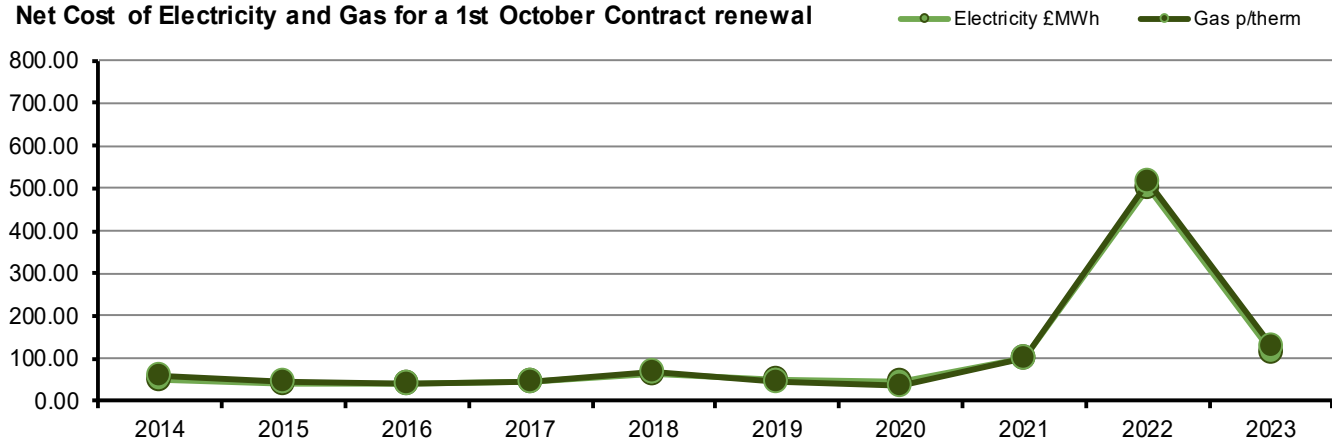


month on month marketview

Review of: 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
49.17	43.02	43.03	43.26	56.76	52.21	40.93	85.03	40.10	110.91

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
56.38	43.48	41.73	42.65	58.10	48.65	29.68	92.08	388.23	123.39

▲ : Indicates that there was an upward pressure on prices.

▼ : Indicates that there was a downward pressure on prices.

August in summary

August was a bullish month with planned and unplanned maintenance reducing Norwegian flows significantly, this coupled with fears of reduced Global LNG supply put pressure on prices.

Market Volatility

Swings of 15% within day could be seen on the news of the Australian Strikes tracking talks of a resolution or the potential for reduced production which would impact global LNG supply.

Weather

August was a rather mixed and unsettled month, continuing the theme of July, although to a slightly lesser extent. Low pressure systems mostly dominated the weather, with any brief spells of high pressure bringing settled weather generally short-lived in nature. Summer warmth was mostly confined to southern and eastern areas, with only one really hot day on 10th when temperatures reached the mid to high 20s quite widely. There were some notably cool spells; on 5th August maximum temperatures struggled to reach even 15°C across many eastern areas. Any periods of dry weather were also fairly brief. Two named storms, Antoni on 5th and Betty on 18th to 19th brought unseasonably wet and windy weather to many parts of the UK.

Gas, Storage and LNG News ▲

Markets were volatile throughout August, the main driver came amid an announcement of Australian LNG supply disruptions due to union strikes. With Australia being the main LNG supplier to Japan and South Korea along with the market being relatively weak over the last few weeks due to expectations of oversupply into Winter this resulted in the oversupply possibly being under risk as Asian buyers looked for alternative sources of LNG causing more competition for Europe. The impact of this could result in a 10% global supply disruption. The likelihood of strikes beginning as early as September 2nd put upwards pressure on prices. Markets remained sensitive throughout the month tracking the outcome of the talks between Union and Woodside, significant losses were then seen, up to 15% drop in prices on some contracts mid month. This came as there was a strong indication that an agreement would be reached.

Seasonal maintenance continued to weigh on prices which saw Norwegian flows reduced by nearly 40%, particularly from the Troll and Aasta Hansteen fields, which were at their lowest in two months due to restricted capacity.

Politics and Global Economics ▲

Much of August has been dominated by the news of the potential strikes at three Australian LNG facilities. On first announcement the Market reacted bullishly and has remained sensitive throughout the month. The Market did take some comfort on resolution talks but the situation remains unresolved as August came to an end.

Oil ▲

Oil prices were volatile over concerns about the growth of the Chinese economy and the possibility of future interest rate rises in the US. China's economic data revealed a significant decline of momentum, which concerned investors.

Coal

Gains in Coal prices were supported by increases in both LNG and Gas prices, amid the continued concerns that LNG supply from three major LNG facilities in Australia may be disrupted that due to strike action.

Carbon

UKA prices have remained low throughout much of August and looked to garner some movement towards the end of the month as traders returned from their summer vacations.

