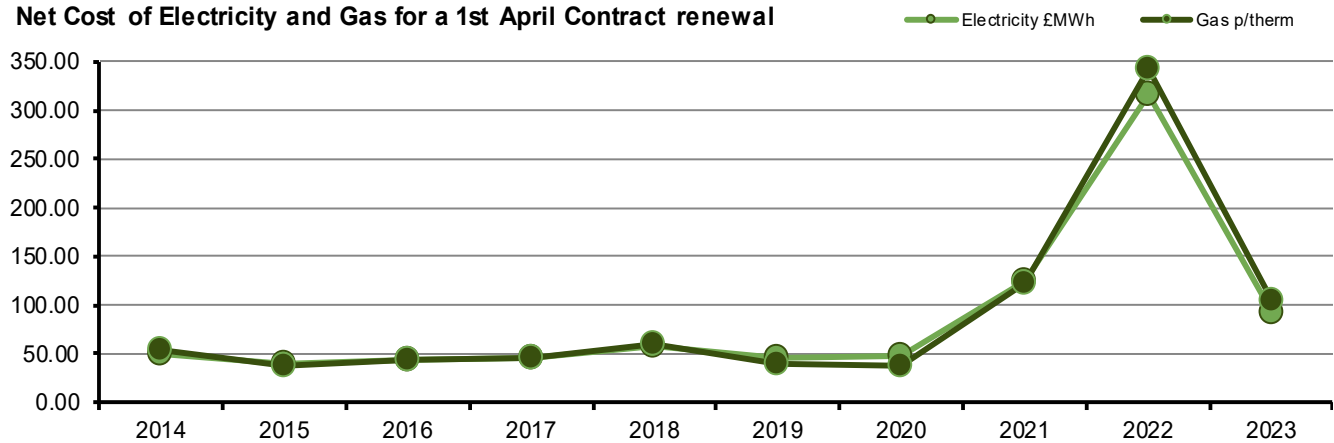


Report issued: 13th December 2023

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
49.94	39.54	44.58	46.18	58.68	46.40	47.85	124.40	316.70	92.6

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
54.29	37.27	44.21	46.72	59.44	39.53	37.68	121.70	341.86	103.56

Week commencing 4th December 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$81.80	111.38	£99.70	\$119.50
End	\$75.94	100.17	£90.25	\$120.25

The week started on a bearish note with high levels of LNG, an increase in wind output, healthy gas flows from Norway and a warmer weather outlook all helping gas prices to fall. These fundamental drivers regained control of markets once more. Despite the outlook remaining bearish, some of these losses were regained at the back end of the week as prices began to climb. Wind generation was revised closer to seasonal normal, which may have accounted for these gains.

Week commencing 27th November 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$82.10	119.88	£107.04	\$120.15
End	\$81.80	111.38	£99.70	\$119.50

The week started with an oversupplied system, healthy stock levels and unanticipated reduced demand which helped keep the prices down. Even with the demand rises as temperatures lowered, the well-supplied system backed by a release of gas storage helped to keep prices stable. As the week closed the low Wind output combined with an increased heating demand due to the cold snap, supported the gains across all contracts.

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 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.

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.