

Report issued: 28th February 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
47.08	34.44	46.05	46.37	54.17	38.70	56.75	177.96	146.81	64.24

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

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
51.52	30.37	47.13	46.14	52.53	30.20	46.29	190.59	138.54	69.11

### Week commencing 19<sup>th</sup> February 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$82.76	67.50	£63.16	\$93.10
<b>End</b>	\$82.48	64.48	£60.10	\$96.25

Prices started off lower than the close of the past week due to ongoing bearish fundamentals. The long system, reduced demand caused by mild temperatures, and robust storages all played a part in this. An unexpected shutdown at the Karsto gas processing plant in Norway started in the middle of the week, adding to the already scheduled cutback at the same facility that started the previous Sunday, which decreased capacity further. However, the unusually warm weather in Northwestern Europe and the output from renewable sources neutralised these weaker flows.

### Week commencing 12<sup>th</sup> February 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$81.66	71.65	£66.97	\$96.25
<b>End</b>	\$82.76	67.50	£63.16	\$93.10

The downturn in prices persisted due to the temperature being adjusted upwards to 1-3C above seasonal norms, as well as an increase in wind power production. This corresponded with a robust supply framework in Europe. Middle of the week did witness an increase in gas prices due to unexpected shutdowns in Norway and high demand from Asia for LNG. Nevertheless, the surge was kept in check due to a historically high gas storage in Europe for this period of the year, resulting from the comparatively mild weather in February

### Week commencing 5<sup>th</sup> February 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$77.33	79.38	£74.10	\$98.15
<b>End</b>	\$81.66	71.65	£66.97	\$96.25

Gas prices rallied on opening of the week at the news of Norway's Troll and Nyhamna gas fields unplanned outages, although prices did sharply retreat shortly after as weather fundamentals weighed on the commodity. The upwards revision of temperature forecasts and the resultant reduced heating demand countered the unplanned outages in Norway, and Europe gas inventories remained higher than average for this time of year. This, along with the resumption of supplies from the Norwegian Continental Shelf (NCS) at the week's close, only further eased the prices.

### Week commencing 29<sup>th</sup> January 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$81.93	74.83	£69.71	\$94.85
<b>End</b>	\$77.33	79.38	£74.10	\$98.15

At the beginning of the week, prices increased due to maintenance work at the US Freeport LNG, triggered by an electrical problem. This led to fluctuating market conditions throughout the week as it was reported that supply wouldn't be restored until the end of February. However, the early gains were largely overturned due to revised weather forecasts indicating above seasonal levels until February 11th, coupled with higher than normal wind power. The week concluded with a bearish trend due to mild and windy weather conditions, which lessened the demand for gas-fired power.

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.