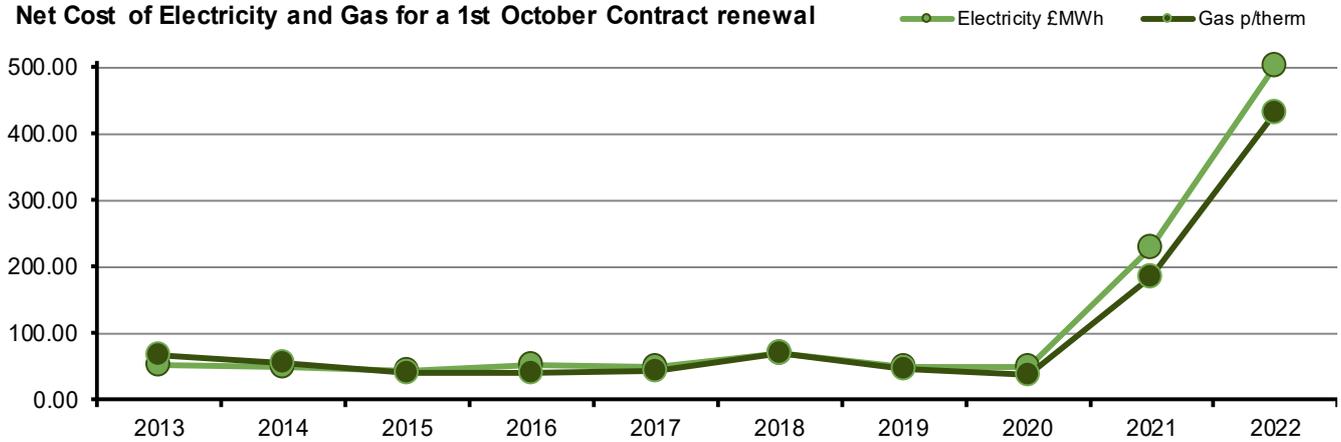


month on month marketview

Review of: September 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
51.47	50.04	42.61	51.92	48.65	69.65	50.07	49.57	229.35	502.52

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

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
65.89	55.64	40.48	40.53	44.69	69.66	45.55	36.38	183.27	429.99

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

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

September in summary

Energy prices throughout September were once again volatile but did drop a fair amount coming to the end of the month before another large spike to bring back level. Main headline was the complete shutdown of Nord Stream 1 with Gazprom announcing an indefinite shutdown early in the month.

Market Volatility

Throughout September, we saw another month of volatility and low liquidity. With Nord Stream 1 been cut off early in the month, bulls took control of the market with fears over supply for Europe. Market began bearish towards the middle of the month and ending the month lower than it started.

Weather

The first part of September was warm, though it soon became unsettled in most regions. After the 12th it became cooler and more autumnal, and the last few days were particularly cool, with frosts in prone locations. It was generally drier around mid-month, but more showery again later, and the last day of the month was wet for most areas.

Gas, Storage and LNG News ▲

September prices opened lower across the board than they finished in August, bringing in hope for the month ahead. With Winter-22 prices dropping throughout the week, far out contracts increased around £100Mw with the fears of low gas levels throughout Europe after winter. Liz Truss was announced the new UK Prime Minister and made a large energy policy her first action. Whilst other European governments were looking to protect their consumers and economies from large scale increases going into winter.

Moving to mid-September we saw the prices start the week lower than first weeks settlement, before gas rallying towards the late-mid September. High bullish trading commenced through most mid-September, with fears of the decline in value of the Pound against the Dollar potentially affecting the value of LNG cargoes going forwards. This was on the back of the new Government announcement regarding the energy help for businesses. However, the Government also lifted the ban on fracking, which could increase the UK gas stocks drastically over the coming years.

Towards the end of the month, we saw another volatile week as four leaks were found on the two Nord Stream pipelines. Thus making future flows a likely impossibility and governments rushed to protect their energy infrastructure amidst new concerns surrounding energy supply and security.

Politics and Global Economics ▲

September was another month of high political tensions between Europe and Russia over Nord Stream One pipeline and the continued invasion of Ukraine by Russia. Maintenance was taking place on Nord Stream One at the start of the month, once this had finished, the market thought it would come back on at 20%. However the Russian pipeline remained at zero throughout September.

Oil ▲

At the start of September, oil hovered around the \$92/barrel mark throughout the first week or so as the market continues to battle supply and demand. For rest of the month it hovered around the \$90/barrel mark before settling on \$88.49/barrel at the end of the month.

Coal ▲

At the start of September, the Rhine river water levels were forecast to rise which allowed coal barges to get through and into Europe. When levels were low, barges could only come through with 23% capacity, however the proposition to rise the levels would let barges come through with 68% capacity. In Mid-September, we saw another drop in levels before a very large rise at the end of September, which led to barges with 82% capacity come through and into the continent.

