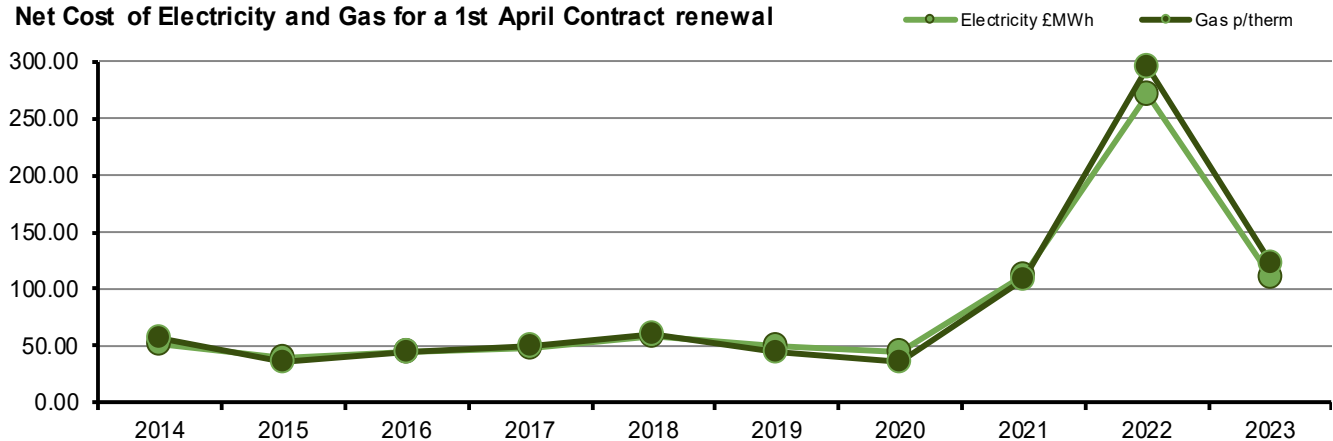


Report issued: 29th November 2023

Net Cost of Electricity and Gas for a 1st April Contract renewal



Electricity: base load cost - excludes distribution, taxation and supplier margin and costs

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
50.86	38.94	45.20	47.90	58.35	49.18	44.80	111.43	271.10	110.13

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
56.07	36.42	44.10	49.38	59.30	44.26	35.13	109.30	295.77	122.90

Week commencing 20th November 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$90.20	118.97	£105.10	\$117.85
End	\$82.10	119.88	£107.04	\$120.15

Colder weather and hence stronger demand forecast was the major bullish driver this week, although supply fundamentals remained robust and the balance was showing signs of looseness with prevailing net MRS injections. Volatility could be seen as traders were battling to weigh up potential demand against strong storage levels. The day ahead contract climbed to its highest level throughout November this week. High levels of storage across Europe remained and a high level of LNG receipts across Europe helped offset the upward pressure.

Week commencing 6th November 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$85.76	127.11	£107.77	\$124.75
End	\$81.17	122.28	£107.77	\$120.00

The week opened with prices being pressured down by low gas demand with weather forecasts suggesting temperatures below the seasonal norms. Strong winds were also experienced lowering the gas for demand levels. Flows from Norway remained healthy and good levels of LNG helped stabilise the market, however towards the end of the week with the upcoming heating season in Japan due to increase demand there and the revised colder temperatures in the UK, this prevented further downward movement.

Week commencing 13th November 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$81.17	122.28	£107.77	\$120.00
End	\$90.20	118.97	£105.10	\$117.85

Throughout the week the fundamental drivers remained bearish with continued healthy Gas storage seeing European levels at 99.5%, increased flows from Norway with the return of volumes at Oseberg and Gultaks, up to 9 LNG cargoes expected to UK shores within the following ten days, helping to meet some of the increase in demand. Despite this the fluctuating weather forecasts as lower temperatures set in increased the demand and pressured prices.

Week commencing 30th October 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$88.34	139.20	£115.25	\$140.50
End	\$85.76	127.11	£107.77	\$124.75

An overall bearish week with low demand as temperatures in the UK sat above the seasonal norms. Wind out turns were higher than normal levels and expected to continue for several weeks. The UK was also due to receive 9 LNG cargoes over the following 12 days continuing the healthy supply. The week did end on a bullish note as the US declared sanctions against Project Arctic, an LNG facility, reigniting political tensions between the US and Russia

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.