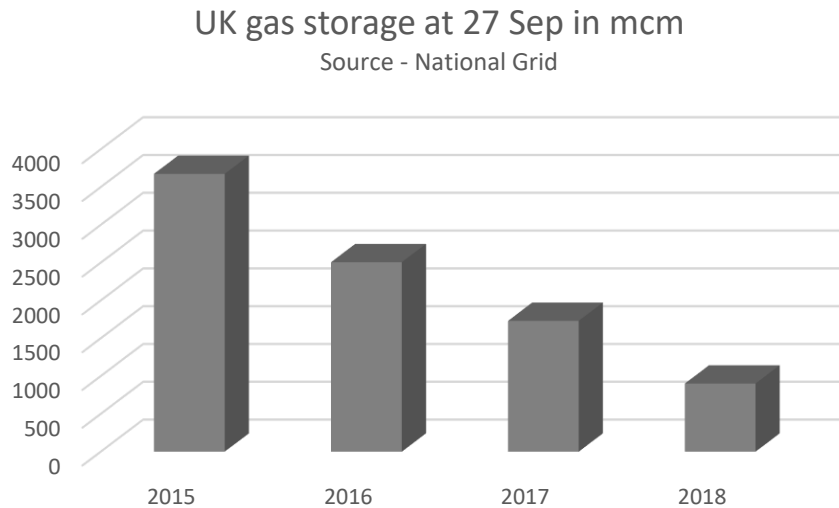
**Gas** — 69% increase in 12 months = 1.14p / kWh



# New factors coming into play



- Carbon Price
- Gas storage
- Extreme weather



- Asian LNG price
- Politics
  - Oil
  - US policy

# Regulatory Change and complexity

- DUOS banding
- Transportation change
- CM
- Triad changes upcoming
- CRC ending
  - CCL increase to fund
- EII

- The current level of detailed, multiple, overlapping and costly interventions is the unintended consequence of a host of ad hoc policy interventions ..... the result has been significantly higher costs. The current framework is not fit for purpose.

