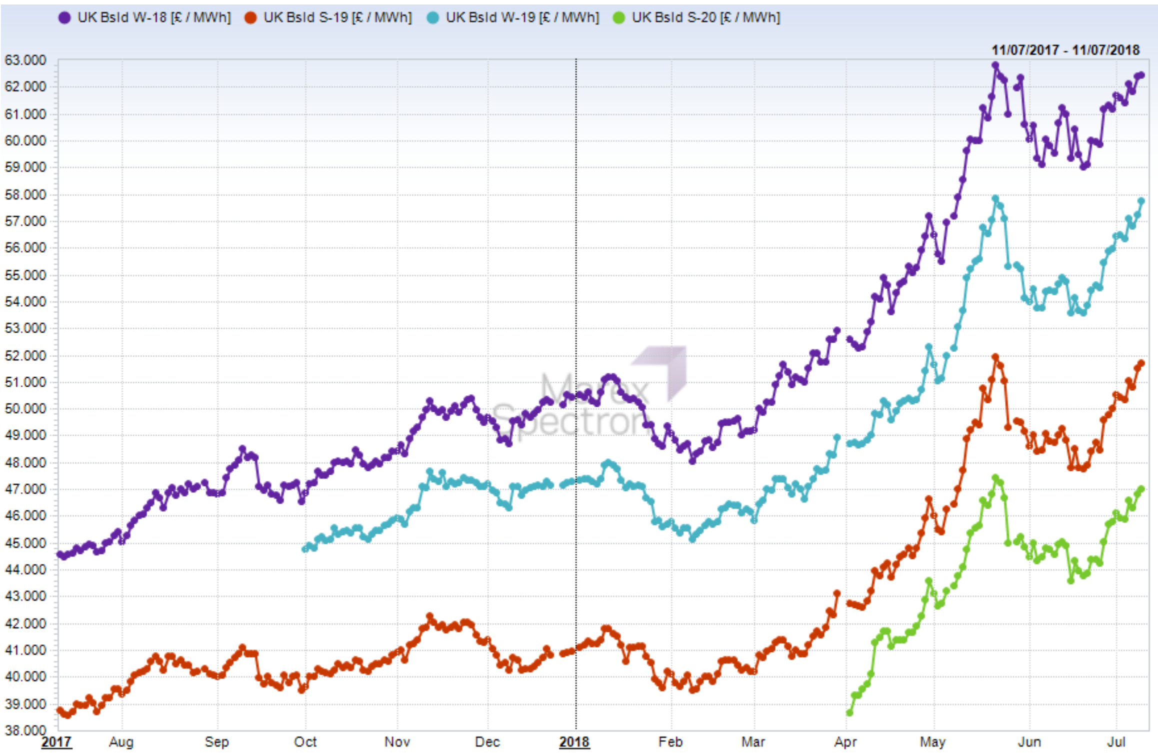
New Stream Market Update

PPA Market

- As a result of the recent recovery in pricing following the June sell offs, we are now seeing the wholesale market back at the highs experienced in May. Clients continue to lock in PPAs further out along the curve with April 2019 renewals being reviewed.
- With the movement to PAR1 pricing in November 2018, which changes the way cash out prices are calculated, we expect significant increases in volatility. A number of European countries have this type of system (including Germany) and whilst historic data shows lower average prices (due to structural differences) there is greater volatility, higher price peaks and increased occurrence of negative pricing.
- Shift from less coal to more renewables has placed more significance on gas supplies from Europe and globally. Fears over European outages, Russian sabre rattling and increased global LNG demand have pushed prices higher leading to continued support for the power price
- ROCs – the secondary market for ROCs has continued to strengthen and as such the share of both buyout and recycle in PPAs has increased
- TRIAD – PPA providers have yet to receive funds from Elexon but we would expect this to happen later this month. Despite the fact that TRIAD benefits have been cut by a 1/3 we have seen increasing passthrough levels in the PPA market
- FIT – monthly payment terms becoming more common amongst PPA providers

Baseload Power



Power & Gas

- We have seen the global natural gas prices increase for the first time in two years, mainly due to demand for the fossil fuel increasing across the world. Higher prices have been linked to the rising cost of crude oil and stronger the expected demand for liquified natural gas.

- Germany's renewable output exceeded coal for the first half of 2018 figures have shown. This comes as debates within Europe on how best to phase out coal generation continue. According to data released on Tuesday (10 July) by the German Association of Energy and Water Industries (BDEW), wind, solar, hydropower and biogas met 36.3% of Germany's electricity needs between January and June 2018, while coal provided just 35.1%. Although renewables have hit notable benchmarks in the past, outstripping fossil fuels on certain days or even weeks, this is the first-time coal has fallen by the wayside during such a long period of time in Germany.

- The UK government has been advised by the National Infrastructure Committee that it should aim for a minimum of 50% power to come from renewable generation by 2030 up from 30% now. Additionally, they recommend that taxpayers should only support one more nuclear power station before 2025. This advice is a blow to companies such a Hitachi Ltd and EDF who are looking to invest in large nuclear projects within the UK.

New Stream Renewables Services

- ✓ Specialists in PPA and CfD structuring, route to market and tendering.
- ✓ Embedded Generation and Peak Asset Trading.
- ✓ Battery Storage.
- ✓ Capacity Market.
- ✓ Peak Power Asset Management
- ✓ TRIAD Warning Service.
- ✓ FIT, RHI and RO Accreditation Services.
- ✓ SPV Management, Support Services and Off-Take Management.
- ✓ Energy Procurement and Risk Management.
- ✓ Pre and Post Planning Financial Modelling.
- ✓ UK Gas and Power Analysis and Price Forecasting.
- ✓ Gas Purchase Agreements, route to market and tendering.
- ✓ ROC and Green Gas Certificate Trading.

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