

Report issued: 23rd 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 |
|-------|-------|-------|-------|-------|-------|--------|--------|--------|-------|
| 42.79 | 45.90 | 45.63 | 61.23 | 51.48 | 47.33 | 105.50 | 320.00 | 130.50 | 80.85 |

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

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------|-------|-------|-------|-------|-------|-------|--------|--------|-------|
| 41.78 | 44.54 | 46.05 | 65.51 | 48.44 | 38.70 | 74.83 | 395.35 | 146.29 | 98.00 |

Week commencing 14th October 2024

| | Oil (bbl) | Gas (ppt) | Power (MWh) | Coal (MT) |
|--------------|-----------|-----------|-------------|-----------|
| Start | \$79.12 | 98.31 | £80.77 | \$120.50 |
| End | \$72.85 | 96.72 | £78.90 | \$117.00 |

Colder and calmer weather alongside geopolitics continued to drive prices upwards this week. An increase in demand was driving the short with temperatures 3 degrees below seasonal normal and wind below seasonal normal. The cold snap passing through Europe tested the inventory levels (95% full) as heating demand increased. Also adding pressure to prices was the reduction in flows from Norway due to extended outages to the Osberg field.

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. Langed 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.

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.