*Deiter Helm Oct 2017*

*Cost of Energy Review  
(BEIS initiated)*

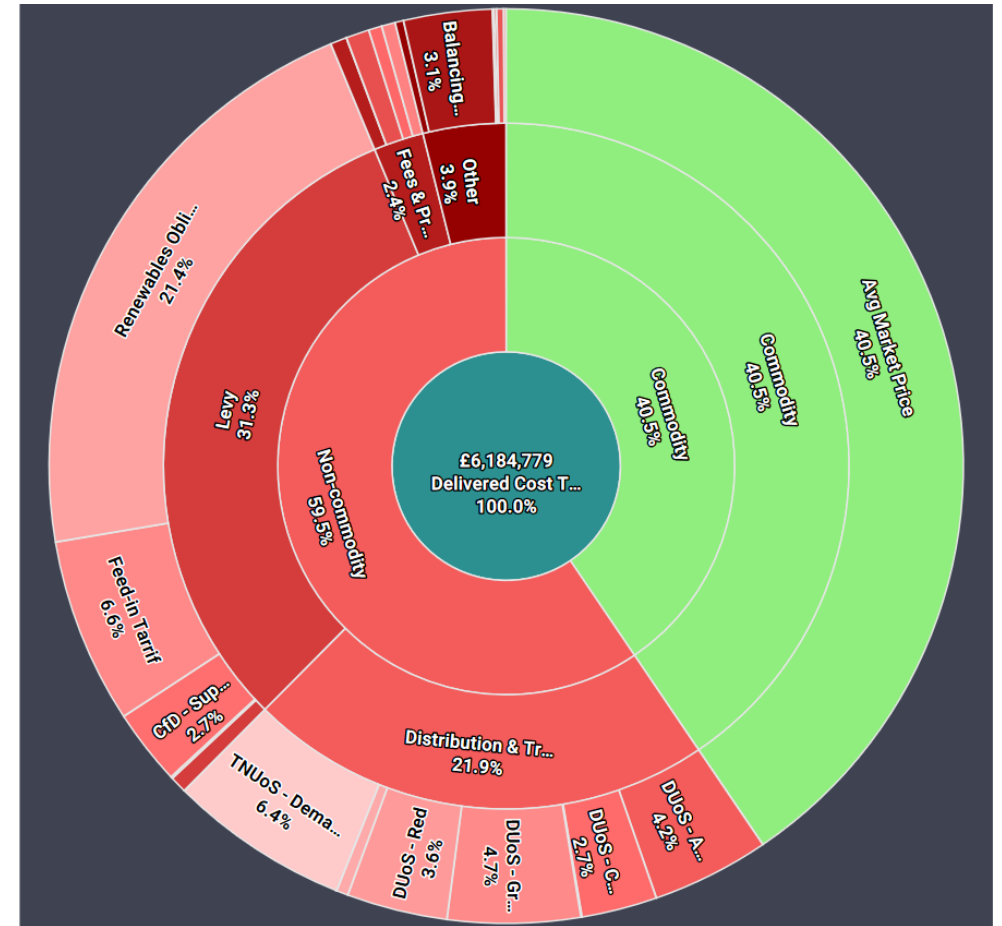
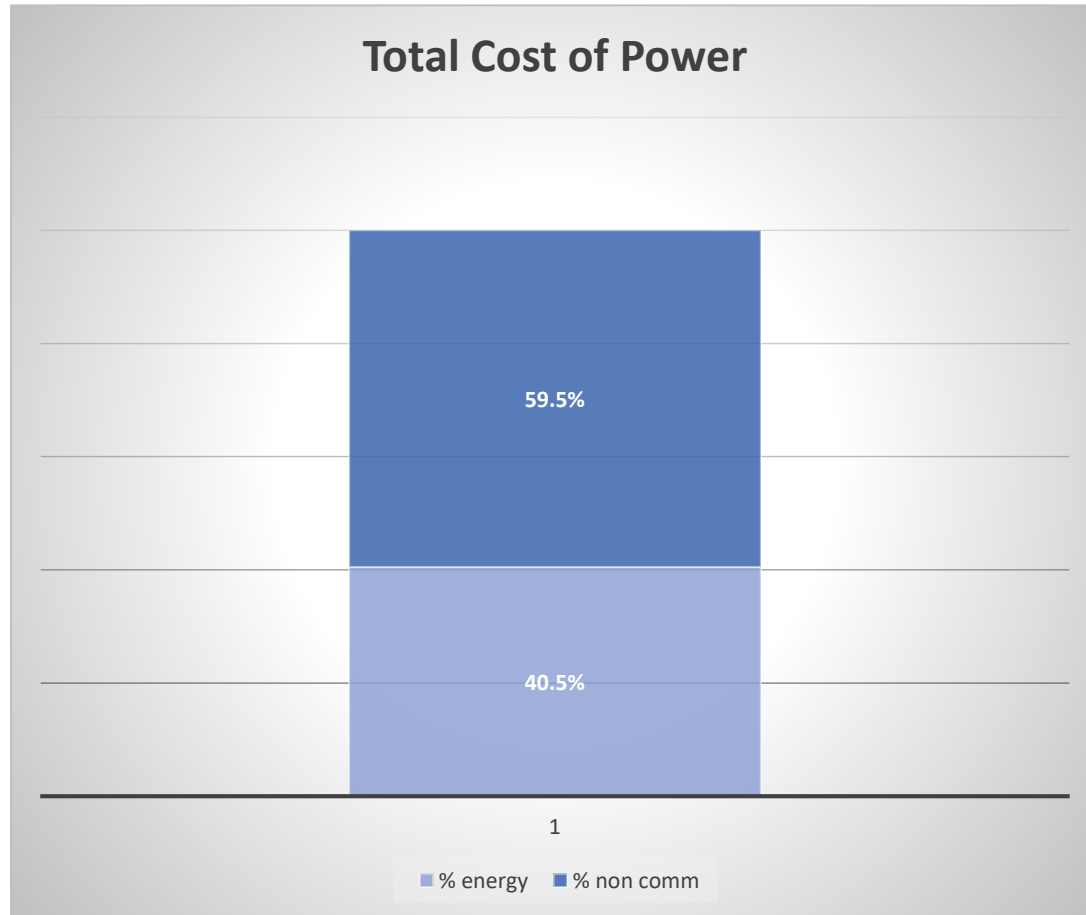
A photograph of Vladimir Putin and Donald Trump shaking hands. Putin is on the left, wearing a dark suit and tie, looking towards Trump. Trump is on the right, also in a dark suit and tie, looking towards Putin. They are seated at a table with a white cloth. In the background, there are American flags. The image is dimmed to allow text to be overlaid.

