

Report issued: 14th August 2024

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



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

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
42.76	43.03	43.36	56.87	52.29	40.28	84.80	401.10	107.03	82.47

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

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
43.60	41.73	43.23	58.12	48.15	28.69	95.91	388.23	119.38	101.44

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

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$77.10	100.84	£82.58	\$121.35
<b>End</b>	\$79.50	107.00	£87.00	\$122.10

UK NBP prices increased last week due to concerns over potential disruptions in Russian gas flows through Ukraine. Prices rose significantly on Thursday, the highest since last December. While UK gas prices weakened due to a stable near-term forecast, EU prices initially declined on Monday but quickly rebounded. Market anxiety was fueled by fighting in Russia's Kursk region, near the pipeline entry point into Ukraine. Despite reassurances from Ukraine's pipeline operator about continued flows, concerns over future disruptions kept prices elevated.

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

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$80.54	91.36	£78.22	\$106.15
<b>End</b>	\$77.10	100.84	£82.58	\$121.35

The markets opened at similar levels to how they closed the previous week, with news coming out of the USA's Freeport terminal over the weekend that the output of the facility looked to have increased, alleviating fears. Weaker wind generation and fears of further conflict in the Middle East, after more missile strikes in the region over the weekend set the tone for the week. The fears of further strikes saw markets increase throughout the week, overriding the bearish fundamentals of healthy gas storage. However, by the end of the week markets were beginning to retrace some of these gains, but the threat of escalation remains.

#### Week commencing 22<sup>nd</sup> July 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$84.42	89.48	£77.08	\$105.20
<b>End</b>	\$80.54	91.36	£78.22	\$106.15

The Market drifted lower at open as liquidity improved day on day after the global IT outage saw a decline in the number of trades during the previous Friday's session. The bearish fundamentals of healthy supplies, weak demand and strong storage levels continued to add downwards pressure. Towards the end of the week bullish pricing took hold as a result of demand creeping up to its highest level of the week, wind generation dropped well below the seasonal norm.

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

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$85.72	89.70	£76.94	\$104.30
<b>End</b>	\$84.42	89.48	£77.08	\$105.20

The week opened reversing the previous weeks gains after overestimating the damage Hurricane Beryl would cause on US LNG cargoes. Supply-side drivers remained bearish after strong Norwegian production and the continuation of elevated imports from the UK to keep storage injections on track to reach the mandatory 90% level by November. The week ended with bullish movement following an increase in demand for the prompt, due to the cooler weather.

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.