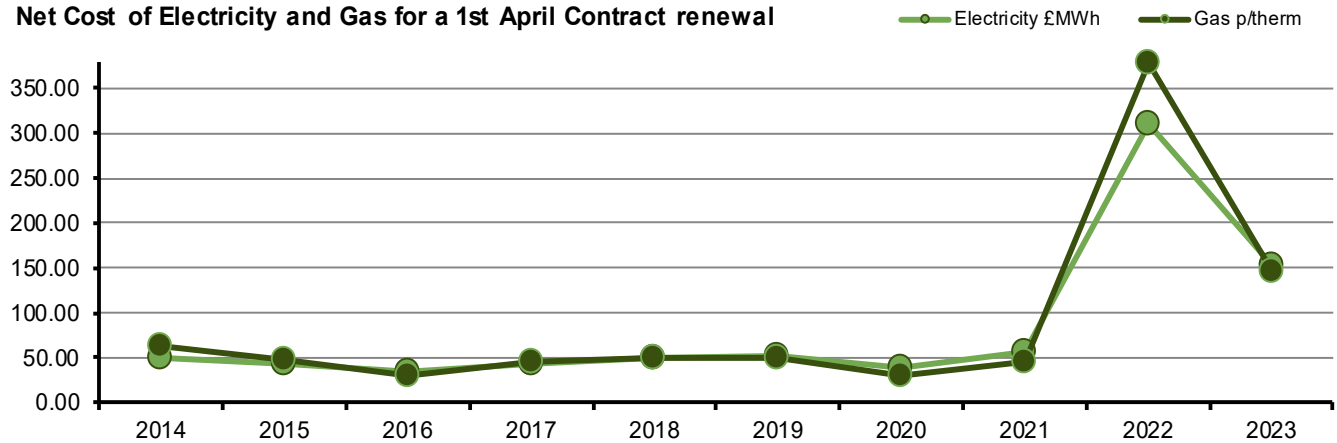


Report issued: 15th March 2023

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
50.56	44.22	34.18	44.32	49.04	52.97	38.12	56.43	310.39	152.38

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
63.13	47.08	30.01	44.41	49.44	49.66	29.60	45.53	377.72	147.03

Week commencing 6th March 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$84.98	126.55	£136.69	\$125.00
End	\$81.86	147.03	£152.38	\$135.00

Last week saw the first highly bullish week for quite some time, as prices increased as much as 15% due to French LNG outages due to strikes and further unplanned maintenance on Norwegian gas fields. Temperatures last week saw lowest below seasonal normal of the year, before slightly rising again before the end of the week. Increasing LDZ demand due to lower temperatures put more pressure on the market and storage and with low UK wind generation, the bulls entered the market once again. News broke that there were significant damage to a French nuclear reactor and minor damage to a further seven, sent the market into their bullish week.

Week commencing 27th February 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$82.13	137.29	£145.84	\$156.00
End	\$84.98	126.55	£136.69	\$125.00

Last week saw markets drop further with strong LNG cargoes still coming into UK and Europe. Total EU storage got to a height of 61% fullness, which shows a positive picture against the 28% fullness we saw this time last year. Temperature forecast last week showed a warmer outlook for Europe throughout March, along with high French LNG sendout nominations. Last week saw a strong increase in LDZ demand, increasing by 32mcm/d up to 194mcm/d. Non-LDZ demand was also robust due to weak wind speeds and impacted nuclear generation. NWE saw an increase in LNG sendout, although most of the sendout was met by withdrawals from storage due to a slow week on renewable generation and colder than seasonal normal weather. Even with the strong withdrawals from storage, forecast is still strong for storage levels come end of March.

Week commencing 20th February 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$83.03	135.36	£145.00	\$138.50
End	\$82.13	137.29	£145.84	\$156.00

Last week saw temperatures remain slightly below seasonal normals as predicted, which contributed to high gas for power demand across UK. Wind generation remained above seasonal normals throughout the week before dropping for the weekend. LNG cargoes continued to flow in to end February. However, with China reopening from COVID-19, we could see LNG start to drop going forward. Gas prices rose slightly throughout the week, with Sum-23 ending on 131.03p/therm. Electricity prices fell throughout the week, with Sum-23 ending on 139.23£/MWh. Carbon prices were volatile throughout the week, ending slightly lower than started. The potential increase in interest rates could have an adverse effect on the energy market. With consumers lowering spending across the board, we could see Oil prices fall due to lower demand across UK and Europe. Finally, on Friday, the British grid ended the day short by 7.8mcm, potentially supporting NBP prompt contracts.

Week commencing 13th February 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$85.88	147.52	£152.88	\$134.50
End	\$83.03	135.36	£145.00	\$138.50

Last week saw temperatures predicted to be just below seasonal norms until the end of March, potentially increasing heating demand slightly, thus supporting prompt contracts, and perhaps spilling over into the front month. Wind generation is forecast to be around 15% below seasonal averages, which may also support prompt contracts. There continues to be healthy LNG supply for the near future, with 11 vessels expected by 3rd March pressuring near curve contracts. A drop in Chinese LNG demand by 15 million tonnes in 2022 as well as reduction in imports by South Asian buyers due to high prices helped Europe acquire supply. However, China's almost inevitable increase in demand due to COVID-19 shutdown softening, bodes the question of how much will arrive in Europe over the course of this year and how it will affect UK energy prices. Carbon's benchmark contract EUA fell by 1.3% on Friday settling at €96.25 but has traded this morning at a high of €98.25.

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.