Unforeseen

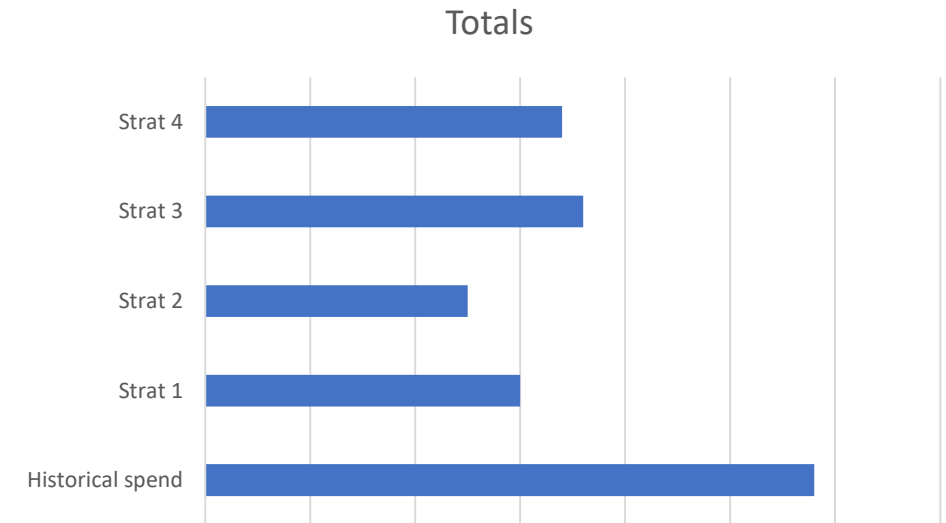
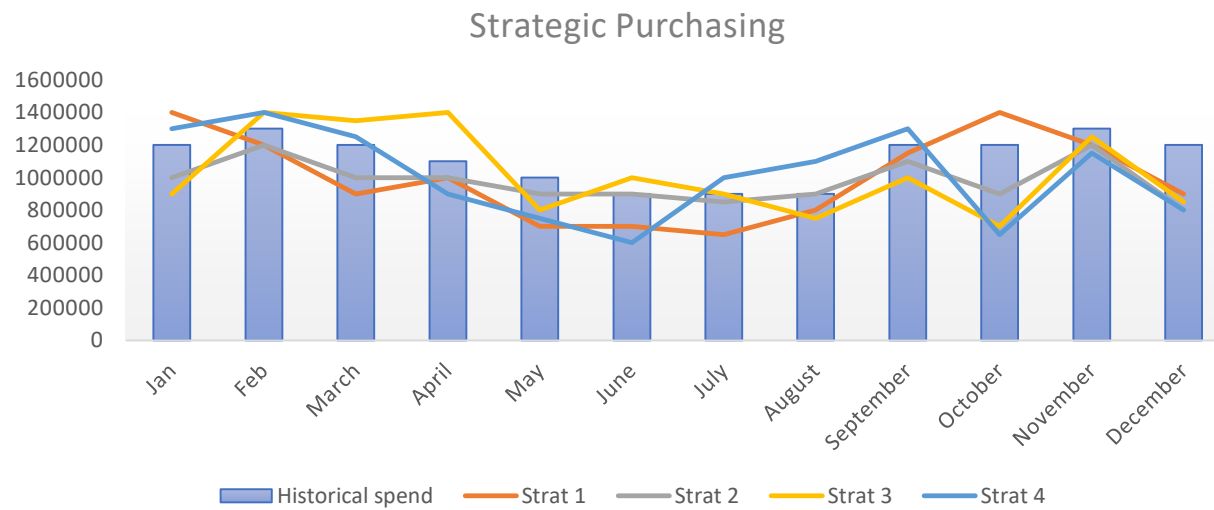
- Project Nexus UIG
- Blackstart
- Future possibles
  - Brexit?
  - 2<sup>nd</sup> Hard Winter?
  - Iran?

# Visibility

- Delivered cost..

