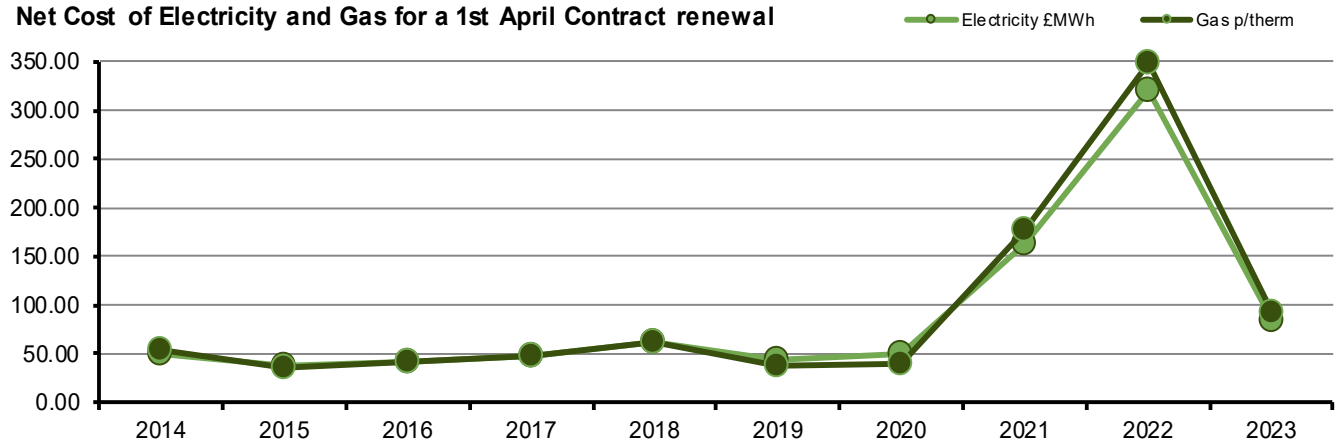


Report issued: 20th December 2023

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
53.63	35.16	42.22	48.18	62.15	37.28	39.88	176.90	348.47	92.15

Week commencing 11th December 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$75.94	100.17	£90.25	\$120.25
End	\$76.85	87.55	£81.38	\$115.00

Prices continued to fall as mild weather and upcoming lower festive demand placed strain on the market. Weather forecasts throughout January are still uncertain and this did add volatility to the market. As the week continued revisions to Wind generation in the prompt dragged the curve downwards. The UK was expected to receive eight LNG cargoes by the 17th of December which limited any supply concerns.

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.

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.