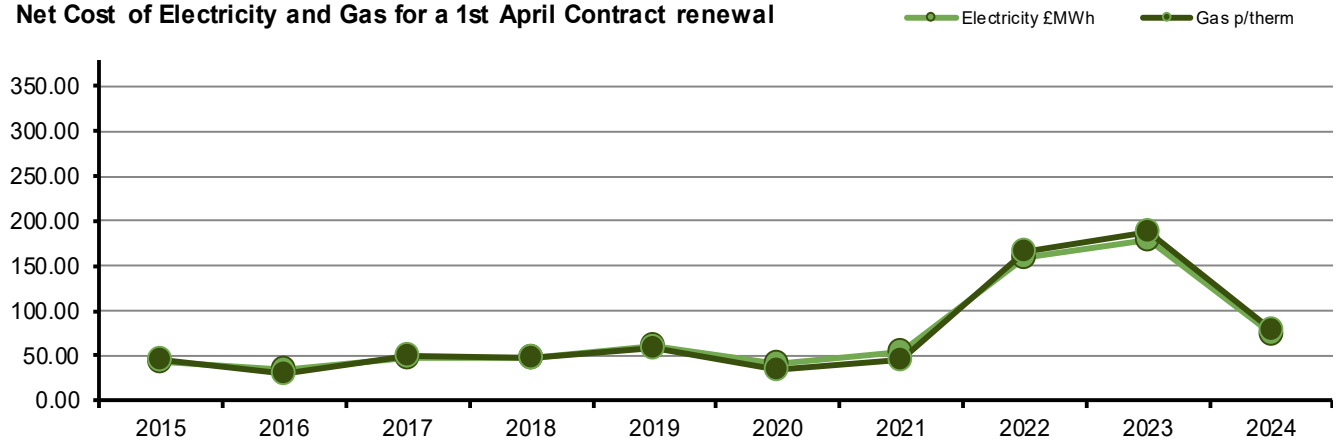


Report issued: 31st January 2024

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
43.98	34.43	48.15	47.44	60.52	41.75	54.04	160.03	180.15	73.94

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

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
45.37	30.57	49.48	48.06	59.43	33.52	45.46	166.98	187.21	79.33

Week commencing 22nd January 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$79.00	75.53	£71.31	\$98.50
End	\$81.93	74.83	£69.71	\$94.85

Both Gas and Power prices fell sharply over the weekend to start the week bearish, Storm Isha brought unseasonably warm weather and boosted wind power generation adding to the already bearish market conditions of strong LNG and pipeline gas flows to Europe. Mid week saw some volatility, the delays in some shipments to Europe due to the crisis in the Red Sea continued. Gas prices strengthened across all contracts at the conclusion of the week, US Freeport LNG was undergoing maintenance, due to an electrical issue and is not due to supply the market until late February.

Week commencing 15th January 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$79.12	82.90	£77.56	\$108.10
End	\$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 8th January 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$76.59	89.79	£86.41	\$130.25
End	\$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 1st January 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$77.31	84.60	£84.37	\$136.90
End	\$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.

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.