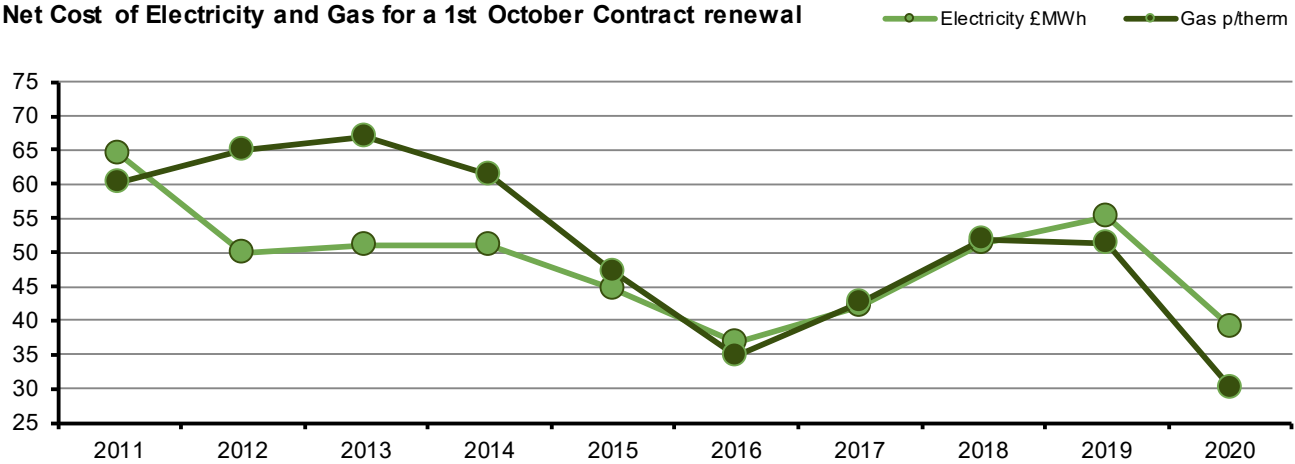


# week on week

## marketview

Report issued: 5th May 2021

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



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

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
49.94	51.01	51.14	44.61	36.85	42.05	51.30	55.25	38.93	61.40

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

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
65.02	66.80	61.33	47.00	34.67	42.55	51.74	51.18	29.98	51.29

#### Week commencing 26th April 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$65.93	54.00	£67.43	\$72.25	0.9
End	\$63.25	61.24	£73.65	\$76.5	4.1

Numerous bullish fundamentals have impacted the gas prices. At the beginning of the week the gas market was preparing for an increase in Russian gas production and awaited the news of the Ukrainian gas auction on Tuesday as the tensions between Russia and Ukraine de-escalated. The result of the auction changed the gas market in the opposite direction, and there were no nominated flows via Ukraine. Bullish weather continued last week with colder forecasted temperatures, increasing demand, and on Friday temperatures were revised down by 3°C below seasonal normal. A bullish European gas market meant that Asian LNG has increased prices at the same rate, with market participants bidding more competitively in Asia in order to fill up their gas storage units and resulted in low LNG supply arriving in the UK. The power market tracked both bullish gas, and carbon prices.

#### Week commencing 12th April 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$63.30	50.38	£63.40	\$66.60	-0.9
End	\$66.68	54.10	£66.62	\$73.95	1.3

Cold weather and low wind generation gave NBP gas contracts a boost last week. Strong LNG send-out and storage withdrawals were needed through the week to meet the elevated demand. Some outages impacting Norwegian production and curtailment on the Mallnow entry point for Russian gas flows also added to the bullish momentum. Curve contracts followed up with the prompt. Curve Power contracts followed up with NBP gas, as unseasonably cold weather is sparking concerns over supply tightness this summer amid lower pipeline flows and low storage levels.

#### Week commencing 19th April 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$66.68	54.10	£66.62	\$73.95	1.3
End	\$65.93	54.00	£67.43	\$72.25	0.9

UK gas prices ticked up over the first 4 trading days amid bullish weather fundamentals with low wind output and below seasonal normal temperatures for April requiring further storage withdrawals. Support also stemmed from Asia, as demand for LNG has increased with an expectation of a hot summer, whilst restocking demand is also high after storage levels were left depleted. Early week gains were erased on Friday however, with the potential of oversupply in Europe originating from Russia. Prompt power prices tracked gas last week, bolstered by bullish weather fundamentals. IFA 2 is experiencing continued maintenance and BritNed unplanned outage was extended, with it now expected to come back online by 19th May. Curve contracts increased amid strong gains in gas and carbon for the first half of the week, however a strong sell-off in gas on Friday did limit weekly movements.

#### Week commencing 5th April 2021

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$62.73	50.24	£62.61	\$70.25	-2.8
End	\$63.30	50.38	£63.40	\$66.60	-0.9

Gas prices began the week with strength after a long weekend, however this was eroded over the week as front month dropped. Volatility remaining high and intraday ranges of 1.50p/therm on three of the four trading days. Fundamentals looked relatively bullish with cooler temperatures and low wind although the system managed these bullish drivers relatively comfortably. Power traded up strongly on Tuesday, settling some £1.51/MWh above Friday's settlement, however over the week tracked losses in gas. Losses were somewhat less pronounced however, due to support from carbon.