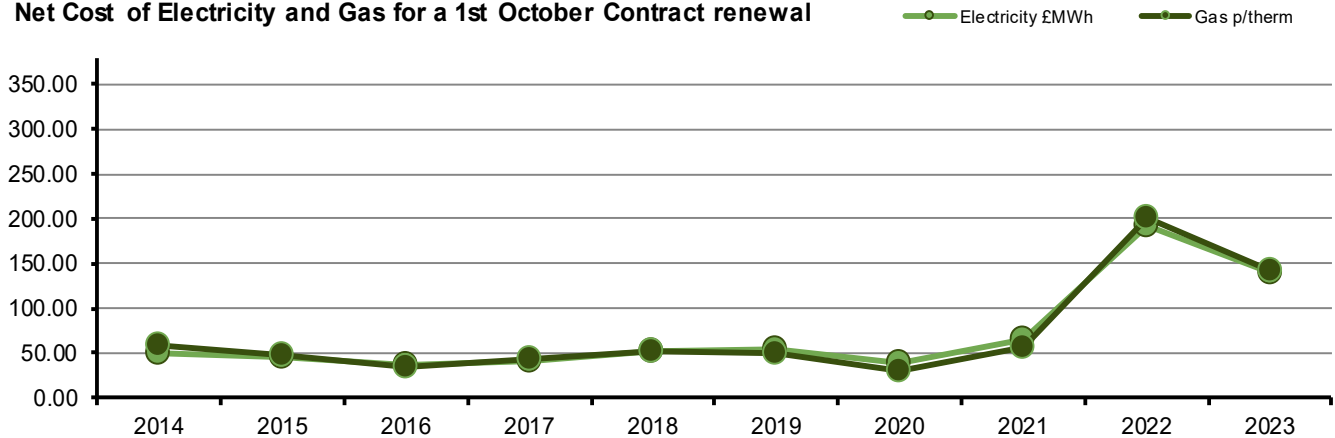


month on month marketview

Review of: 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
50.13	44.48	36.90	42.05	52.03	54.10	38.10	66.08	192.75	139

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
59.31	46.71	34.01	42.55	52.35	50.05	29.56	56.23	201.98	142.38

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

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

April in summary

April was a very bearish month with prices sliding back to levels last seen in the summer of 2021.

Market Volatility

Volatility in the month came from French strikes at LNG terminals, which have now been resolved. Some brief intervals of colder weather also provided some brief volatility to what has otherwise been a steadily downward-moving market this month.

Weather

April was a predominantly unsettled month, with little in the way of consistent warmth. However, it was more settled for a time around the middle of April, with temperatures becoming warmer especially over Scotland. This was then followed by a return to rather chilly and unsettled conditions towards the end of the month.

Gas, Storage and LNG News

April has been a predominantly bearish month for gas prices, with considerable declines observed throughout the month. After a slightly bullish start to the month, all contracts have been moving downwards from 4th April, with the slight exception of some small volatility due to the weather. Prices reached and remained around levels last seen in July 2021; such has been the downward momentum. There were strikes which impacted send out from French terminals, but these ended and French LNG send out returned back to normal levels. As the LNG cargoes were diverted to other European ports during the industrial action, there was very little impact on prices. On the 11th April, we saw the start of two months of maintenance works across Norway. However, despite the impact of the maintenance work and the start of injection season, the underlying fundamentals of weak demand and healthy LNG and lower than expected injection demand meant April was in control of the bears.

Politics and Global Economics ▲

Strikes across a number of French LNG facilities ended following the industrial disputes over pension reform. On 15th April, Germany shutdown the last three of its nuclear power plants, accounting for around 4TW of electricity generation.

Oil ▼

Concerns over supply bolstered oil prices through the beginning of April as the IEA issued a warning about a decline of 400,000bpd in production by the end of the year due to OPEC+ cuts and a decline in Russian supplies and an expected increase in Chinese demand. This was then reversed as oil prices fell on the back of demand concerns, with demand in the West reduced due to weaker economic outlooks, though Chinese demand forecasts limited this decline. The end of April saw further declines in oil prices as markets remain concerned over possible recession, with Brent dropping below \$80/bbl for the first time since March.

Coal ▲

April opened bullishly for coal markets, with the API2 front-month price rising 1.7% as coal markets remained focussed on the impact of gas pricing and possible fuel switching demand. Prices remained relatively stable as temperatures remained relatively stable across Europe with no real spike in demand. Fuel switching continued to be a key driver for coal pricing, which saw pressure towards the end of the month from the fall in gas pricing incentivising fuel switching away from coal.

Carbon ▼

April was a bearish month for carbon with both EUA and UK prices seeing double-digit falls over the course of the month. April also saw the end of the 2022 compliance season, which saw low levels of trading in the lead up to this deadline.

