

# month on month marketview

Review of: October 2022

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



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

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
51.88	48.56	39.66	55.53	46.84	59.06	49.14	45.20	127.33	313.74

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

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
66.59	52.86	37.84	48.01	46.53	62.40	41.28	37.05	130.41	296.00

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

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

## October in summary

Energy prices throughout October were once again volatile but did drop a large amount from start to finish of the month. Nord Stream 1 remained closed throughout the month, with Russia stating sabotage on the pipeline means they couldn't open it back up. Russia are still pushing Europe to pass Nord Stream 2 through sanctions and open it up.

### Market Volatility

Throughout October, we saw another month of volatility but more liquidity than previous months. With Nord Stream 1 still been shut down for the whole month, there were still some large increases in the market before liquidity took over and softened the market. Most if not all of Europe managed to get to the 90% gas storage mark, which helped the market fall off and some of the risk was taken out of the pricing.

### Weather

Most of October was warmer than average, though the second week was rather cooler, and the last ten days were especially mild relative to average, with a notable lack of frosts. At the same time, the month was predominantly unsettled in most regions, with no dry spells longer than a couple of days. However, sunshine was above average for most of the country, especially central and eastern areas.

### Gas, Storage and LNG News ▼

October prices opened lower across the board than they finished in September, mainly due to much higher liquidity in the market. Summer-23 prices started October at 384.50p/therm, 8.7% down from the last week of September. Far out contracts also started the month bearish as Europe gas storage became over 90% full across the Continent and fears of low gas supplies throughout Winter was eased slightly. Although there is still the fear that Europe will not be able to cope with the gas demand through the Winter months.

Moving to mid-October, we saw the prices once again fall on the week. Although the week was volatile, due to mild temperatures and large quantities of LNG arriving, the prices took another dive of around 10% across the board. The biggest mover was November gas price which took a 40.71% dive to 261.35p/therm. The market continued to be very volatile with prices jumping and very large trading ranges across most contracts, primarily due to market uncertainty and fundamentals such as, political instability, power supply uncertainty due to strikes in France. However with a healthy wind generation and large amount of LNG cargoes, the prices fell again with November-22 gas closing on 204.12p/therm.

Towards the end of the month, we saw another volatile week, with November-22 gas price rallying before delivery. Summer-23 was the big mover starting the week on 348.95p/therm and closing the month on 316.59p.

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.

therm. Making the last few months of the year look like we could see a bearish market throughout Winter.

## Politics and Global Economics ▲

October was another month of high political tension between Europe and Russia as Russia ramped up their invasion of Ukraine and began annexing certain areas of the country, with regions making up for about 15% of Ukraine territory. October also saw the resignation of Liz Truss as UK prime minister after just 50 days in office and Rishi Sunak was named her successor. Russia continues its press to get Nord Stream 2 online and sanctions dropped from Europe.

### Oil ▲

At the start of October, oil price ramped up to \$97.92/barrel after a good September. However as the month went on the prices dropped quite rapidly and hitting a month low of \$91.63/barrel, before rallying again towards the end of the month where it finished at \$96.96/barrel. The big headline regarding oil was the ExxonMobil/ Total oil refiners reopening at the end of the month after been plagued by strikes.

### Coal ▲

At the start of October, there was another reduction in the Rhine water levels which reduced the maximum load barges operating through most stretches of the river. At the Kaub checkpoint, the water level had declined to an average 160cm, down from 267cm towards the end of September. This puts more pressure on the rate of coal coming into Europe. The water levels remained around the 150cm mark for the rest of October. This is set to drop even further moving into November and the pressure on coal imports stretched very thin going further into Winter.

### Carbon ▲

Throughout most of October Carbon was falling and hitting a low of 69.57€/Tonne in the middle of the month before a late rally in the last week to rise it back up to 77.95€/Tonne. This wiped out all of the losses throughout the month and ended higher than it started in October.

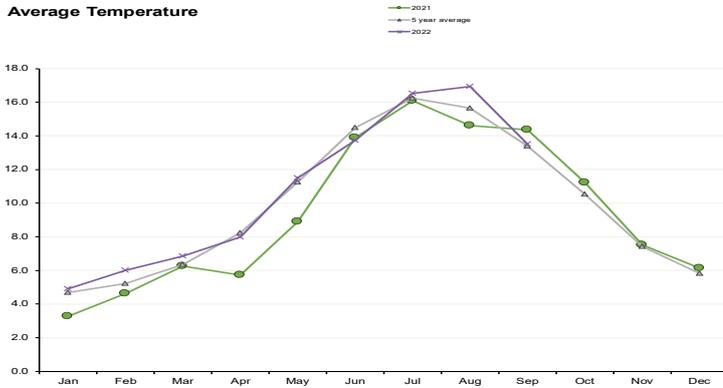
## Looking Ahead

Looking forwards, there is likely to be more months of volatility in the market as temperatures dip and LNG cargoes are lost to higher bidders. The market is respective to good news at the moment and any positive headlines could have good effects on prices going through winter. Winter blackouts have been the big question in the market and how likely they will be through winter. However, the UK cabinet have mentioned on a few occasions that they are extremely unlikely.

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## Average Temperature



## Average temp: 2021/22: Summary

2021/2022 Summary v 5 Year Average

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

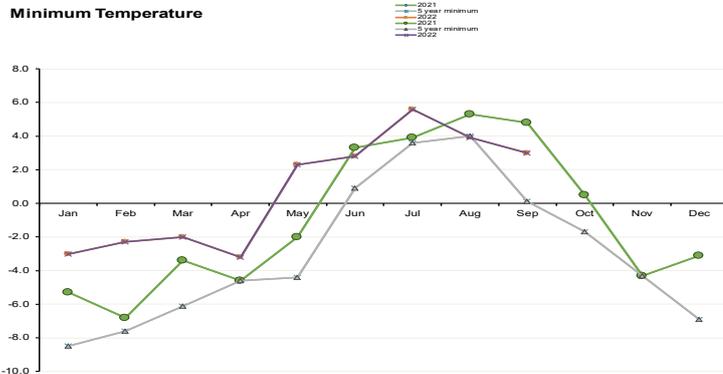
2021/2022	August	September	Year total
°C	1.3	0.1	0.3
%	8.2%	1.1%	0.0%

## 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%

## Minimum Temperature



## Min temp: 2021: Summary

2021/2022 Summary v 5 Year Average

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

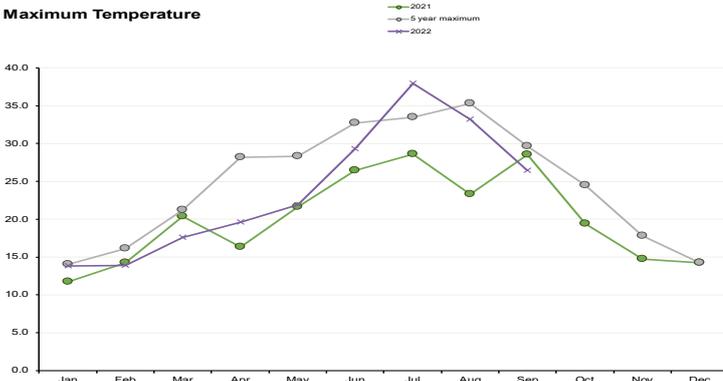
2021/2022	August	September	Year total
°C	-0.1	2.9	3.3
%	-2.5%	2900%	-308.9%

## 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%

## Maximum Temperature



## 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%

## 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.

## 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.