

Report issued: 4th October 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
49.95	42.03	44.71	44.20	69.65	49.55	46.43	145.57	429.20	104.35

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
55.68	41.05	41.20	41.90	69.66	46.04	36.24	137.54	461.40	126.39

### Week commencing 25<sup>th</sup> September 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$94.02	124.74	£106.30	\$123.20
End	\$95.20	118.63	£101.53	\$127.60

A bearish week following five days of rising prices by almost 30%. The recovery of Norwegian gas flows continued, with flows to the UK and Northwestern Europe aligning with their five-day averages. Strong storage levels within the EU caused additional downward pressure on prices, as inventories were nearly at full capacity. Reports of mild temperatures in the UK and Europe over the following two weeks helped the downward pressure. There was five LNG cargoes scheduled for delivery into UK shores, from various destinations globally, with an abundance also heading into North West Europe.

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

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$94.02	124.74	£106.30	\$123.20
End	\$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 Chevron's Gorgon and Wheatstone LNG units after bargaining could not prevent the industrial action.

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

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$90.75	123.66	£109.23	\$112.90
End	\$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 4<sup>th</sup> September 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$88.15	127.53	£111.73	\$114.25
End	\$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.

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.