

Report issued: 16th October 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
42.10	46.68	45.13	64.85	49.95	45.88	121.55	442.60	107.6	80.95

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

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
40.67	41.36	45.64	69.30	47.47	36.69	118.16	432.97	118.6	99.43

Week commencing 7th October 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$78.16	100.37	£81.22	\$122.05
End	\$79.12	98.31	£80.77	\$120.50

Market fundamentals remained strong, the UK Gas system was long for much of the week and despite an increased global demand for LNG the expected imports for the EU and UK remained solid. Much of the bullishness in the market arose from the conflict in the Middle East. With the recent escalations in the region, the market continued to hold risk premium in energy commodities. It was forecast that the average temperatures on the continent were set to fall similarly to the UK for the forthcoming weekend which added pressure for demand in Europe.

Week commencing 30th September 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$71.64	94.41	£77.29	\$118.25
End	\$78.16	100.37	£81.22	\$122.05

UK gas prices traded higher to start the week, ongoing maintenance and colder temperatures supported prices to the upside, prices did retrace the gains on milder weather forecasts mid week but volatility soon took hold following escalations in the Middle East and after Iran launched missile attacks against Israel. The ongoing conflict continued to provide bullish support despite bearish improvements in the fundamentals.

Week commencing 23rd September 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$74.56	89.23	£74.15	\$114.35
End	\$71.64	94.41	£77.29	\$118.25

A bullish start to the week with both gas and power prices opening strongly as the UK system opens short with higher demand compared to the previous week. Colder temperatures ensured that LDZ demand increased and temperatures were forecast to keep short term demand propped up with heating. Langede flows did step up a touch bringing a boost to the supply picture but did little to ease pricing. The week ended trading up further with the continued increased demand and extended Norwegian outages.

Week commencing 16th September 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$72.47	92.69	£77.89	\$114.10
End	\$74.56	89.23	£74.15	\$114.35

Despite supply disruption in Europe and the USA where almost a quarter of natural Gas production in the Gulf was offline due to the wake of storm Francine the market continued to trade down, much of this could be down to poor demand despite some cooler than seasonal temperatures in the UK. The end of summer maintenance in Europe started to ease with flows returning through Langede to the UK. Mid week saw a bounce upward with Middle East tensions escalating increasing supply uncertainty however news of negotiation talks on a temporary gas transportation agreement with Azerbaijan helped drive prices 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.