

Report issued: 18th 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
51.40	42.79	45.90	45.63	61.23	51.48	47.33	105.50	320.00	130.50

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
57.55	41.78	44.54	46.05	65.51	48.44	38.70	74.83	395.35	146.29

Week commencing 9th October 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$84.09	112.61	£101.48	\$122.85
End	\$89.62	145.33	£127.13	\$145.50

The week opened bullish with strong IUK exports and high levels of injections into storage. The upward pressure continued with the strike uncertainty in Australia, the unrest in the Middle East as well as the slightly colder than average spell of weather that was forecast to arrive the following week. Additional pressure came from the Balti connection pipeline leak which was under investigated as a possible sabotage. The upward trend persisted to close the week at nearly 40% higher than previous.

Week commencing 2nd October 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$95.20	118.63	£101.53	\$127.60
End	\$84.09	112.61	£101.48	\$122.85

Markets opened the week stable, following previous interruptions, Norwegian gas exports to the UK and Northwest Europe ramped up. Lower trading followed due to forecasted warm weather and weaker demand. Temperatures in the UK and the EU were forecast to be higher than typical in the first part of October. Gas demand was 20% below average in September and was expected to remain low in the foreseeable future. LNG flows to NW Europe remained high, 16% above its 30-day average with eight LNG cargoes expected to arrive in the UK over the next couple of weeks. This coupled with high storage levels (96%) all helped to keep prices under control.

Week commencing 25th 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 18th 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

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.