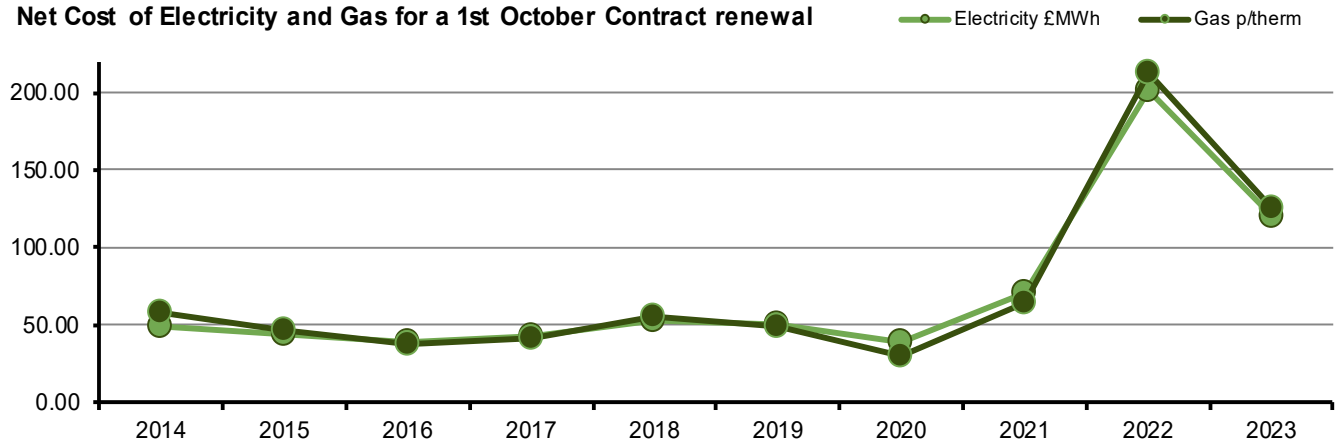


Report issued: 21st June 2023

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
48.77	43.82	39.46	42.58	53.23	50.43	39.12	70.39	201.35	119.9

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
58.29	46.01	37.78	41.95	55.17	48.91	29.96	64.64	213.30	124.98

Week commencing 12th June 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$76.27	110.46	£110.31	\$116.75
End	\$75.97	115.98	£118.53	\$117.75

A week of volatility as markets try to assess whether current supply disruption caused by gas and LNG plant outages would be offset by high inventory levels and hot weather. Mid week saw a spike of more than 15% on the news of gas plant maintenance work being extended until July only to be clawed back the next day. Contracts continued to see gains supported by below seasonal wind output and lower LNG cargoes to the UK. Friday saw some correction however week on week gains could be seen on both Gas & Power.

Week commencing 5th June 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$75.82	94.90	£99.67	\$97.25
End	\$76.27	110.46	£110.31	\$116.75

The week opened strong on the back of oil rallies on planned cuts in Saudi Production. French Nuclear strikes and ongoing maintenance added to the bullish picture. This volatility showed how supply disruptions can cause panic and price volatility even with European storage levels at 70% still in June. The firmer prices remained as extended nuclear outages along with the reduction in capacity of the North Sea Link between Norway and the UK and the increase in Asian LNG market interests.

Week commencing 29th May 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$76.93	92.89	£106.78	\$104.50
End	\$75.82	94.90	£99.67	\$97.25

The continuation of improved temperatures in the UK is helping keep demand reduced and off sets the short system. Amid the maintenance season, this week has seen the unplanned outage at Visund continuing and Norwegian flows to both the UK and Europe being lower. Hammerfest LNG facility in Norway came back online 27 May, which concluded a three week outage, this was welcomed news, with LNG prices becoming more attractive elsewhere, the UK has seen a significant fall in arrivals. NBP contracts largely saw marginal gains across the curve by the close of the week, with little change to the supply picture other than the brief 24 capacity reduction from Kollsnes, to finish a fairly volatile week.

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.

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.