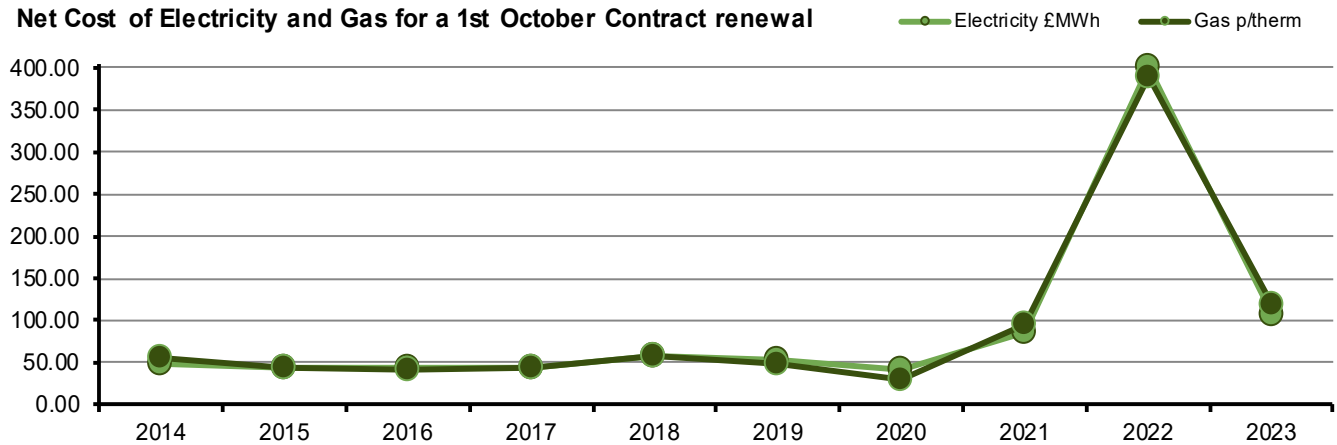


Report issued: 9th August 2023

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
48.79	42.76	43.03	43.36	56.87	52.29	40.28	84.80	401.10	107.03

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
56.30	43.60	41.73	43.23	58.12	48.15	28.69	95.91	388.23	119.38

Week commencing 31st July 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$83.95	111.30	£104.98	\$104.75
End	\$86.10	115.52	£104.96	\$106.00

The week opened lower with strong Norwegian gas flows, and reduced gas exports from the UK via the IUK & BBL pipelines and continued bearish fundamentals. Wind generation was also strong which reduced the dependence on gas-for-power generation. However, markets did move slightly higher as the week progressed as wind speeds declined and a number of maintenance projects got underway, most notably at the at Troll and Kollnesnes gas fields.

Week commencing 24th July 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$80.48	119.15	£110.60	\$110.50
End	\$83.95	111.30	£104.98	\$104.75

The week opened stable as no real change to the fundamentals other than forecasts of strong Norwegian flows throughout August, pending no unplanned maintenances. As the week progressed Gas prices reacted to the nervousness in the Market of extended maintenance however this didn't seem to filter through to Power prices. Markets remained volatile on the potential of any outage however the news of LNG to the UK was positive.

Week commencing 17th July 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$80.30	109.44	£104.32	\$95.75
End	\$80.48	119.15	£110.60	\$110.50

The week started positive with news of improved Norwegian flows recovering from some of the previous weeks increases. Mid week saw bullish moves with an unplanned outage and concerns over the EDF announcements of potential lower Nuclear power output due to warmer river temperature. Contracts ended with further gain momentum, buoyed by predictions of UK gas demand rising above seasonal norms. Contracts were also raised to try and attract LNG cargo, with no deliveries currently anticipated in the UK before the end of the month.

Week commencing 10th July 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$77.47	126.46	£115.68	\$118.75
End	\$80.30	109.44	£104.32	\$95.75

Markets opened the week steady as Norwegian flows improved as some maintenance outages neared completion. As reports announced further returns of Norwegian fields, markets dropped to their lowest levels in a month, European storage has neared 80% already combined with the high outputs from renewable sources. Friday saw an uptick in prices driven primarily by the extreme high temperatures in Europe causing an increase cooling demand.

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.