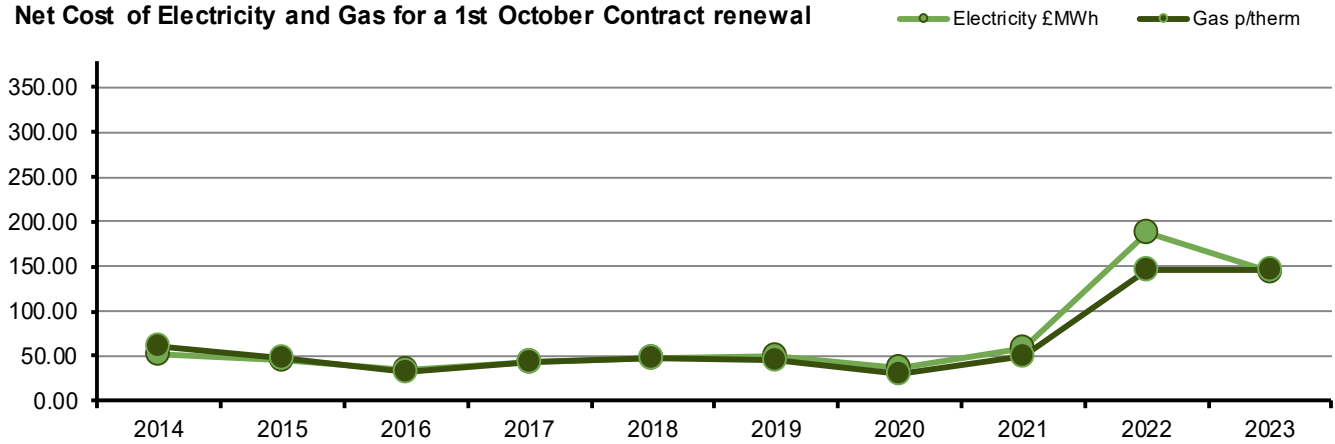


month on month marketview

Review of: March 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
52.13	45.48	34.63	42.48	48.13	49.90	36.33	57.70	188.13	143.10

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
59.75	48.05	31.73	43.08	47.28	46.15	30.17	50.08	145.72	146.93

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

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

March in summary

March was a relatively stable month with prices trading around a similar level to that of February 2023.

Market Volatility

Volatility in the month came from French Nuclear outages due to ongoing concerns surrounding the integrity of the EDF Nuclear fleet coupled with French strikes, which, as of the time of writing, are still ongoing. Elsewhere, markets traded stably with comfortable weather forecasts helping curtail demand.

Weather

March began cold and dry, under the influence of high pressure, but from the eighth onwards, it was predominantly unsettled with moist, milder air pushing up from the south. For the second week the cold air was at times reluctant to move away from northern areas, with snow for some areas most especially around the 7th-10th on the northern boundary of the milder air, but from mid-month it was broadly mild everywhere. After transitory fine weather on the 27th, the month ended with a westerly pattern, very unsettled with low pressure close to the UK, maintaining a dull and wet theme.

Gas, Storage and LNG News

March was generally a stable month for gas prices with mostly bearish movement throughout before ending the month around the same level as what it started. March 7th saw the first news of the worker strikes in French LNG terminals resulting in nominations for these terminals dropping to zero until the 14th March. The fourth French LNG terminal, Dunkerque, issued a shutdown for the same reason for March 7-9th. UK Gas supply was relatively stable throughout the months with comfortable weather conditions helping curtail demand. Some volatility came mid month as worries around French nuclear availability after corrosion cracks were discovered on two more reactors on Thursday and EDF indicated that there is corrosion risk to more reactors and ordered the inspection of about 200 pipe welding. The winter 22 season ended the month on much needed recovery since the highs of August/September 2022 and European storages ended the season around 56% full.

Politics and Global Economics ▲

Throughout the month, strikes in a number of French LNG terminals were the main focal point of energy news politically, initially being announced on the 7th due to the pension reform. The strike was originally scheduled to last until 14 March but was extended twice and to this day is still ongoing to some capacity.

Oil ▼

An overall stable month for Oil with volatility coming from fears of weaker demand resulting from contagion spreading throughout the world's financial sector caused a dramatic drop in oil prices last week. The fall of Silicon Valley Bank (SVB) rocked markets and the buyout of Credit Suisse by UBS in Switzerland failed to ease traders' fears. The possibility of a recession in the West has raised concerns, along with rising interest rates, despite expectations of rising oil demand in China. Oil prices recovered towards the end of the month and ended the month trading around \$79.54/bbl vs. \$84.1/bbl at the start of the month.

Coal ▲

General stability seen in coal prices during March. The start of the month saw prices fall as the coal demand outlook was eroded by lower gas prices. Week on week losses were seen amid falling gas prices further weakening the outlook for coal burn in Europe given the likely implications for increased coal-to-gas fuel switching in the power sector. Gas prices remain a key focus for coal markets, as the magnitude of decline in gas prices over the year-to-date has considerably eroded the demand outlook for coal due to increased fuel switching from coal-to-gas.

Carbon ▼

March was stable for carbon with the price ending the month around 6% lower than the beginning. Worries over French nuclear outages and support from compliance demand will continue to hold up EUA prices.

