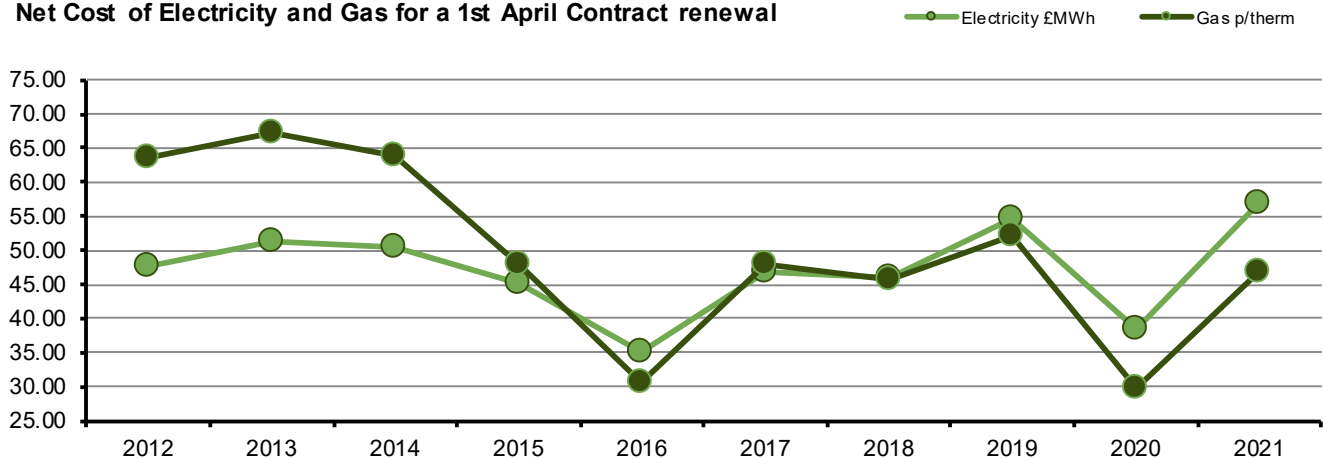


week on week marketview

Report issued: 24th February 2021

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



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

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
47.28	51.41	49.16	47.08	34.44	46.05	46.37	54.17	38.7	56.75

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

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
62.72	67.17	61.97	51.52	30.37	47.13	46.14	52.53	30.2	46.29

Week commencing 15th February 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$61.53	45.59	£56.38	\$68.50	-2.1
End	\$63.76	43.84	£54.40	\$66.00	-6.1

UK gas contracts crashed off last week as temperature forecasts were significantly revised up across Europe, whilst strong LNG imports are also expected over the coming weeks. Both these factors have taken reliance off storage withdrawals going forward after EU levels reached down to c.40%, 25% lower than this time last year, and 6% lower than 2019. Although temperatures are forecast to be above normal over the near-term, the market will still be sensitive to any changes in either Europe or Asia. A small surge in prices was briefly seen mid last week as some unplanned Norwegian outages, lower Russian flows and a reduction in U.S. feedgas flows worried the market, however this was short lived. UK power contracts shed value last week as a comfortable gas market outlook amid mild weather and strong LNG supply weighed heavily on prices, whilst weak fundamentals and technical selling also led carbon lower.

Week commencing 1st February 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$55.95	46.83	£56.16	\$69.60	-6.0
End	\$59.52	46.48	£56.76	\$67.60	-5.5

NBP gas remained rangebound last week as cooler temperature forecasts were continuously updated for Week 6 and 7. There remained large differences between weather models offering markedly different prospects for demand. NTS system remained oversupplied throughout last week as LNG send out remained strong and LNG cargo arrivals to the UK were seen higher than January schedule, due to falling Asian LNG demand. Strong interconnector flows via IUK and BBL due to the NBP premium over European hubs contributed to NTS system length. UK Power front week contracts remained rangebound in line with falling Gas contracts, as forecasts for greater wind production in Week 6 and warmer temperatures in Week 7 contributed towards bearishness of the Power curve. However, Gains in Carbon, Coal and Oil markets kept the far curve Power contracts supported.

Week commencing 8th February 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$59.52	46.48	£56.76	\$67.60	-5.5
End	\$61.53	45.59	£56.38	\$68.50	-2.1

The week started on a cold weather note with snow and sub-zero temperatures expected throughout the UK as well as MetDesk predicting temperatures 3-4°C below seasonal norm. As a result, prices jumped on Monday. However, bullishness was short lived as subsequent weather revisions kept coming in with warming weather during the rest of the week. In addition, warm weather in Asia led to a looser competition on the global LNG market and caused an influx of LNG arrivals in the UK. Both factors pressured gas prices to close in the red vs. the previous week. Power contracts tracked the movement in gas and carbon – most contracts jumped on Monday, but reverted on Tuesday. Despite rising carbon, NBP had larger dominance and caused the power complex to close in red for the week for both near- and long-term contracts.

Week commencing 25th January 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$55.50	48.82	£57.48	\$66.80	-3.5
End	\$55.95	46.83	£56.16	\$69.60	-6.0

The return of LNG send-out to the European market combined with the reduced risk of cold-snaps over the coming weeks pushed down the UK gas market last week. Spot LNG cargoes were largely absent from UK shores for much of the first three weeks of January, however softening Asian demand saw a further five cargoes announced last week, set for delivery in the first two weeks of February and reducing the strain on storage to meet supply. UK Power followed the downward trend across the continental gas market for much of last week as warmer temperatures and reduced supply concerns softened prices across the curve. The greatest drop was seen in prompt with the week-ahead contract falling £11.52/MWh as strong renewable forecasts added to the increased LNG supply to the UK energy complex.