Uncharted Waters....

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The MEUC – Energy Community

What our Members are saying - The work that MEUC does is great, and it is without a doubt my ‘go to place’ for information and advice on energy and water.

The way the MEUC support has adapted to the challenges surrounding COVID should be recognised as not many organisations have been able to adapt that quickly

Some of the companies benefiting from MEUC membership
Schedule

• Objectives

• Context.....
  
  • Some good news!

  • What don’t we have real control of today?

• The Energy Crisis – Quantified

• Some members’ opinions....
Some Good News

• Almost 50% of gas comes from the UK continental shelf

• A significant volume is from Norway

• LNG is readily available – but increasingly expensive

• Recently, gas prices have been falling....

• We have a broad range of generation capabilities

• There is no shortage of market information
What don’t we have full control of today?

- Vladimir Putin -
- Wholesale prices -
- Non-energy Costs -
- Supplier choice -
- Renewables & LNG -
- Wind & Sunshine -

October 1
Which UK energy suppliers are interested?
Historic Wholesale Electricity Costs (Rolling Average)

- 2007: 16m
- 2008: 20m
- Covid:
  - 2019: 30m
  - 2020: 18m

£ MW

- 2007: 100
- 2008: 90
- 2009: 80
- 2010: 70
- 2011: 60
- 2012: 50
- 2013: 40
- 2014: 30
- 2015: 20
- 2016: 10
- 2017: 0
- 2018: 10
- 2019: 20
- 2020: 30
- 2021: 40
Recent Wholesale Electricity Costs
## Wholesale Electricity Costs & Liquidity (Electricity)

<table>
<thead>
<tr>
<th>BASELOAD (£ MWh)</th>
<th>Apr 21</th>
<th>Apr 22</th>
<th>Sept 21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter 22 (Oct - March)</td>
<td>60</td>
<td>232</td>
<td>515</td>
</tr>
<tr>
<td>Summer 23 (Apr - Sept)</td>
<td>46</td>
<td>139</td>
<td>350</td>
</tr>
<tr>
<td>Winter 23 (Oct - March)</td>
<td>57</td>
<td>136</td>
<td>368</td>
</tr>
<tr>
<td>Summer 24 (Apr - Sept)</td>
<td>164</td>
<td></td>
<td>216</td>
</tr>
<tr>
<td>Winter 24 (Oct - March)</td>
<td>111</td>
<td></td>
<td>240</td>
</tr>
</tbody>
</table>

60W Incandescent Light Bulb x 2 hours x 30 days = 6kW (£3.00)
Suppliers & Volatility

- Over 30 suppliers failed since 2021
- It’s a sellers market… credit ratings are key
- Supply contracts need both parties too sign so don’t wait…..
- T&Cs have changed – tolerances
- What is included/excluded in pass through?
- Source & availability of green

Wholesale Gas Cost Variations (p/Therm)
The past 15 months have seen an unprecedented rise in REGO values. January 2021 survey of £0.32/REGO for FMD 2020-21, to £5.43/REGO in the January 2022.

Drivers:
• rebounding electricity demand
• rising demand for renewables
• period of low renewables output particularly from wind in S2021
• demise of EU GoOs for FMD

*** MEUC Estimate

one REGO certificate per megawatt hour (MWh)
## Non-energy costs (DNO Extra High Voltage Fixed Charges)

### Hydro – Annual Fixed Cost

<table>
<thead>
<tr>
<th>Year</th>
<th>LLF 608</th>
<th>LLF 705</th>
<th>LLF 711</th>
</tr>
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<tbody>
<tr>
<td>2021/2022</td>
<td></td>
<td></td>
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<tr>
<td>2023/2024</td>
<td></td>
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</table>

### North West – Annual Fixed Cost

<table>
<thead>
<tr>
<th>Year</th>
<th>LLF 640</th>
<th>LLF 520</th>
<th>LLF 550</th>
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</thead>
<tbody>
<tr>
<td>2021/2022</td>
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<tr>
<td>2022/2023</td>
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<tr>
<td>2023/2024</td>
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</tbody>
</table>

## Use of System Charging – Transmission (TNUoS) & Balancing (BSUoS) Costs

### TNUoS

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020/2021</td>
<td>£2,840m</td>
</tr>
<tr>
<td>2021/2022</td>
<td>£3,500m</td>
</tr>
<tr>
<td>2022/2023</td>
<td>£3,600m</td>
</tr>
<tr>
<td>2023/2024</td>
<td>£3,950m</td>
</tr>
<tr>
<td>2024/2025(E)</td>
<td>£4,100m</td>
</tr>
</tbody>
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### BSUoS

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018/2019</td>
<td>£1,400m</td>
</tr>
<tr>
<td>2019/2020</td>
<td>£1,600m</td>
</tr>
<tr>
<td>2020/2021</td>
<td>£2,000m</td>
</tr>
<tr>
<td>2021/2022</td>
<td>£3,500m</td>
</tr>
<tr>
<td>2022/2023(E)</td>
<td>£5,700m</td>
</tr>
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</table>

- **44%**
- **400%**
The combustion of lignite produces less heat for the amount of carbon dioxide and sulphur released than other ranks of coal.

As a result, environmental advocates have characterized lignite as the most harmful coal to human health.
UK Gas Flows

2021

2022
LNG Price & Delivery

UK Bound Tankers

$MMBtu
Government Support ?

$\text{CO}_2$