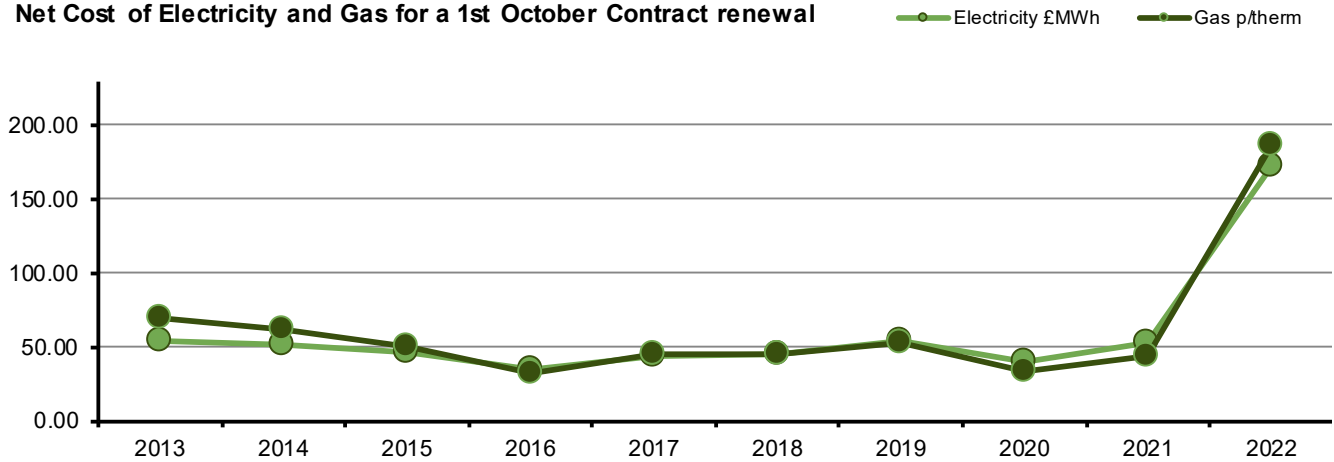


month on month marketview

Review of: February 2022

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



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

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
53.63	51.70	46.43	35.00	43.43	44.80	53.65	40.25	53.00	172.63

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

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
69.00	62.03	50.13	32.48	44.70	44.80	53.10	33.45	43.60	186.56

▲ : Indicates that there was an upward pressure on prices.

▼ : Indicates that there was a downward pressure on prices.

February in summary

February began with weakness as the fundamentals remained the bearish drivers, this was reversed as the Russian/Ukraine pending invasion escalated.

Market Volatility

Volatility heightened once more as News Headlines on the Russian invasion dominated price movement on a daily basis.

Weather

The weather at the beginning of the month was quite settled and mild, but it soon became much more unsettled, with a succession of depressions bringing rain across much of the country, and a particularly stormy spell between the 16th and the 21st which included three named storms. It remained mostly mild, however, especially in southern areas, with few frosts.

Gas, Storage and LNG News ▲

The first week of February saw gas lose value with milder temperatures, decent LNG arrivals and positivity around Russian/Europe peace talks. As February progressed the Ukrainian-Russian tensions bubbled higher with reports of an expected invasion, despite this diplomacy efforts helped to contain further gains. As the Headlines dominated the Market violent swings were seen, all eyes were focused on what sanctions would be levied against Russia and the energy market became fearful that gas flow from Russia into Europe could end. The volatility continued until the end of the month, bullish factors included UK ports shutting their doors to Russian vessels, including LNG carriers. The price action was not always one way, there were periods of severe downwards movement with bearish factors including Germany's public opposition to sanctioning Russian energy firms and the idea of mandated EU gas storage levels being brought into legislation to temper markets in the medium term.

Politics and Global Economics ▲

The Russian-Ukraine tensions brought increased fears of Russia halting gas flow to Europe. The main headlines came on the Russian capture and resulting fire at Zaporizhzhia, Europe's largest nuclear power plant, increased pressure on NATO to enforce a 'No fly Zone' over Ukraine which could have constituted a severe escalation, the exit of large European trading houses and utilities from exposures to Gazprom and other Russian entities.

Oil ▲

Oil prices initially rose as Russia massed enough troops near Ukraine to launch a major invasion. Prices then eased as talks to resurrect a nuclear deal with Iran entered its final stages but was soon overshadowed as prices rallied as a result of Russia going to war with Ukraine. The US and Britain announced economic sanctions to suspend trades with Russia, target banks and high profile individuals, exports of tech as well as suspending the certification of Nord Stream 2.

Carbon

Carbon initially fell as equities and stocks fell as Russia and Ukraine tensions worsened, markets then rose as a result of bullish wider energy markets, commodity markets were not convinced that Russia were in fact pulling back from the border of Ukraine. The month ended on record highs amid rising oil and coal prices.

