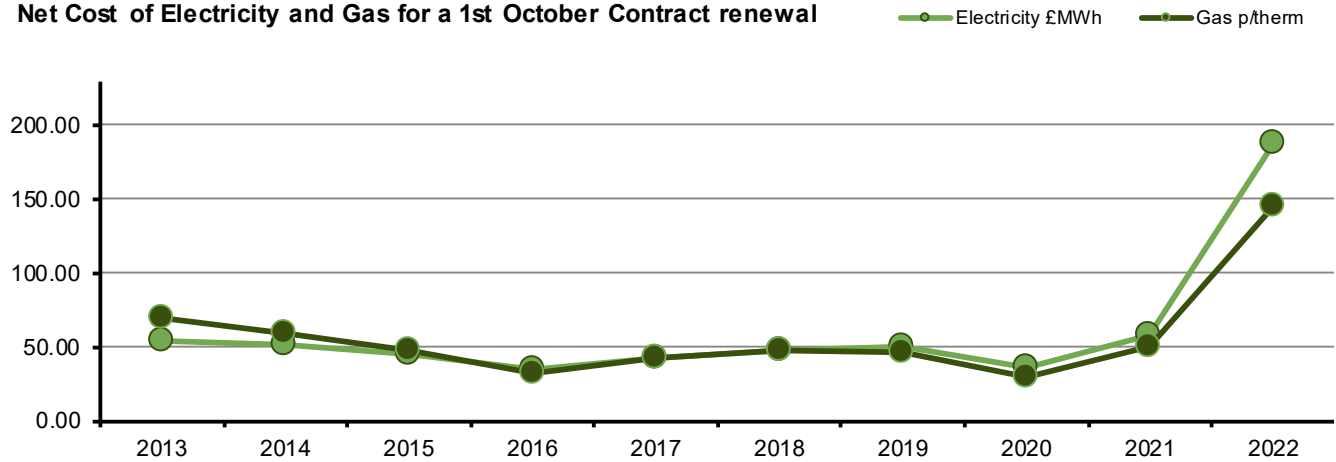


month on month marketview

Review of: March 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
53.83	52.13	45.48	34.63	42.48	48.13	49.90	36.33	57.70	188.13

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

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
69.56	59.75	48.05	31.73	43.08	47.28	46.15	30.17	50.08	145.72

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

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

March in summary

Energy prices soared in March, as uncertainty persists regarding the availability of Russian oil and natural-gas exports amid Russian invasion of Ukraine.

Market Volatility

Geopolitical tensions through March were the main driving force behind price movement with high levels of volatility and low liquidity.

Weather

The weather during the first half of the month was rather unsettled, and the first week was cold. The second week was milder, and after mid-month there were some notably mild days but cold frosty nights as high pressure took control with plenty of sunshine. The last four days were rather less settled and noticeably colder.

Gas, Storage and LNG News ▲

The first week of March started with record high increases seen on gas price across the curve as the conflict in Ukraine escalated further prompting a new raft of sanctions on Russia. This was short lived however as the fundamentals mostly discounted the hikes with supply remaining robust from Russia, Norway, and LNG. The further downside came from softer consumption as temperatures and wind speeds increased above normal.

Markets continued to run rampant as geopolitical risks escalated and potential sanctions on Russia. Wider fundamentals remained bearish with forecasted increase of LNG send out & lower domestic consumption. Throughout March we experienced a price drop likely driven by the stabilised situation around the Russian-Ukraine military conflict, with parties negotiating ceasefire terms. Also, the fact that Russian supply to Europe was not been disrupted as was initially feared helped to ease bullish sentiment.

The end of the month once again saw volatility with discussions around the Russian request to receive gas payments for Gazprom's gas supply to the EU in roubles and another round of fears regarding the possibility of a Russian flow cut-off associated with it reversed the bearishness on the market.

Politics and Global Economics ▲

The ongoing war in Ukraine was the main driving force in daily news causing unprecedented increases in worldwide commodities and fears around potential sanctions being imposed on the energy industry. Fears of the outright cancellation of Nord Stream 2 was also big news in March, this came on the back

of the threat of other EU countries getting involved in the war against Russia. A major worry on the market was the Russian request for gas payments in roubles. Although the Russian government said it expected to come up with mechanisms to ensure such payments, the Kremlin noted that these were not expected to be enforced immediately in April. Meanwhile, the German chancellor reiterated the EU-wide consensus regarding the issue saying that Germany plans to stick to payments in euros as stipulated in the contracts.