Carbon ▲

Carbon has a weak first week of September, EUAs falling to 6-month lows on poor economic outlooks from Europe, with recession looming. UKAs followed the move as the spread between decreased. Mid-September saw a week of strength and a weak week to finish around the same mark it started the month at. Going into the last week of the month, carbon dropped to 74.95€/Tonne and closing lower on the month.

Looking Ahead

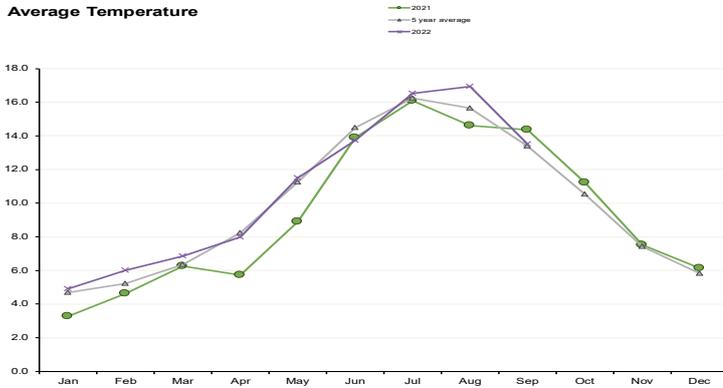
Looking forwards, there is likely to be a lot of confusion in the market and how the Governments Energy Bill Relief Scheme (EBRS) as companies question the discount on bills. Market View going forward is that prices will be highly volatile as countries figure out how to get through winter with low levels of generation. However with the potential for some good news stories, it could have a bearish effect on the market. Big question will be the gas for power demand as temperatures start to fall in the coming weeks.

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.

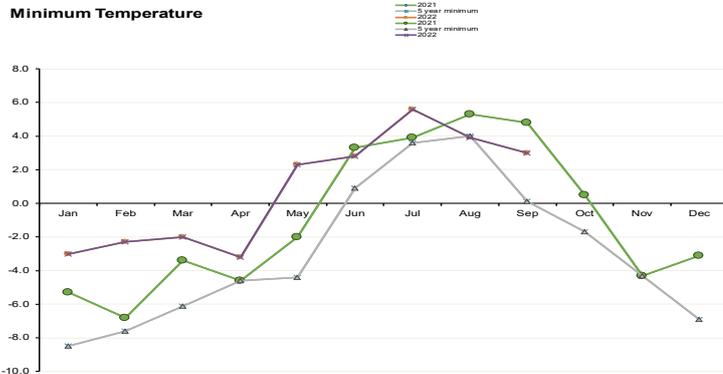
month on month marketview

Review of: September 2022

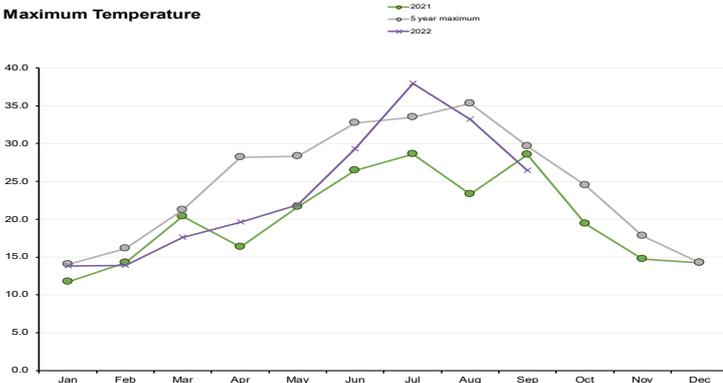
Average Temperature



Minimum Temperature



Maximum Temperature



Met Office UK summary

The first part of September was warm, though it soon became unsettled in most regions. After the 12th it became cooler and more autumnal, and the last few days were particularly cool, with frosts in prone locations. It was generally drier around mid-month, but more showery again later, and the last day of the month was wet for most areas.

Average temp: 2021/22: Summary

2021/2022 Summary v 5 Year Average

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

2021/2022	August	September	Year total
°C	1.3	0.1	0.3
%	8.2%	1.1%	0.0%

2021 v 2022 Summary

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

2021/2022	August	September	Year total
°C	2.3	-0.8	1.1
%	15.9%	-5.8%	0.2%

Min temp: 2021: Summary

2021/2022 Summary v 5 Year Average

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

2021/2022	August	September	Year total
°C	-0.1	2.9	3.3
%	-2.5%	2900%	-308.9%

2021 v 2022 Summary

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

2021/2022	August	September	Year total
°C	-1.4	-1.8	1.3
%	-26.4%	-37.5%	-48%

Max temp: 2021: Summary

2021/2022 Summary v 5 Year Average

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

2021/2022	August	September	Year total
°C	-2.1	-3.2	-2.8
%	-5.9%	-10.8%	-11.0%

2021 v 2022 Summary

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

2021/2022	August	September	Year total
°C	9.9	-2.1	2.5
%	42.5%	-7.4%	11.4%

Utility Impact Summary

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 are now lighter, make sure to adjust any automatic lighting timers to ensure lights are not switching on needlessly.