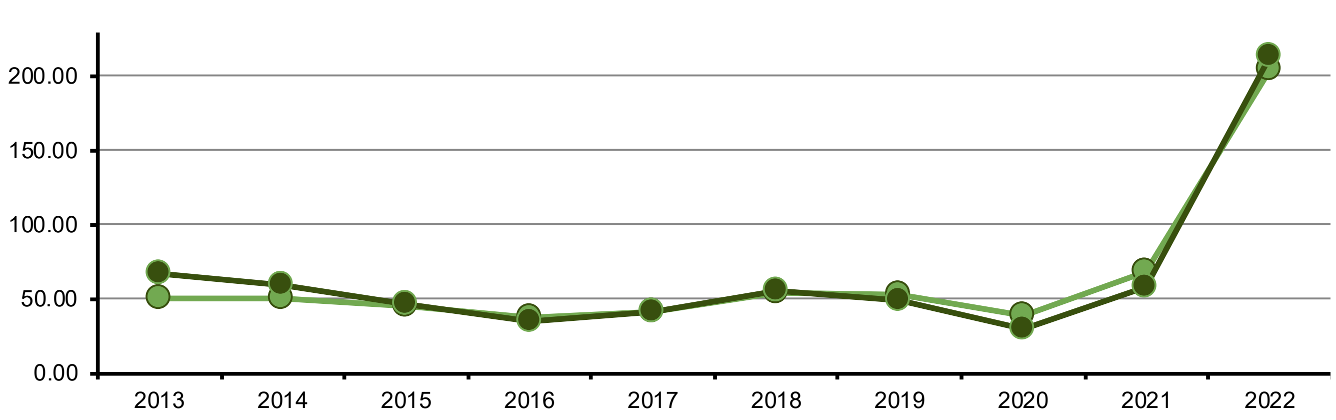
week on week

marketview

Report issued: 18th May 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
50.65	49.61	44.60	37.30	41.20	54.35	52.85	38.95	68.20	204.63

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

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
66.62	58.92	46.87	34.75	41.40	54.96	48.75	29.93	58.14	213.86

Week commencing 9th May 2022

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	$113.01	214.47	£213.85	$327.00	75.4
End	$110.81	215.41	£217.08	$310.00	74.2

Last week showed much volatility over the markets in general before settling lower late on Friday afternoon. Continued volatility remained as Russian threats to cut off supply via the Yamal pipeline may negatively impact many European nations next winter. Jun-22 NBP contracts saw strength settling at 175.55p/therm on Thursday before selling off on Friday to settle at 148.45p/therm. Power followed moves in gas, with Jun-22 UBL up £11.84/MWh on the week. Continued disagreements within the EU on the scale of additional Russian oil sanctions have helped to keep Brent Dec-22 contracts high up at more than $110/barrel. Continued worries on global economic growth means OPEC+ is attempting to balance increase in supply with growth forecasts. Continued lockdowns in Shanghai and Beijing remains a bearish factor in both the oil and LNG markets. UKAs saw weakness across the week and dropped £3.15/tonne. EUAs increased a small amount up €1.46/tonne. Wind generation picked up and on average provided 31.65% of the grid stack. UK continue with their nuclear power push to try and help with rising energy costs, nuclear generation averaged 14.29% of the grid stack last week.

Week commencing 2nd May 2022

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	$109.97	203.55	£210.58	$290.50	70.5
End	$113.01	214.47	£213.85	$327.00	75.4

Last week showed much volatility over the markets in general before settling lower over summer months. Front month June 22 NBP fell off sharply on Friday with a 7% decrease on close. Commodity markets continue to be driven by headlines as the imposing threat of Russia shutting off supply to further European nations continues to dominate markets keeping traders cautious. Demand for oil remains weak across China which continues to take its toll on prices as we saw Brent traded up throughout the week closing on Friday around $112/barrel. Carbon continued to gain value with Dec 22 EUAs increasing €8/tonne at some points and UKAs rising swiftly on Thursday and Friday. In gas markets, the increasing volume of LNG imports to the UK and exports to Europe kept pricing high out across the curve with a spread of 60p/therm at times. Wind contributions rose significantly, opening around 2.3GW on Tuesday and peaking at 6.53GW on Friday. We continue to see wind output rising and supporting the grid across the weekend and into Monday.

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 regasification 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 204.14p/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 10.98p/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, €8.79/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.