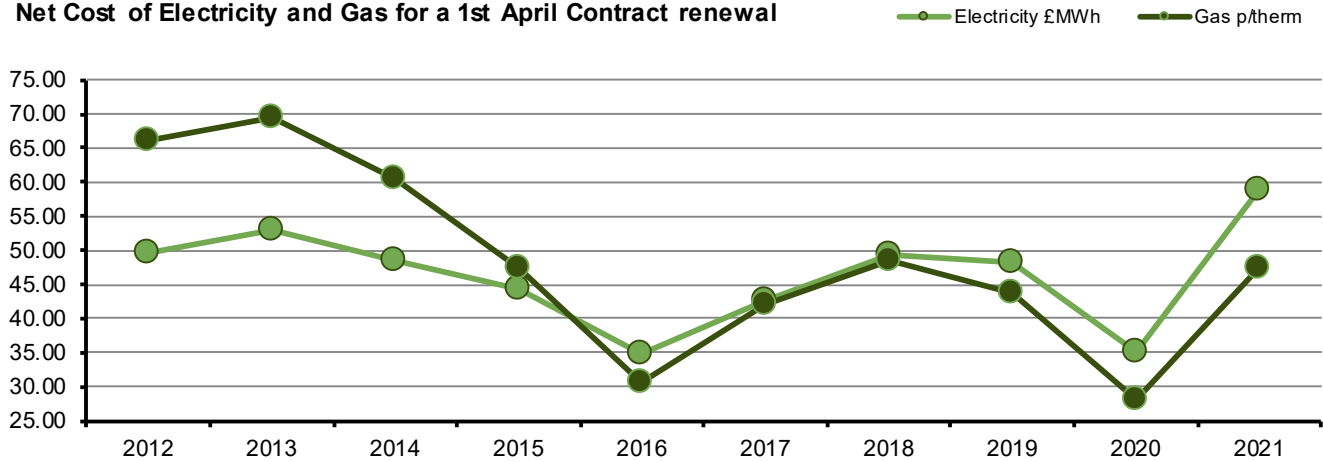


Report issued: 31st March 2021

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
50.35	52.4	50.19	44.08	34.48	43.85	48.83	49.29	38.75	60.94

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

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
67.03	68.84	62.99	47.17	30.3	43.82	48.73	44.86	30.1	50.34

Week commencing 22nd March 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$63.64	47.36	£58.88	\$72.20	-3.5
End	\$64.45	49.68	£60.53	\$75.10	-2.5

The prompt gas market saw a sudden shock upwards as questions were placed on future Qatari LNG supplies as the Suez Canal remained blocked for all of last week. The greatest rise was seen in the front month contract which lifted 5.2p/th as the expected impact to supplies is set to be realised within the next two weeks. Reduced demand off stricter lockdowns and warmer temperature forecasts was able to place a partial cap on prices yet the uplift still managed to follow-on into seasonal contracts. Expectations of high wind generation helped to drop power prompt clean sparks and outright power as CCGT demand lowered. The greatest fall was seen in the day-ahead contract. Curve contracts were pushed higher as the Suez canal blockage disrupted global supply routes and added premium to gas and oil markets. With gas supply disruption and colder weather forecast for next week more pressure will be put on European gas storage sites to refill prior to next winter.

Week commencing 8th March 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$68.99	45.53	£56.43	\$65.60	-2.2
End	\$69.41	50.34	£60.94	\$68.10	-1.0

Driven by temperatures staying in line with seasonal norm, windy conditions in the prompt and plentiful LNG supply in the beginning of the week, gas started the week in red. However, a swift recovery followed as prices surged during the remainder of the week. The rally was attributed to rising Asian spot LNG prices, very low level of UK gas storage and temperatures being revised slightly downward across Europe. Following the wider energy complex, the UK Power curve rose last week despite ample supply and the system remaining mostly long. Nevertheless, even though prompt contracts weakened due to bearish fundamentals, the curve jumped in line with bullish momentum across carbon and gas.

Week commencing 15th March 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$69.41	50.34	£60.94	\$68.10	-1.0
End	\$63.64	47.36	£58.88	\$72.20	-3.5

UK gas contracts were pressured through most of last week amid easing demand and strong LNG imports. LNG send-out is set to remain strong with monthly flows expected to reach the highest since Dec'19. Further losses were capped amid uncertainty regarding low storage levels in Europe, as LNG imports will need to stay high through summer in order to fill up storage amid lower pipeline flows. Power contracts declined in line with falls in both NBP gas and European carbon last week. Additional pressure came from concerns over future consumption demand in Europe off rising COVID-19 cases and a slow vaccine rollout.

Week commencing 1st March 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$66.17	42.69	£53.87	\$67.90	-6.2
End	\$68.99	45.53	£56.43	\$65.60	-2.2

Last week saw the complex post gains due to strength late in the week. Gas and power markets posted gains on Monday but were met with losses on Tuesday and Wednesday as the LNG arrivals roster looked healthy with suggestions that cooler temperatures would not last past mid-March. However, Thursday and Friday saw the markets push higher. Further exacerbating matters is the fact that premiums between the NBP and TTF shrunk on Friday, which could hamper imports and further weaken the supply picture. Also supporting moves higher late in the week was strength in carbon. Oil markets again showed some signs of weakness early in the week with the market pricing in expectations of OPEC+ easing supply cuts due to the recovery in Crude pricing.