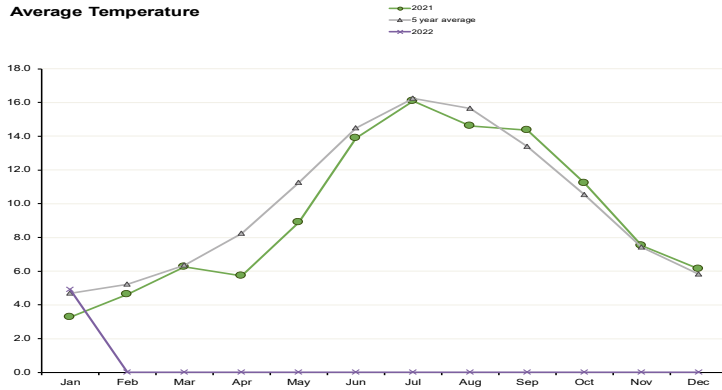
Looking Ahead

With the News Headlines dominating the Markets volatility as the Russian-Ukraine conflict progressed into the actual invasion in the final week of February it should be expected that the volatility will continue and a close eye will be on the sanctions and the effect on future Russian Flows.

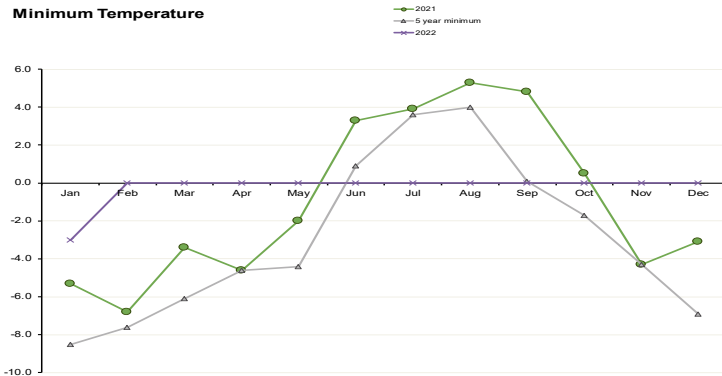
month on month marketview

Review of: January 2022

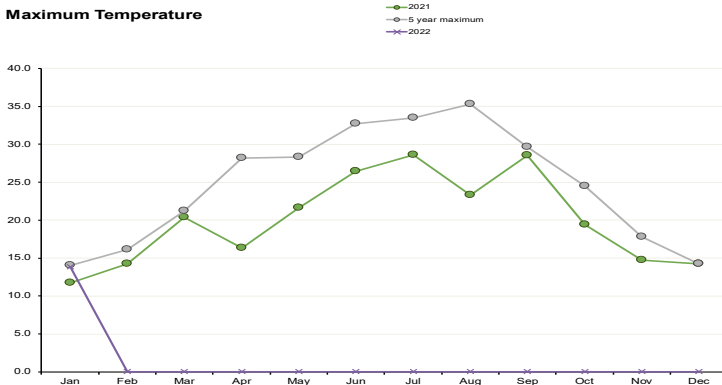
Average Temperature



Minimum Temperature



Maximum Temperature



Met Office UK summary

The weather at the beginning of the month was very mild, with a strong south-westerly flow, but from the 4th it was colder with some overnight frosts, especially in England and Wales. Around the middle of the month, temperatures turned milder again with a further mild spell in the final few days Of January. The first ten days were rather unsettled, but then there was a long dry spell, with rain towards the end of the month mostly confined to western parts of Scotland.

Average temp: 2021/22: Summary

2021/2022 Summary v 5 Year Average

(* Positive numbers = warmer, negative = colder than 5 year average)

2021/2022	Dec	Jan	Year total
°C	-0.1	0.2	0.2
%	-2.3%	4.8%	4.8%

2021 v 2022 Summary

(* Positive numbers = warmer, negative = colder than 2021)

2021/2022	Dec	Jan	Year total
°C	0.5	1.6	1.6
%	8.9%	49.1%	49.1%

Min temp: 2021: Summary

2021/2022 Summary v 5 Year Average

(* Positive numbers = warmer, negative = colder than 5 year average)

2021/2022	Dec	Jan	Year total
°C	3.8	5.5	5.5
%	-55.1%	-64.7%	-64.7%

2021 v 2022 Summary

(* Positive numbers = warmer, negative = colder than 2021)

2021/2022	Dec	Jan	Year total
°C	0.1	2.3	2.3
%	-3.2%	-43.4%	-43.4%

Max temp: 2021: Summary

2021/2022 Summary v 5 Year Average

(* Positive numbers = warmer, negative = colder than 5 year average)

2021/2022	Dec	Jan	Year total
°C	-0.8	-0.2	-0.2
%	-5.3%	-1.4%	-1.4%

2021 v 2022 Summary

(* Positive numbers = warmer, negative = colder than 2021)

2021/2022	Dec	Jan	Year total
°C	0.9	2.1	2.1
%	6.8%	17.9%	17.9%

Utility Impact Summary

Volatility gripped the market through January due to continued tight fundamentals, healthy LNG supply and escalating tensions between Russia/Ukraine.

When you switch your heating on make sure:

-It is on a timer, don't leave it running when there is no-one in the building

-On a temperature set point, usually around 22 degrees is enough, heating to a higher temperature does not make it warm up faster, it will only use more energy try to reach an unachievable temperature.

As the evenings begin to grow darker, adjust any automatic lighting timers to ensure lights are not switching on needlessly.