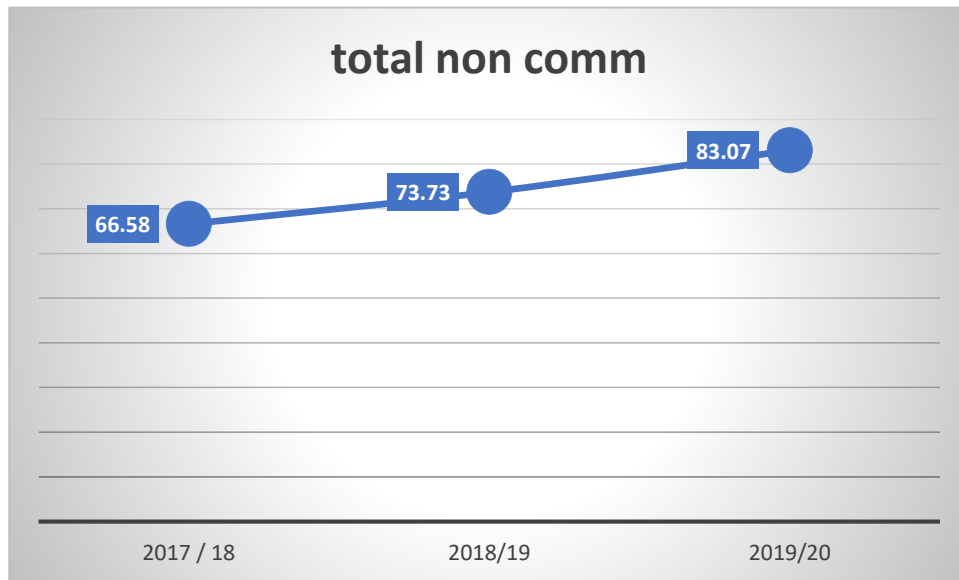


Keep Control – Strategy – stick to it!



# Market predictions

- Non Commodity – going up

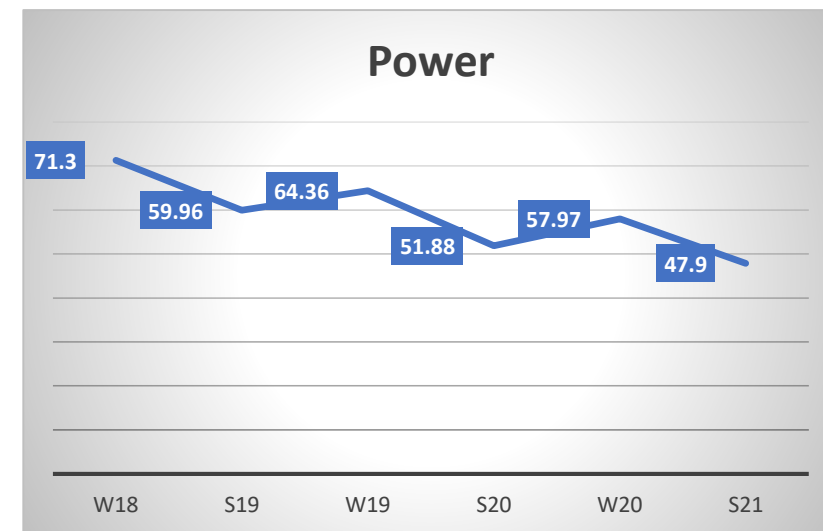
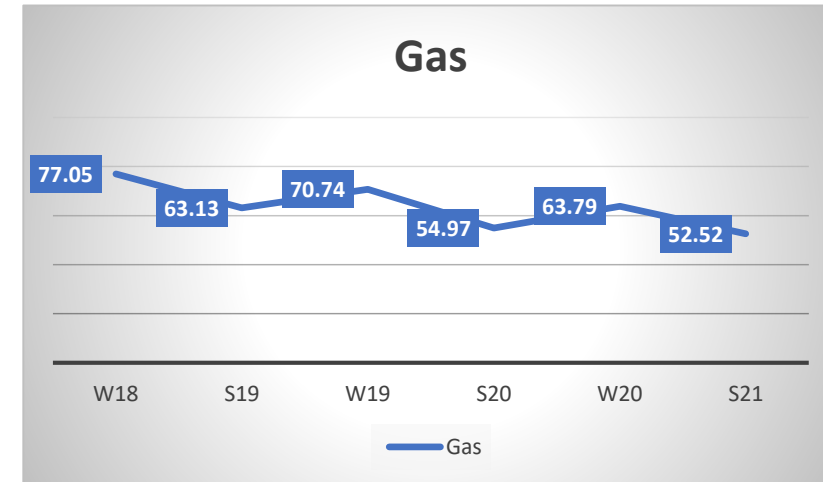


Combined Effect Power:

18.9% 18/19  9.2% 19/20 

Combined Effect Gas: 19.7% 18/19

- Commodity coming down







Energy Brokerage & Management Specialists

## Q&A

[www.ZTPUK.com](http://www.ZTPUK.com)

[joewarren@ztpuk.com](mailto:joewarren@ztpuk.com)

[martynyoung@ztpuk.com](mailto:martynyoung@ztpuk.com)