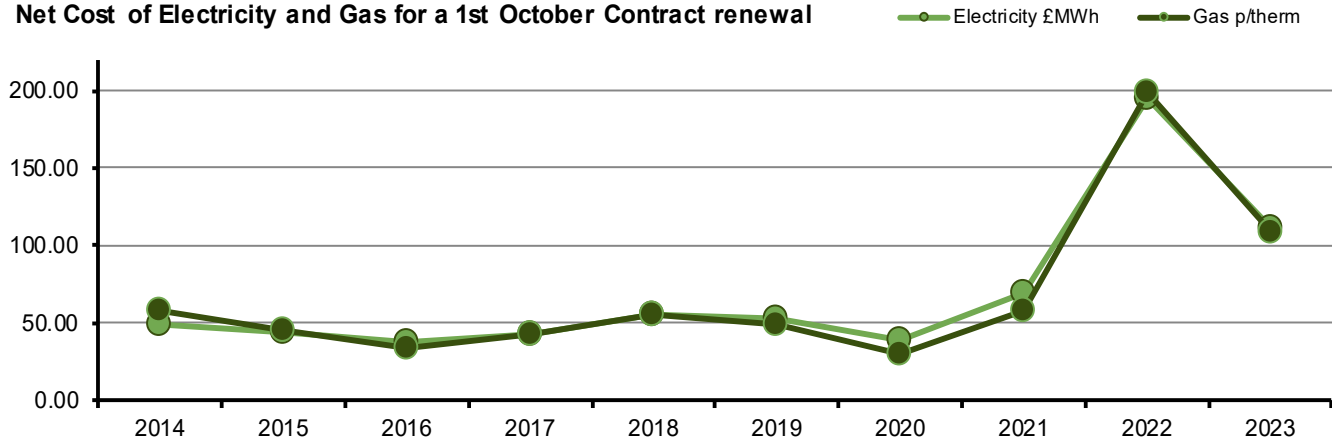


Report issued: 31st May 2023

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 |
|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|
| 49.51 | 43.85 | 37.20 | 42.70 | 55.28 | 53.20 | 39.25 | 69.35 | 194.75 | 111.6 |

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

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|
| 58.65 | 45.91 | 34.44 | 43.15 | 55.81 | 49.18 | 29.51 | 58.20 | 198.68 | 108.18 |

Week commencing 22nd May 2023

| | Oil (bbl) | Gas (ppt) | Power (MWh) | Coal (MT) |
|--------------|-----------|-----------|-------------|-----------|
| Start | \$76.00 | 107.69 | £122.99 | \$111.00 |
| End | \$76.93 | 92.89 | £106.78 | \$104.50 |

The UK Gas System has remained undersupplied for most of the week, mainly due to lower Norwegian flows and maximum exports via the pipelines that feed the Netherlands (BBL) and Belgium (IUK). Temperatures in the UK were still forecast to be above SNT for the remainder of the week, then sitting closer to normal before rising several degrees above SNT. The mild weather offset any effects of maintenance issues and prices made their longest run of weekly losses since 2007. LNG remained strong and storage in EU and the UK remained above their 5 year norm.

Week commencing 15th May 2023

| | Oil (bbl) | Gas (ppt) | Power (MWh) | Coal (MT) |
|--------------|-----------|-----------|-------------|-----------|
| Start | \$75.20 | 114.30 | £127.30 | \$115.50 |
| End | \$76.00 | 107.69 | £122.99 | \$111.00 |

The UK Gas system remained oversupplied this week despite the reduced flows from Norway due to maintenance. Temperatures were forecast for above seasonal norms which helped keep demand down. LNG flows to NW Europe and the UK remained strong with the anticipation of healthy receipts in the weeks to come. Front months saw bearish movement across the week whilst Winter 23 & Summer 24 did see some bullish movement on reported supply risk.

Week commencing 8th May 2023

| | Oil (bbl) | Gas (ppt) | Power (MWh) | Coal (MT) |
|--------------|-----------|-----------|-------------|-----------|
| Start | \$75.39 | 120.43 | £129.97 | \$125.00 |
| End | \$75.20 | 114.30 | £127.30 | \$115.50 |

UK weather forecasts were revised during the week to show below Seasonal norms, this did little to drive prices as natural gas benchmarks continued to see weekly dips, with the longest run of weekly declines in three years. The maintenance season continued with lower flows via Langeled which are due to continue until mid to late May. LNG flows to North West Europe remain constant with 7 cargos bound for the UK in the next few weeks. Storage levels across Europe sit at around 61%, market participants see the possibility of reaching the November 1st target of 90% by early September.

Week commencing 1st May 2023

| | Oil (bbl) | Gas (ppt) | Power (MWh) | Coal (MT) |
|--------------|-----------|-----------|-------------|-----------|
| Start | \$79.47 | 121.14 | £135.27 | \$145.25 |
| End | \$75.39 | 120.43 | £129.97 | \$125.00 |

Heavy yearly maintenance continues across Norwegian infrastructure resulting in low total exit nominations to the continent, with the capacity set to decrease as we move through May. The receipt of LNG cargoes expected into UK shores and North West Europe remains strong, aiding a healthy supply picture and storage levels start to improve across Europe with the US supplying about half of Europe's current demand. Temperatures in the UK are expected to be higher above SNT to see out this week and next, before falling slightly below norms in week. Trading is at the lowest level since July 2021 even after four consecutive weeks of decline.

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.