

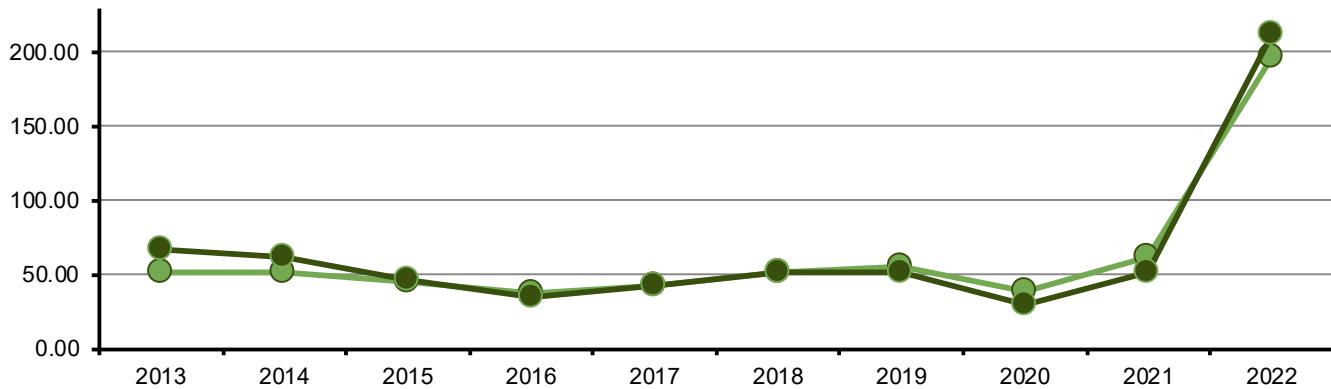
week on week

marketview

Report issued: 4th May 2022

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

Electricity £MWh Gas p/therm



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

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
51.01	51.14	44.61	36.85	42.05	51.30	55.25	38.93	61.40	196.60

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

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
66.80	61.33	47.00	34.67	42.55	51.74	51.18	29.98	51.29	211.90

Week commencing 25th April 2022

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$106.44	215.24	£213.02	\$343.50	74.1
End	\$109.97	203.55	£210.58	\$290.50	70.5

The week began with volatility over the market before generally settling lower over summer months. Commodity markets continue to be driven by headlines amid low liquidity. Extended lockdowns in major Chinese cities have helped to reduce demand from Asia. Britain is currently experiencing a glut of LNG imports as interconnector export remains near maximum towards Europe. Britain still has plenty of regassification capacity which means it remains the destination of choice for LNG cargoes. Low wind generation has meant that gas contributed most of the power generation stack all week, averaging >50% of total, at 18.75GW. Front Month June-22 contracts climbed to settle at 204.1p/therm on Wednesday before shedding all its gains and settling at 163.68p/therm on Friday. Power followed the moves seen in gas with liquidity poor. UBL June-22 finishing the week down £13.34 /MWh and Summer-23 down £13.80/MWh. NBP and UBL Winter-22 contracts ended up on the week as traders anticipate tight supply in Britain over next winter. The generation stack showed below norm wind generation as gas had to step in to make up the rest of demand. Increased solar output from sunnier weather meant it contributed >5GW on average. Carbon shed some of the value it had gained on the previous week. Dec-22 EUAs down £5.95/tonne and UKAs down £1.80/tonne. Brent contracts continue to be pulled in both directions as a decrease in Russian oil battle concerns of lockdowns in China, it ended the week up \$1.43/barrel.

Week commencing 18th April 2022

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$107.71	217.33	£210.10	\$340.50	74.2
End	\$106.44	215.24	£213.02	\$343.50	74.1

