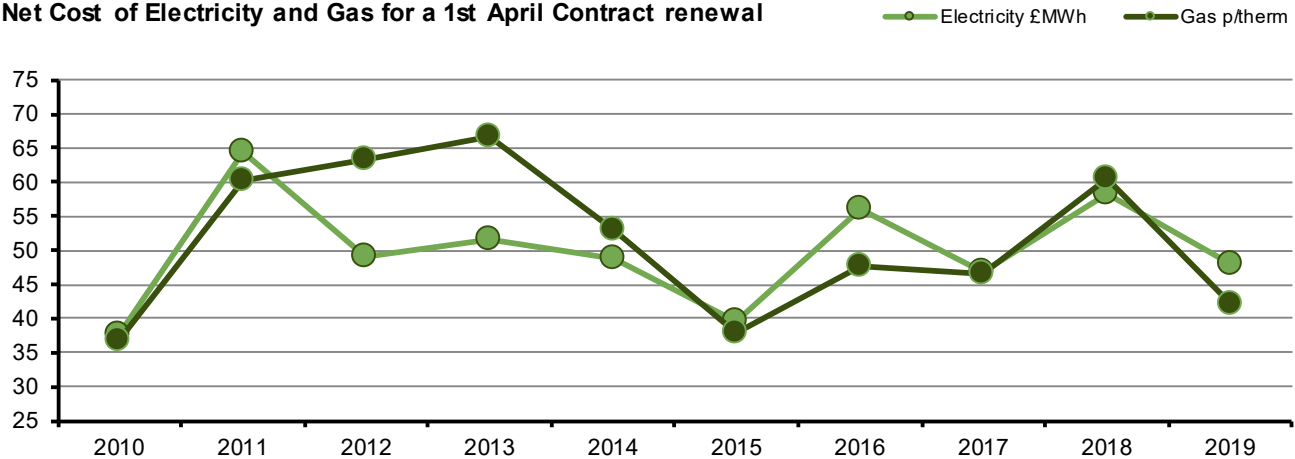


Report issued: 13th November 2019

Net Cost of Electricity and Gas for a 1st April Contract renewal



Electricity: base load cost - excludes distribution, taxation and supplier margin and costs

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
37.63	64.40	50.09	52.09	48.75	40.16	54.53	47.23	60.42	48.20

Gas: core gas cost - excludes distribution, taxation and supplier margin and costs

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
36.75	60.17	65.15	67.41	54.13	38.85	45.69	46.46	63.47	42.53

Week commencing 4th November 2019

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$60.74	42.86	£48.74	\$55.15	-10.1
End	\$61.50	41.89	£47.93	\$52.90	-10.4

Falling temperatures across continental Europe and a sharp reduction in early-week flows from Norway saw the demand for prompt gas spike with the day-ahead contract rise 9.95p/therm week-on-week. Flows from Langeled eventually returned to expected volumes and the continued high LNG send-out saw prices across the NBP curve drop. Far-term contracts saw some resistance to the downward pressure off the rally in Brent crude. Low renewable generation at the beginning of last week coupled with pipeline optimisation at Langeled saw a spike in prompt power prices with the week-ahead contract notably rising. The uplift did not however filter down to the rest of the curve as strong LNG send-out, warmer temperature forecasts later in the week and a softening Carbon market combined to force prices down.

Week commencing 28th October 2019

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$61.57	42.99	£48.13	\$55.25	-10.3
End	\$60.74	42.86	£48.74	\$55.15	-10.1

The approval of the Nord Stream 2 pipeline the Danish Government dominated the Continental Gas market last week, as prices edged downwards off the prospect of increased direct market access of Russian gas to Western Europe. LNG added to the bearish sentiment as the UK daily send-out reached 113mcm or 39% of daily supply. Later in the week, the optimisation of the Langeled pipeline by Equinor saw supplies to the UK drop to only 12mcm by Friday which helped support contracts for immediately delivery. Strong renewable generation throughout last week and record LNG daily send-out saw the prompt market come under great pressure. With only modest support provided by a slight rise in the EUA price, the UK Power curve took the full brunt of a weakening gas market amid strong supply and the sign-off of the Nord Stream 2 pipeline. The market has held a Bearish outlook of late as the mild opening to the winter season has kept storage units well stocked and demand low.

Week commencing 21st October 2019

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$59.64	44.73	£49.58	\$59.05	-9.8
End	\$61.57	42.99	£48.13	\$55.25	-10.3

The day-ahead power contract remained low throughout much of last week as a well supply gas market and stable wind generation weighed on prices. The contract saw a sharp uptick on Friday however amid colder temperatures and lower renewable output forecast to start this week. Overall, the day-ahead contract closed up £1.75/MWh, at £44.08/MWh. Near curve contracts were heavily pressured by the strong gas supply outlook last week, with the Q1-20 contract losing £2.01/MWh. Additional pressure stemmed from a crash in carbon amid Brexit uncertainty.

Week commencing 14th October 2019

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$60.17	46.87	£50.12	\$60.20	-8.8
End	\$59.64	44.73	£49.58	\$59.05	-9.8

Higher demand last week amid lower wind generation and colder weather helped push prompt contracts up. Additional support on Friday came from supply issues impacting some Norwegian infrastructure, whilst a lightning strike curtailed flows through the Forties pipeline. Curve contracts saw sharp declines, primarily pressured by strong LNG imports and a firmer pound. The UK is expected to receive 15 vessels through October, totalling almost 2bcm, whilst the outlook remains strong. The pound saw a surge as positivity stirs in the market of getting a Brexit deal agreed. Curve Power contracts tracked down with both gas and carbon, with gas seeing a sell-off amid strong LNG arrivals. Losses were curtailed on power however, as clean spark spreads recovered following positivity that a Brexit deal will get done, therefore keeping the UK in the EU ETS for longer.