Looking Ahead

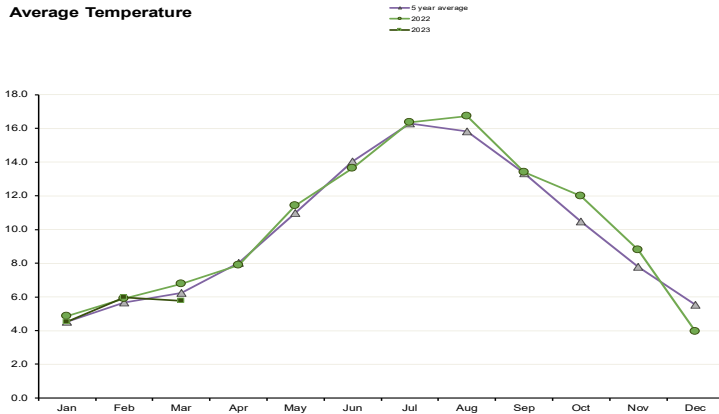
Looking ahead to the Summer 23 trading season, we expect markets to trade range bound as many fear that resistance levels have been hit and the markets may struggle to give off much more value. French nuclear supply is likely to be a major driving force through Summer 23 with strikes and outages due to repairs very much affecting the market at the moment. We will see bullishness from any unexpected changes in this regard. Summer 23 is also going to be a major season for gas importations to replenish Europe's gas stocks ready for winter 23. Europe is now traded a reliance on Russian gas, a commodity far cheaper and reliable, for a dependency on LNG which will likely be where the shortfall now comes from. This opens up potential bidding wars for LNG cargoes with the tankers going to the highest bidder during a much shorter window.

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.

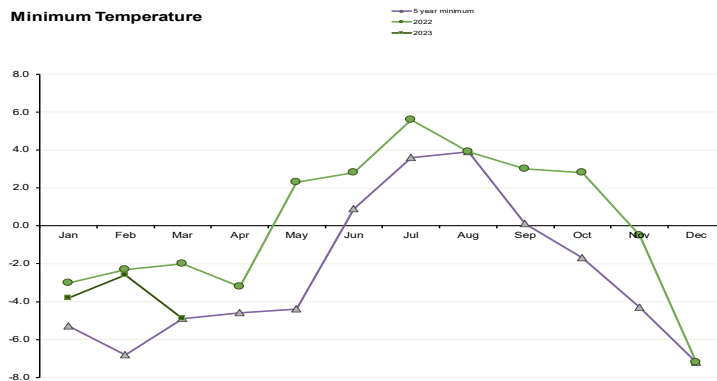
month on month marketview

Review of: March 2023

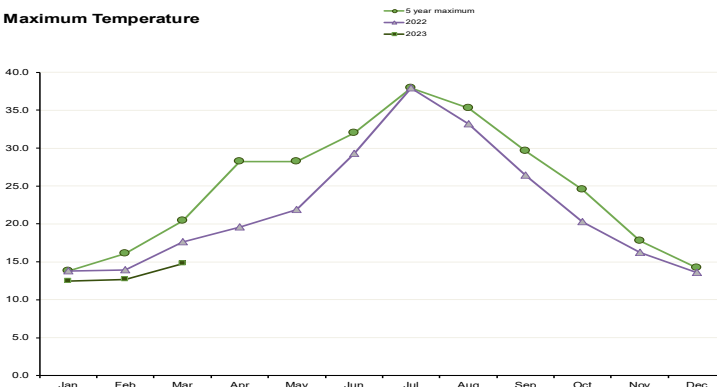
Average Temperature



Minimum Temperature



Maximum Temperature



Met Office UK summary

March began cold and dry, under the influence of high pressure, but from the eighth onwards, it was predominantly unsettled with moist, milder air pushing up from the south. For the second week the cold air was at times reluctant to move away from northern areas, with snow for some areas most especially around the 7th-10th on the northern boundary of the milder air, but from mid-month it was broadly mild everywhere. After transitory fine weather on the 27th, the month ended with a westerly pattern, very unsettled with low pressure close to the UK, maintaining a dull and wet theme.

Average temp: 2023: Summary

2023 Summary v 5 Year Average

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

2023	February	March	Year total
°C	0.9	-0.5	-8.5
%	16.9%	-7.6%	-0.8%

2022 v 2023 Summary

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

2023	February	March	Year total
°C	0.1	-1.0	-8.8
%	2.0%	-16.2%	-0.8%

Min temp: 2023: Summary

2023 Summary v 5 Year Average

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

2023	February	March	Year total
°C	5.0	0.00	1.6
%	-65.8%	-0.0%	-82.5%

2022 v 2023 Summary

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

2023	February	March	Year total
°C	-0.3	-2.9	-1.1
%	4.4%	85.3%	-84.8%

Max temp: 2023: Summary

2023 Summary v 5 Year Average

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

2023	February	March	Year total
°C	1.2	2.8	18.6
%	7.5%	13.7%	68.5%

2022 v 2023 Summary

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

2023	February	March	Year total
°C	-1.2	-2.8	-18.6
%	-8.5%	-13.7%	-87.0%

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.