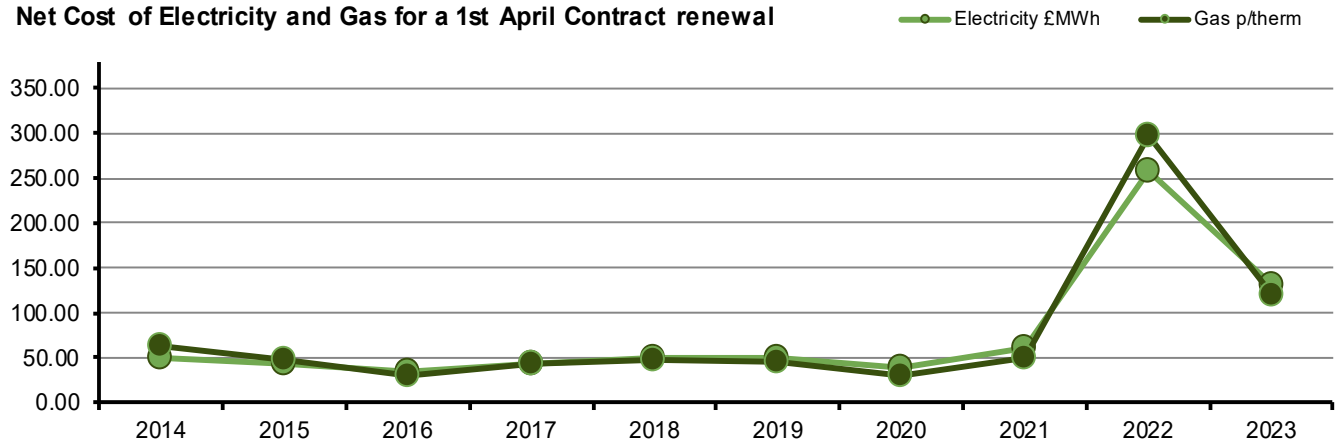


Report issued: 22nd March 2023

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
50.19	44.08	34.48	43.85	48.83	49.29	38.75	60.94	258.52	130.23

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
62.99	47.17	30.30	43.82	48.73	44.86	30.10	50.34	297.74	119.79

Week commencing 13th March 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$81.86	147.03	£152.38	\$135.00
End	\$73.00	119.79	£130.23	\$131.50

EDF have stated that there will be extensions to the industrial action which is taking place over Macron's pension reform plans in France by another week, to March 23. The current strike action has delayed further reactor returns from various nuclear reactors across the fleet, and has led to an average output of around 35 GW, which is below the expected output for March. The current strikes have been estimated to have affected more than 20 GW of various energy generation facilities, across the period of demonstrations which began at the start of this month. Via the IUK interconnector, Belgium are receiving maximum quantities of imports from the UK, with high downstream flows from Belgium toward France in the wake of reduced current capacity. LNG is also being diverted from French terminals to others such as UK and Germany at this time. Despite all of this, prices across the NBP and European hubs dropped by the close of the week. Power followed the same sentiment, with other commodities all falling.

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.

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.