Looking Ahead

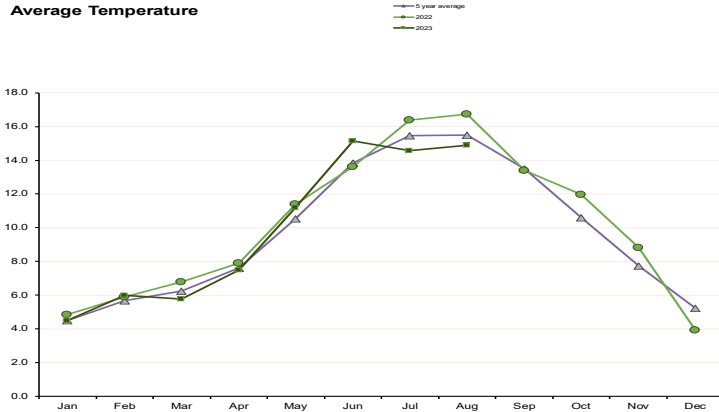
Heading into next month there will be a continuation of LNG supply fears, if LNG into Europe does not ramp up, bullish prices could remain. A volatile Norwegian maintenance schedule and potential for drops in European storage is one to watch as we head into Winter.

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.

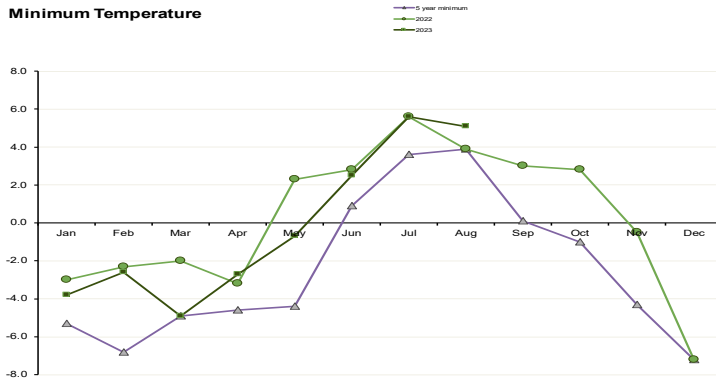
month on month marketview

Review of: August 2023

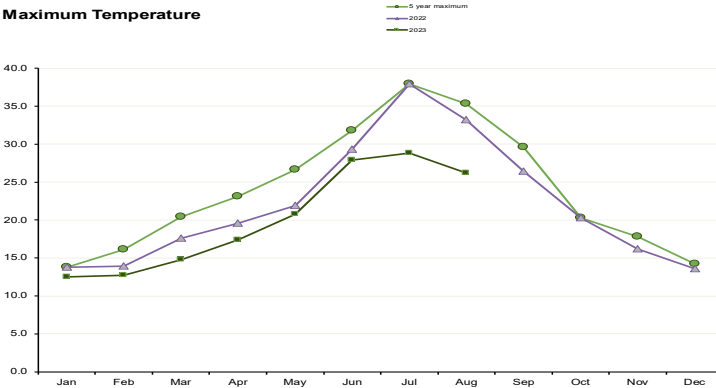
Average Temperature



Minimum Temperature



Maximum Temperature



Met Office UK summary

August was a rather mixed and unsettled month, continuing the theme of July, although to a slightly lesser extent. Low pressure systems mostly dominated the weather, with any brief spells of high pressure bringing settled weather generally short-lived in nature. Summer warmth was mostly confined to southern and eastern areas, with only one really hot day on 10th when temperatures reached the mid to high 20s quite widely. There were some notably cool spells; on 5th August maximum temperatures struggled to reach even 15°C across many eastern areas. Any periods of dry weather were also fairly brief. Two named storms, Antoni on 5th and Betty on 18th to 19th brought unseasonably wet and windy weather to many parts of the UK

Average temp: 2023: Summary

2023 Summary v 5 Year Average

(* Positive numbers = warmer, negative = colder than 5 year average)

2023	July	Aug	Year total
°C	-1.7	-0.9	-0.1
%	-10.7%	-5.9%	-0.0%

2022 v 2023 Summary

(* Positive numbers = warmer, negative = colder than 2021)

2023	July	Aug	Year total
°C	-1.8	-1.9	-0.5
%	-11.3	-12.8%	-0.1

Min temp: 2023: Summary

2023 Summary v 5 Year Average

(* Positive numbers = warmer, negative = colder than 5 year average)

2023	July	Aug	Year total
°C	2	1.2	2.0
%	55.6%	30.8%	6.1%

2022 v 2023 Summary

(* Positive numbers = warmer, negative = colder than 2021)

2023	July	Aug	Year total
°C	0.0	1.2	-0.7
%	0.0%	22.6%	-32.2%

Max temp: 2023: Summary

2023 Summary v 5 Year Average

(* Positive numbers = warmer, negative = colder than 5 year average)

2023	July	Aug	Year total
°C	9.1	7	3.3
%	24%	19.8%	11.6%

2022 v 2023 Summary

(* Positive numbers = warmer, negative = colder than 2021)

2023	July	Aug	Year total
°C	-9.1	-7	-3.3
%	-31.8%	-30%	-14.9%

Utility Impact Summary

When you switch your heating on make sure:

-It is on a timer, don't leave it running when there is no-one in the building

-On a temperature set point, usually around 22 degrees is enough, heating to a higher temperature does not make it warm up faster, it will only use more energy try to reach an unachievable temperature.

As the evenings are now lighter, make sure to adjust any automatic lighting timers to ensure lights are not switching on needlessly.