The week began with small moves across the curve. Liquidity was very low and moves in the market difficult to decipher. NBP contracts at the front of the curve hovered around the 170p/therm mark. Wednesday saw a morning rally of NBP, with power following closely. An afternoon sell off followed and the added value was wiped out. A sell off on Friday meant that May-22 contracts ended the week down 1.94p/therm, and £0.80/MWh. Back-end contracts added value as traders feel a higher market environment is to be around for a longer. Friday saw a sell off NBP across the curve. Summer-23 contracts ended the week up 10.86p/therm and £10.50/MWh respectively. High gas demand from Europe means that interconnector export remains high as continued injection into storage is offset by warm seasonal temperatures. Power moved in line with gas all week. The generation stack saw weaknesses from wind contributing only 4GW on Wednesday and Thursday. A pickup of solar and wind generation later in the week helped to ease the reliance on gas generation. EUAs and UKAs saw strength on Wednesday and both Dec-22 contracts finished the week 10% up, €6.79/tonne and £7.77/tonne. Brent futures were volatile as supply concerns were outweighed by a reduction in demand due to poor economic forecasts from the IMF.

Week commencing 11th April 2022

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$100.27	243.94	£227.43	\$304.50	80.3
End	\$107.71	217.33	£210.10	\$340.50	74.2

Last week saw weakness at the front of the curve for gas and power markets with strength at the backend. The market vied last week with the uncovering of supposed Russian war crimes that had some struggling to see how sanctions couldn't be extended to Russian energy products, especially gas, against a speech highlighting the reliance on Russian gas by the German Chancellor in his joint speech with Boris Johnson on Friday. Traders seem to be discounting the likelihood of interrupted flow, at least in the near-term, despite a resolution from the European Parliament to ban EU imports of Russian energy products. Front month closed the week down almost 29p/therm although traders also seemingly priced in a longer tail to the Russian invasion and the post-war fallout with Summer 23 gaining almost 25p/therm. Last week has produced an interesting shape to the NBP curve with front month now at a 30p/therm discount to Winter 22, but with the Winter 22/Summer 23 spread narrowing a little as the backend moved higher. Power markets took gas as the main signal, shrugging off movements in carbon markets, with front month and Winter 22 dropping £19.41/MWh and £10.68/MWh whilst Summer 23 rallied £19.49/MWh. Wednesday saw relatively heavy selling over the course of the afternoon to push the contract back down to €77/tonne and early weakness on Thursday dragged the contract down closer to the €76/tonne level. UK carbon also saw gains on the week, finishing £2.42/tonne higher. Brent markets began the week with strength as traders bet on EU sanctions extending to oil, however of the course of the week pressure built significantly. The end of the week was spent trying to push higher with analysts warning that the market remains tight despite strategic reserve releases. Jun 22 Brent dropped \$1.61/barrel on the week.

Week commencing 4th April 2022

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$104.65	255.33	£233.28	\$275.00	83.7
End	\$100.27	243.94	£227.43	\$304.50	80.3

Last week saw weakness at the front of the curve for gas and power markets with strength at the backend. The market vied last week with the uncovering of supposed Russian war crimes that had some struggling to see how sanctions couldn't be extended to Russian energy products, especially gas, against a speech highlighting the reliance on Russian gas by the German Chancellor in his joint speech with Boris Johnson on Friday. Traders seem to be discounting the likelihood of interrupted flow, at least in the near-term, despite a resolution from the European Parliament to ban EU imports of Russian energy products. Front month closed the week down almost 29p/therm although traders also seemingly priced in a longer tail to the Russian invasion and the post-war fallout with Summer 23 gaining almost 25p/therm. Last week has produced an interesting shape to the NBP curve with front month now at a 30p/therm discount to Winter 22, but with the Winter 22/Summer 23 spread narrowing a little as the backend moved higher. Power markets took gas as the main signal, shrugging off movements in carbon markets, with front month and Winter 22 dropping £19.41/MWh and £10.68/MWh whilst Summer 23 rallied £19.49/MWh. Wednesday saw relatively heavy selling over the course of the afternoon to push the contract back down to €77/tonne and early weakness on Thursday dragged the contract down closer to the €76/tonne level. UK carbon also saw gains on the week, finishing £2.42/tonne higher. Brent markets began the week with strength as traders bet on EU sanctions extending to oil, however of the course of the week pressure built significantly. The end of the week was spent trying to push higher with analysts warning that the market remains tight despite strategic reserve releases. Jun 22 Brent dropped \$1.61/barrel on the week.

Disclaimer: The above information is based on current market data available at the time of producing this document and is subject to change.
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