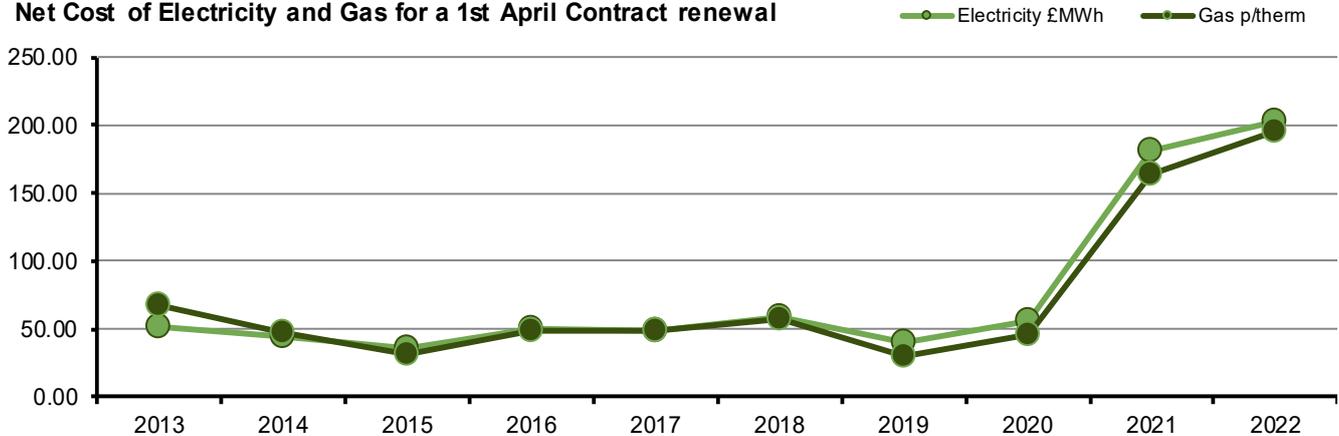


month on month marketview

Review of: December 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
51.73	44.64	35.23	50.78	48.02	58.74	39.74	56.47	181.44	203.16

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

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
66.86	47.61	31.49	49.11	48.30	57.32	29.77	46.41	163.63	196.26

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

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

December in summary

Energy prices throughout December were volatile but decreasing from start to finish. We started December with Summer 23 Gas at the 350p/therm mark but ending the month at around the 216p/therm mark, dropping by 134p/therm. Summer 23 Electricity started the month at the £331.04/MW and ending the month around the £216/MW mark. Very high decreases in costs were mainly due to high temperatures throughout the month, which curbed gas for power demand.

Market Volatility

Throughout December, we saw volatile month with relatively good liquidity throughout. Although Nord Stream 1 is still offline, Europe seem to be coping without the pipeline due to other areas like LNG and Norwegian exports been put to full production capacity. Towards the end of December, we saw injections into UK and Europe gas storage levels, getting them back above the 80% mark.

Weather

This month was colder than average overall, the only month in 2022 for which this was the case, with a very cold and frosty spell until the 17th only being partly offset by milder weather thereafter. Rainfall was limited during the cold spell, but from the 18th there was much more rain, bringing the total rainfall for the month almost up to the long-term monthly average. Sunshine was above average for most parts of the country.

Gas, Storage and LNG News ▼

December prices opened lower across the board than they finished in November. High temperatures continued into December leading to reduced gas for power demand. This also helped UK and Europe continue to transfer gas into storage and thus lowering prices throughout the gas market.

Moving to mid-December, we saw prices start to rise slightly across the board. Gas Summer 23 started the month at 336.31p/therm, before rising to a monthly height of 345.91p/therm. The rise in prices came from the fear of gas supplies running out throughout the winter period. However, a stable income of LNG kept the prices high for a short period of time.

Towards the end of the month, we saw market drop significantly and the lowest we have seen since the start of July 22, 232.05p/therm. Temperatures were a big part of the drop in prices, with forecast showing higher than seasonal normals throughout the end of 2022.

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.

Politics and Global Economics ▲

December saw Germany open their first LNG terminal in a bid to help with no Russian gas coming through Europe. Russian invasion of Ukraine continues and as such Russian gas remains at zero through the Nord Stream pipeline, with no view of it returning. Blackouts became less and less likely throughout the month, mainly due to high temperatures throughout final weeks of December. Countries continued looking into new ways for energy creation to counteract the current market.

