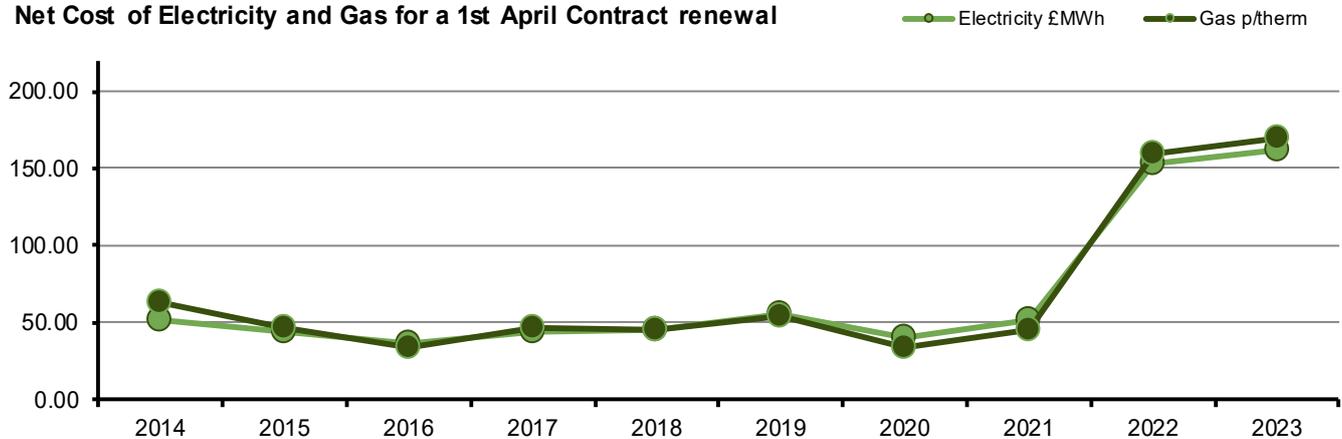


month on month marketview

Review of: January 2023

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



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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
51.75	44.18	36.45	44.65	44.90	55.33	40.30	51.98	153.38	161.85

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
63.60	46.28	33.63	46.83	45.73	54.83	33.58	44.90	159.23	170.14

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

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

January in summary

Energy prices throughout January were once again volatile but decreasing from start to finish. Good news stories hitting headlines and above seasonal normal weather were main contributing factors to a large drop at the start of January, with further smaller drops weekly. All this leading to the lowest prices we have seen since pre-summer 22.

Market Volatility

Although January was still volatile, we saw large bearish movements throughout the month. With Nord Stream still offline, Europe are looking at other ways to cope with increasing pressure of gas demand. This mainly coming from increasing in Norwegian gas exports and LNG cargoes from the Middle East and USA. We have also seen gas storage for UK and Europe remain at good levels, with storages increasing slightly throughout January.

Weather

The first half of January continued with the mild, unsettled and wet theme of the last two weeks of December, with some areas having roughly their average rainfall for the whole of January within the first two weeks. Again, though, this proved to be a month of two halves, with much drier and colder weather from mid-month, although temperatures gradually edged upwards in the final week to somewhere near or slightly above average. This was also a particularly sunny January, for the second year in a row.

Gas, Storage and LNG News ▼

To start January, we saw 10-20% drops across gas prices with the largest drops coming on front month prices. Higher than normal temperatures at the end of December was a leading reason for the drops. But, good news coming out of France and USA regarding energy production was also a contributing factor.

Moving to mid-January, we saw prices rebound slightly with a 5-10% increasing on gas prices, with the highest increase coming on Winter-23/24 contracts. The risk that was put on contracts in mid-December due to risk of running out of gas was a big factor in prices dropping as supplier/generators reduced the risk element in prices. The weather continued to be a driving force with higher than average temperatures continuing throughout the month, tanking UK gas for power demand.

Towards the end of the month, we saw prices drop once again with the news coming out of USA that the Freeport LNG terminal was now seeking permission to once again, start injecting gas through its cooling pipelines. Over the course of the final week of the month, we saw gas contracts reduce by 10%.

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 ▲

January saw strikes across many different parts of the energy industry in multiple different countries. We saw French nuclear reactor strikes that saw a drop in production. However, this did not last long with the French government stepping in and ending the strikes. Russian gas remained low into Europe with Nord Stream still at zero and speculation that it will remain at zero forever.

Oil ▲

Oil in January started like other energy prices, with a large drop from 2022 end price. Although we did see rises week on week throughout the month going from \$78.57/Barrel at the start of the month, to \$86.66/Barrel at the end of the month. Highest price we have seen on Oil since the end of November.

Coal ▼

Throughout January we saw large drops, starting the month at 191\$/t mark. The biggest drop we saw was the first 2 weeks, dropping to 153.50\$/t by the end of the second week. Coming to the end of the month we saw another small drop, ending the month at 140.75\$/t for the lowest price in for quite some time.