Looking Ahead

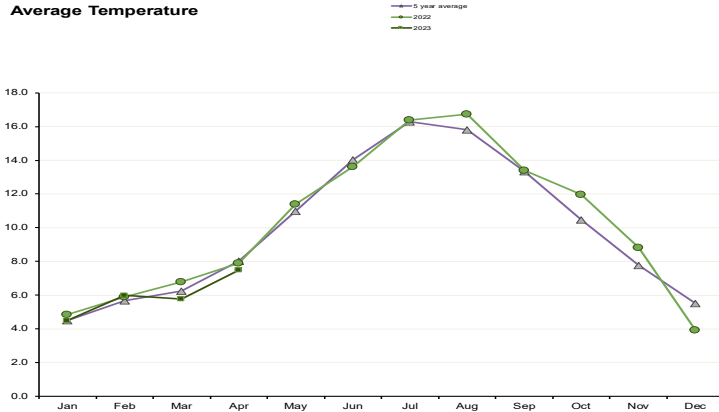
Looking ahead a bit focus will still remain on how the UK and Europe cope with injection season without gas flow from Russia, as this is the first summer without any Russian supply. LNG maintenance at a number of facilities as well as a heavy spell of Norwegian maintenance works will limit the possible injection volume. Another possible bullish driver to be aware of is the shutdown of three German nuclear power plants, which has so far been covered by a strong renewable output. However, if this should wain, then additional reliance may be placed on gas to make up the shortfall. On the flip side, demand destruction is expected to remain and this summer will be the first with much more LNG capacity in Europe, which is expected to allow a lot of overseas gas to pour into the Continent. The latest projections indicate that Europe's gas storage target will be met by September, which is well ahead of the EU target and should help to keep markets suppressed.

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.

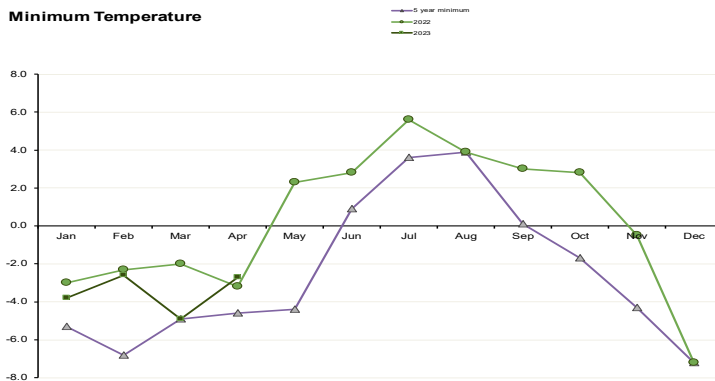
month on month marketview

Review of: April 2023

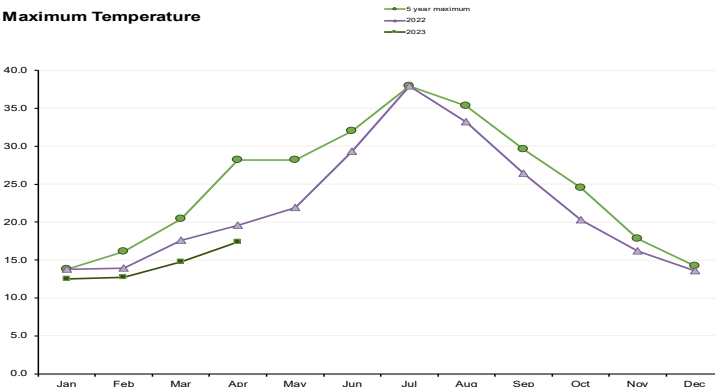
Average Temperature



Minimum Temperature



Maximum Temperature



Met Office UK summary

April was a predominantly unsettled month, with little in the way of consistent warmth. However, it was more settled for a time around the middle of April, with temperatures becoming warmer especially over Scotland. This was then followed by a return to rather chilly and unsettled conditions towards the end of the month.

Average temp: 2023: Summary

2023 Summary v 5 Year Average

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

2023	March	April	Year total
°C	-0.5	-0.6	-7.9
%	-7.6%	-6.9%	-0.7

2022 v 2023 Summary

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

2023	March	April	Year total
°C	-1.0	-0.4	-8.2
%	-16.2%	-7.5%	-0.7

Min temp: 2023: Summary

2023 Summary v 5 Year Average

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

2023	March	April	Year total
°C	0.0	1.9	1.4
%	0.0%	-41.3%	-77.6%

2022 v 2023 Summary

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

2023	March	April	Year total
°C	-2.9	0.5	-1.4
%	85.3%	-10.9%	-80.0%

Max temp: 2023: Summary

2023 Summary v 5 Year Average

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

2023	March	April	Year total
°C	2.8	2.2	17.2
%	13.7%	7.8%	63.4%

2022 v 2023 Summary

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

2023	March	April	Year total
°C	-2.8	-2.2	-17.2
%	-13.7%	-13.5%	-78.1%

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.