Oil ▼

December started as November ended, stable and sitting on the \$85/barrel mark. Although we saw drops consistently throughout the month hitting as low as \$76.10/barrel in mid-month. We did see a slightly rise towards the end of the month going to the \$79/barrel, but it all a bearish month for Oil prices.

Coal ▼

Coal started December to way it ended November sitting around the 272\$/t mark. However we did see drops throughout the month, hitting 230\$/t in the middle of December. We also saw a smaller drops heading to month end, ending the month of 228\$/t.

Carbon ▼

Throughout December we saw consecutive small drops. We started the month at £79.18/Tonne, dropping to £74.72 in the middle of the month. As we got closer to the new year, we saw carbon hit lowest cost of the month of £79.18/Tonne. First month for some time where Carbon continued dropping throughout the whole month without rising again at the end of the month.

Looking Ahead

Looking forwards, we could see further drops in the market with liquidity picking up and gas for power demand curbing any advances. As we start to come out of winter and into spring, we could see prices fall below the 200p/therm and £200/MW mark if we continue to have warmer than normal weather. With gas storages back up above 80% across the UK and Europe, there is less worry about running out of gas or markets rising sharply once again.

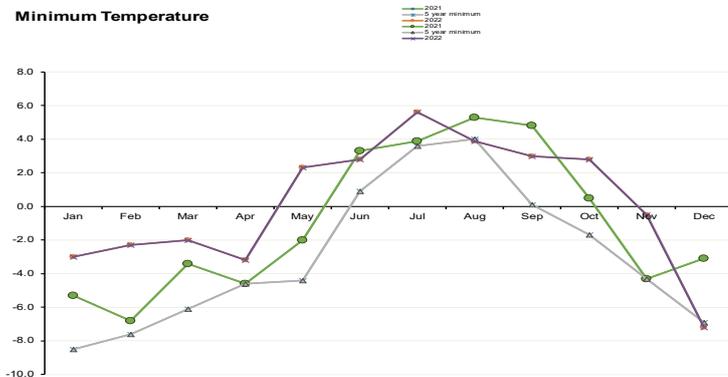
month on month marketview

Review of: December 2022

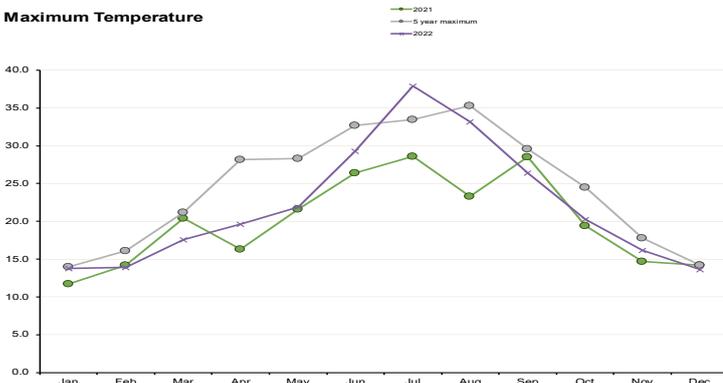
Average Temperature



Minimum Temperature



Maximum Temperature



Met Office UK summary

This month was colder than average overall, the only month in 2022 for which this was the case, with a very cold and frosty spell until the 17th only being partly offset by milder weather thereafter. Rainfall was limited during the cold spell, but from the 18th there was much more rain, bringing the total rainfall for the month almost up to the long-term monthly average. Sunshine was above average for most parts of the country.

Average temp: 2021/22: Summary

2021/2022 Summary v 5 Year Average

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

2021/2022	November	December	Year total
°C	1.5	-1.8	0.3
%	19.8%	-30.7%	0.0%

2021 v 2022 Summary

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

2021/2022	November	December	Year total
°C	1.4	-2.1	0.9
%	18.3%	-34.3%	0.1%

Min temp: 2021: Summary

2021/2022 Summary v 5 Year Average

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

2021/2022	November	December	Year total
°C	3.8	-0.3	3.1
%	-88.4%	4.3%	202.6%

2021 v 2022 Summary

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

2021/2022	November	December	Year total
°C	3.8	-4.1	1.2
%	-88.4%	132.3%	6.0%

Max temp: 2021: Summary

2021/2022 Summary v 5 Year Average

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

2021/2022	November	December	Year total
°C	-1.6	-0.6	-2.6
%	-9.0%	-4.2%	-10.8%

2021 v 2022 Summary

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

2021/2022	November	December	Year total
°C	1.5	-0.6	2.0
%	10.2%	-4.2%	9.4%

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.