Carbon ▲

Unlike previous months, January saw rises throughout the month. We started the month with a large drop down to £67.28/Tonne after a 20% drop from the end of 2022. Although slow rises throughout the month saw Carbon end on £73.34/Tonne, still slightly lower from the end of December price.

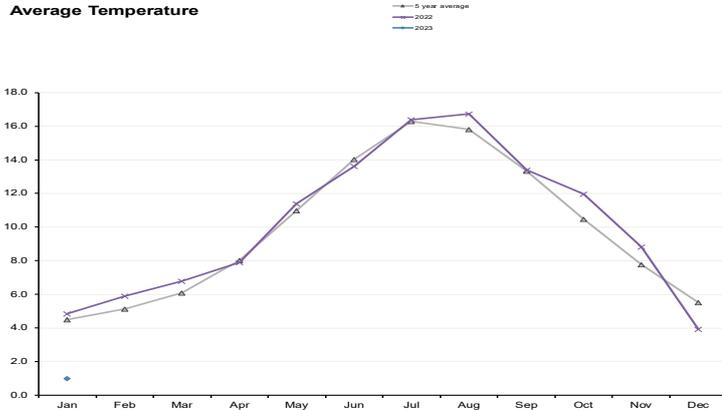
Looking Ahead

Looking forwards, we could see further volatility in the market as good headlines are getting muted by colder than usual weather. We have seen drops week on week since start of 2023 and could see further if temperatures start to rise. Although weaker than average forecasted wind speeds will see a strong gas for power demand in the UK. The return of Freeport LNG terminal and further French nuclear reactors coming back online, could see further drops across the board.

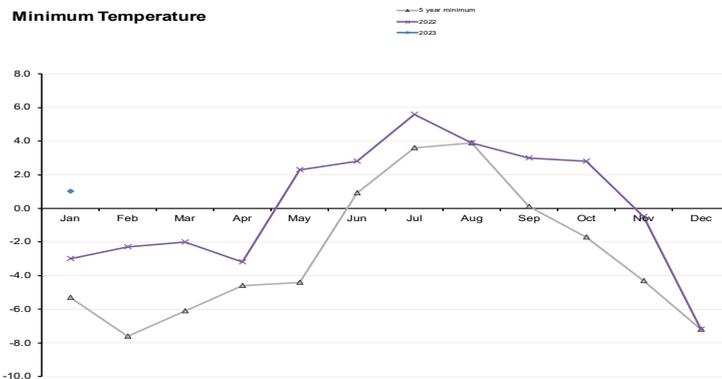
month on month marketview

Review of: January 2023

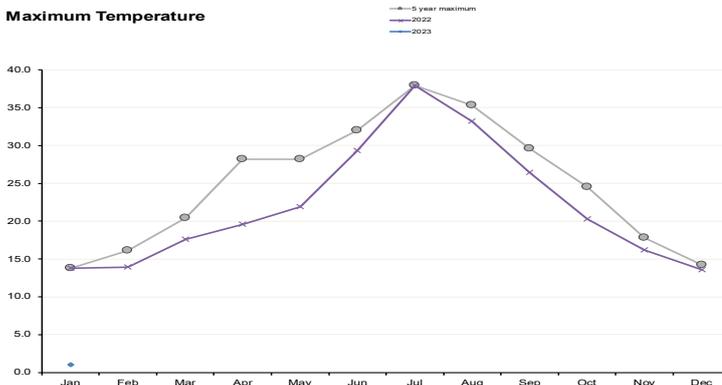
Average Temperature



Minimum Temperature



Maximum Temperature



Met Office UK summary

The first half of January continued with the mild, unsettled and wet theme of the last two weeks of December, with some areas having roughly their average rainfall for the whole of January within the first two weeks. Again, though, this proved to be a month of two halves, with much drier and colder weather from mid-month, although temperatures gradually edged upwards in the final week to somewhere near or slightly above average. This was also a particularly sunny January, for the second year in a row.

Average temp: 20212/23: Summary

2022/2023 Summary v 5 Year Average

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

2022/23	December	January	Year total
°C	-1.8	0.0	0
%	-30.7%	0%	0.0%

2022 v 2023 Summary

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

2022/23	December	January	Year total
°C	-2.1	-0.4	-0.4
%	-34.3%	-11%	-11%

Min temp: 20212/23: Summary

2022/2023 Summary v 5 Year Average

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

2022/23	December	January	Year total
°C	-0.3	1.5	1.5
%	4.3%	-28.3	-28.3%

2022 v 2023 Summary

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

2022/23	December	January	Year total
°C	-4.1	-0.8	-0.8
%	132.3%	15.1%	15.1%

Max temp: 20212/23: Summary

2022/2023 Summary v 5 Year Average

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

2022/23	December	January	Year total
°C	-0.6	1.3	1.3
%	-4.2%	9.4%	9.4%

2022 v 2023 Summary

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

2022/23	December	January	Year total
°C	-0.6	-1.3	-1.3
%	-4.2%	-11.1	-11.1%

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.