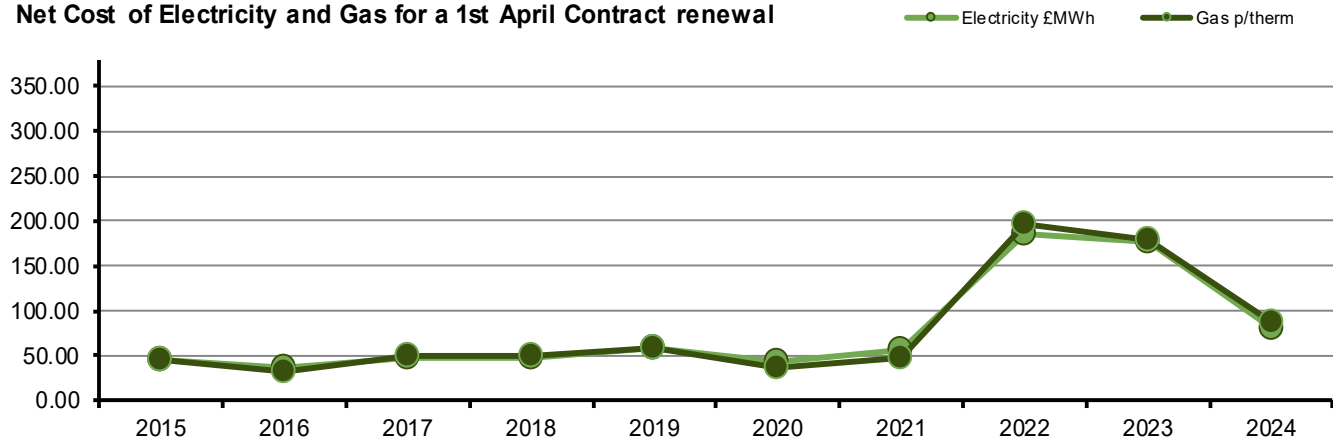


Report issued: 24th January 2024

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



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

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
44.52	36.53	47.91	48.41	58.60	43.13	56.15	185.35	176.60	79.66

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

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
46.48	32.92	48.84	50.04	57.73	36.26	47.18	196.35	178.08	86.33

### Week commencing 15<sup>th</sup> January 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$79.12	82.90	£77.56	\$108.10
<b>End</b>	\$79.00	75.53	£71.31	\$98.50

UK Gas & Power opened the week bearish even as Qatar, the second largest supplier of LNG to Europe, paused sending tankers via the Suez Canal. The majority of the week saw well below seasonal temperatures across the UK and Europe, but the fundamentals remained strong with Nominations from the Langeled pipeline with Norway remain near capacity and expectations of increased wind output

### Week commencing 8<sup>th</sup> January 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$76.59	89.79	£86.41	\$130.25
<b>End</b>	\$79.12	82.90	£77.56	\$108.10

The previous weeks gains in European Gas and power were eroded over the weekend despite temperatures forecast well below average. The cold snap didn't appear to have dented supplies, signalling confidence that supply risks for the remainder of the Winter will be contained. The NBP prices extended their decline through the week as the MetDesk revised UK temperature forecasts upwards 1 C, adding to the already bearish market conditions. The supply picture of 84% storage on the continent, high LNG imports and pipeline gas from Norway kept prices suppressed.

### Week commencing 1<sup>st</sup> January 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$77.31	84.60	£84.37	\$136.90
<b>End</b>	\$76.59	89.79	£86.41	\$130.25

A combination of high winds and the expectation of several LNG cargoes arriving in the UK kept supplies healthy and demand for gas-fired generation low. The lack of trading over the Christmas period also provided some bearish sentiment to the market. Prices did rebound mid week, further pressing recent volatility. In the short curve, the expected cold snap increased demand expectations which were further exacerbated by a downwards revision of Wind generation.

### Week commencing 25<sup>th</sup> December 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$80.13	89.05	£85.63	\$109.75
<b>End</b>	\$77.31	84.60	£84.37	\$136.90

Generally other than a few spot contracts, UK Gas prices tumbled over the festive period. Strong winds anticipated across the continent, especially France and Spain and a period of mild upcoming temperatures fed into this, whilst ample supply and robust storage also dampened any upside. A number of traders had noted that some of the negative sentiment could also have been attributed to low demand due to the holiday period and as some shippers resumed activity in the Red Sea, such as A.P Moller-Maersk scheduling ships through the Suez Canal. Power prices were mixed with some increases on the spot, which could be attributed to outages on some of the UK nuclear fleet, but through the curve largely down.

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.