

week on week marketview

Report issued: 26th April 2023

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



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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
50.43	45.10	34.21	42.68	49.60	56.15	39.80	58.40	192.60	142.1

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
60.45	47.91	31.23	43.27	49.11	52.62	31.99	48.35	214.81	143.06

Week commencing 17th April 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$85.93	127.32	£142.06	\$127.50
End	\$81.46	125.21	£136.57	\$143.50

The UK Gas system was consistently oversupplied for the week despite the numerous planned and unplanned maintenance effecting Norwegian flows. Temperatures across the UK saw below seasonal Norms forecast up to 25th and thereafter a rise in temperatures for a week or so, wind speeds were also strong reducing the need for gas for power generation. There is an abundance of LNG received and en route to the UK shores with similar levels to inbound to NWE. EU and UK storage levels are healthy, currently 57% and 60% full, respectively.

Week commencing 10th April 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$84.82	126.85	£136.78	\$133.50
End	\$85.93	127.32	£142.06	\$127.50

The markets opened stable following the Bank Holiday with settled fundamentals followed by some volatility, likely on the back of lower liquidity after the Bank Holiday. Weather forecasts suggested above seasonal norms across Europe with increased wind speeds in the UK causing increase in generation and reduction in gas for power. Markets largely ignored the reduced flows from Norway as maintenance season gets underway. EU storages are strong at 56% full and UK storage has increased to 65% - both currently above the 5 year average. This week saw two of the four French LNG terminals begin operations following strike action and the French Nuclear availability was increased, although one to monitor in the coming weeks.

Week commencing 3rd April 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$79.54	135.61	£140.30	\$149.00
End	\$84.82	126.85	£136.78	\$133.50

Last week was a bullish one for markets generally with volatility coming from revised weather forecasts and the ongoing French strikes on multiple LNG terminals. Total consumption in NWE was notably higher last week. Heating demand accounted for the bulk of the increase with German LDZ showing the strongest increase, while slower wind-speeds lifted gas for power demand. LNG send out was slightly higher mainly due to increased send out from Belgium and Germany, French send out from Montoir and FOS remain at zero after strike action was extended once while Dunkerque continues to send out an average 450GWh/d. Supply from Norway remains robust in the absence of any major maintenance and unplanned outages but flat week on week. The winter season ended with Northwest European storages at around 295TWh, or 55% full, versus 22% observed at the same juncture last year.

Week commencing 27th March 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$75.22	118.09	£129.31	\$134.50
End	\$79.54	135.61	£140.30	\$149.00

The week started stable despite the arrival of cooler weather across the UK and Europe, as forecasts emerged of colder temperatures in Europe for April, Gas prices firmed and continued on this theme for the remainder of the week. Power prices followed Gas. Also contributing to these increases was the news of the Strikes at three French LNG terminals restricting send out resulting in an increase in exports from the UK to Europe. Further extensions to French nuclear reactors and other power capacity curtailment due to industrial action across the country pressured Power prices. Europe's storage is currently 56% full, forecasts suggest that this could reach 95% by the end of the Summer.

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.