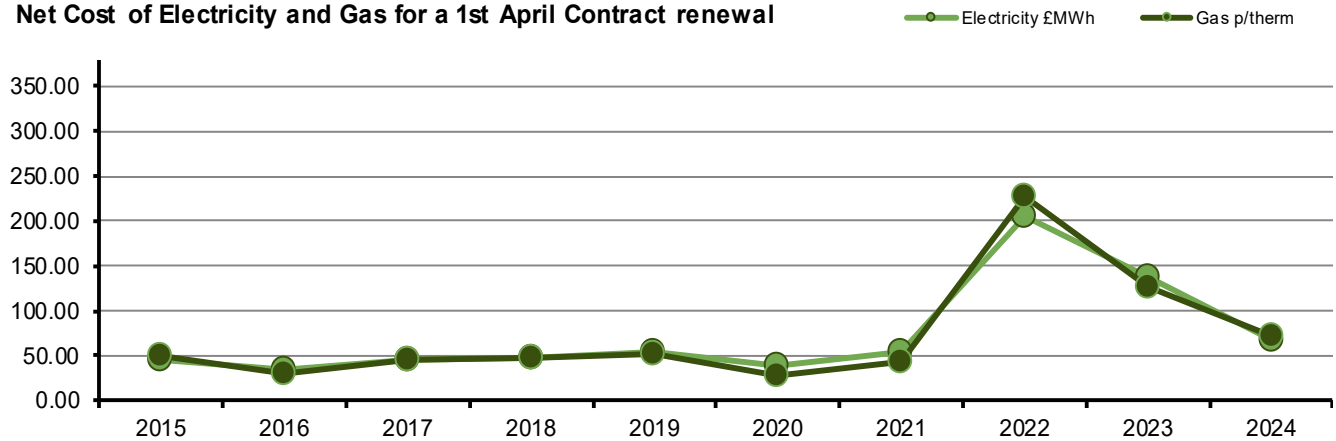


Report issued: 13th March 2024

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
45.85	34.50	46.03	47.25	52.80	39.23	54.87	175.48	147.37	61.14

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

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
50.20	31.13	45.17	47.65	51.25	28.84	43.53	227.85	126.55	71.72

Week commencing 4th March 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$83.80	71.71	£66.90	\$108.00
End	\$82.39	73.50	£66.98	\$112.35

Although fundamentals remained largely unchanged the reforecast in temperatures and unplanned outages caused some volatility and steady increases were seen. The decline in wind forecasts led to the expectations of increased gas demand, however this was dampened due to the rising forecasts. The bullishness did subside mid week with a drop in demand and a sudden surge in wind output. Market fundamentals remain in a good position with Pan European storage at 61.9% full.

Week commencing 26th February 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$82.48	64.48	£60.10	\$96.25
End	\$83.80	71.71	£66.90	\$108.00

At the start of the week, there was volatility in the market as prices rose due to higher demand caused by colder weather and storage withdrawals. Furthermore, the attack on UK cargo ships in the Red Sea by Houthi rebels provided additional support to prices. However, as the week progressed, gas prices fell after a few days of gains. This was mainly due to a healthy supply situation and a mild winter, with renewable power making a significant contribution. Finally, the week ended with a decline in prices as forecasts indicated warmer temperatures and sufficient gas storage.

Week commencing 19th February 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$82.76	67.50	£63.16	\$93.10
End	\$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 12th February 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$81.66	71.65	£66.97	\$96.25
End	\$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

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.