Oil ▲

As with wider commodities, oil prices rallied on the back of the war in Ukraine however were hindered by bearishness entering the market as gas and power prices began to trade back to recent pre-war levels. Oil continued to give up gains throughout the month as the market began to price in improved sentiment around Ukrainian-Russian peace talks, perhaps too soon, as well as a spike in COVID-19 cases in China leading to travel bans and reminding traders of the downside case to oil once again. Oil teetered around the same level towards the end of the month with participants looking towards peace talks between Russia and Ukraine.

Coal ▲

Coal prices surged following the escalation of the war in Ukraine. The price of front-month Coal was \$433/t on 4 March, more than double the level of two weeks earlier.

Carbon

Carbon was the outlier in early March, with buyers emphatically stepping back into the contract losing value, a strong reversal from the recent trend. Price then gained value with EUAs gaining just over €2/tonne whilst their UK counterparts gained close to £5/tonne. Whilst this shows strength, it's worth noting that Dec 22 EUAs struggled to convincingly break through €80/tonne several times over the week with sellers hitting the level hard.

Looking Ahead

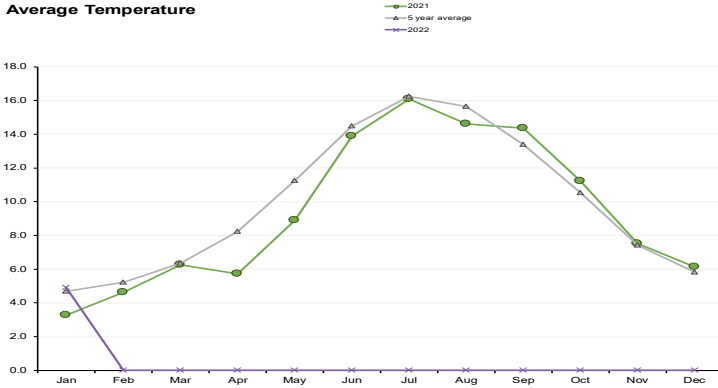
System levels for April look slightly loose as a continuation of robust LNG arrivals, soft heating demand, and strong wind generation slow storage withdrawals further. Storages are forecasts to end winter above the previous record low of 2018. Nevertheless, this should ensure the price action continues to be on the bearish side. However, the extant situation on the Ukrainian/Russia border will provide support and limit any significant downside if there is no resolution reached.

Disclaimer: The above information is based on current market data available at the time of producing this document and is subject to change. ECA cannot be held responsible for movement in the commodity market.

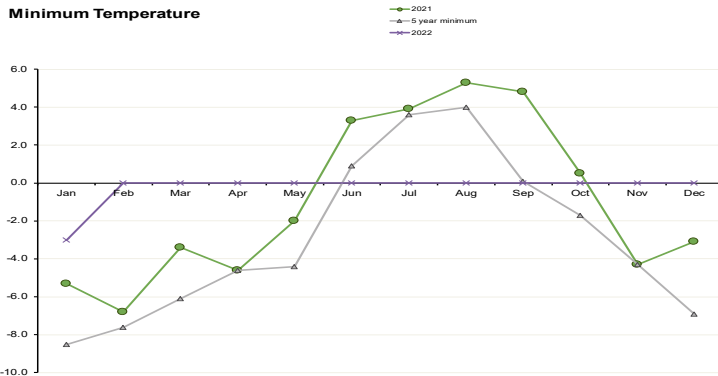
month on month marketview

Review of: January 2022

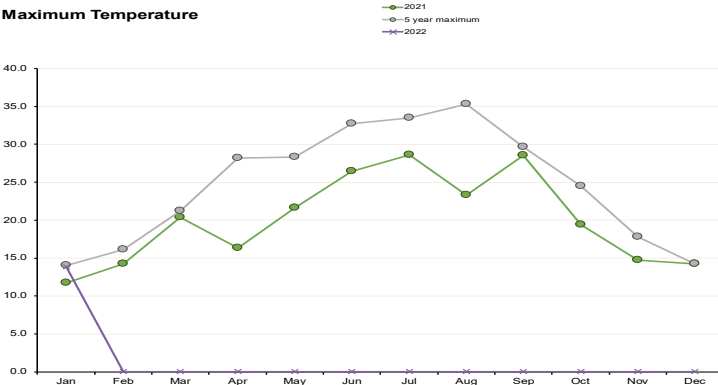
Average Temperature



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.