

Report issued: 27th September 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
50.72	42.67	41.13	45.99	64.70	51.15	45.75	113.94	410.01	107.83

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
58.25	42.33	36.79	45.45	70.12	46.99	34.67	114.67	484.80	126.4

#### Week commencing 18<sup>th</sup> September 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$94.02	124.74	£106.30	\$123.20
<b>End</b>	\$93.59	126.40	£107.83	\$125.00

The week opened mixed, production at Norway's Troll field was partially resumed following maintenance, and other Norwegian fields came back to full operation. Markets still remained volatile though due to supply uncertainty. Mid week news hit that Norway's Troll field, which had been gradually increasing output over the last two days, had been scheduled to shut down again for more maintenance. Friday saw increases as supply tightened with the extended maintenance plans, although storage picture was still looking strong across the continent totalling 93.7%. Upward pressure on prices also came from the strikes commencing at Cevron's Gorgon and Wheatstone LNG units after bargaining could not prevent the industrial action

#### Week commencing 4<sup>th</sup> September 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$88.15	127.53	£111.73	\$114.25
<b>End</b>	\$90.75	123.66	£109.23	\$112.90

Markets were relatively stable to start the week and even saw some small losses. This was in spite of the backdrop of impending strike action in Australia impacting two critical LNG plants and ongoing Norwegian outages due to maintenance. Mild long-term weather forecasts and healthy LNG supply helps to negate these bullish drivers at first. However, by the end of the week the markets had moved higher as an extension to the strike negotiations failed to achieve a resolution, and stoppages began in the early hours of the 8th September. Multiple extensions to the ongoing maintenance in Norway also fed into the bullish movement.

#### Week commencing 11<sup>th</sup> September 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$90.75	123.66	£109.23	\$112.90
<b>End</b>	\$93.59	126.40	£107.83	\$125.00

Market uncertainty remained which was largely caused by the possibility of supply disruptions in Norway and Australia. Norway continued to experience reduced gas flows due to ongoing maintenance works at various gas fields. Full walkouts were set to start at the two Chevron sites mid week. Amid the strikes, Chevron Wheatstone LNG facility also experienced faulty operations effecting production. This disruption was set to affect 25% of LNG production at the facility. Although a volatile week, prices remained relatively stable week on week.

#### Week commencing 28<sup>th</sup> August 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$83.94	125.31	£113.13	\$118.75
<b>End</b>	\$88.15	127.53	£111.73	\$114.25

The nervousness in the Market continued as Unions gave Chevron warning that strikes would begin as early as September 7th at two critical LNG plants in Western Australia. The action affects 500 workers, and stoppages might last up to 11 hours per day. These two LNG plants are expected to deliver approximately 7% of global supply, largely to Asia. Seasonal maintenance continued to weigh on prices which saw Norwegian flows reduced by nearly 40%. An increase in temperatures was forecast to help reduce demand. Prices saw the week end in a similar position to the start with volatility seen in the interim.