

Report issued: 28th November 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
38.59	45.03	47.10	60.58	48.30	46.33	104.88	249.50	108.85	86.05

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

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
35.68	44.06	48.11	62.23	43.54	37.99	104.72	259.48	122.56	106.73

Week commencing 18th November 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$72.33	110.30	£89.67	\$125.25
End	\$75.05	112.61	£90.35	\$124.05

Prices continued to hold onto gains, driven by colder weather and geopolitical escalations. Freezing temperatures persisted in the UK with around 6 degrees below seasonal normal and demand up strongly as a result. This week saw Ukraine launch their first long range missile attack on Russian territory after the US lifted a long-standing ban. As a result, Russia approved a change to their nuclear doctrine, lowering the requirements for the use of nuclear weapons. More headline news from this conflict threatened to add further risk premium to the market ahead of getting deeper into winter.

Week commencing 11th November 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$73.20	101.80	£84.42	\$120.75
End	\$72.33	110.30	£89.67	\$125.25

Energy markets remained supported on weather as prices approached the yearly highs set in late October. Low wind generation and a cold spell expected the following week saw demand forecasts increase significantly. Storage withdrawals has also seen EU storages drop under 94% fullness. Further support came from bullish news headlines in the market. OMV, an Austrian Gas company, won its arbitration against Russia's Gazprom, which concerned traders that Gazprom will limit the amount of Gas to Austria, lifting EU and British gas prices.

Week commencing 4th November 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$73.81	96.02	£79.28	\$119.75
End	\$73.20	101.80	£84.42	\$120.75

The week started with gains reversing the previous weeks losses. Main driver was the lower wind forecast, with gas fired generation increasing in the UK to make up for the dip in wind output. The EU storage remained at 95% full which did offset the bullish movement in the market. Markets closely watched the main story around the US election. Lots of questions surround the presidency in regards to energy commodity markets with policy on LNG, Foreign Policy in regards to the Middle East and Eastern Europe as well as potential tariffs on China which could further effect supply and demand balances. The week ended on further increases on the 20% below norm Wind generation once again leading to increased demand for gas

Week commencing 28th October 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$75.21	105.98	£85.04	\$122.40
End	\$73.81	96.02	£79.28	\$119.75

Markets continued to fall alongside the European TTF contract as some of the Middle East risk premia the market held looked to be falling away after the events of the previous weekend. The temperature for the UK was very mild with temperatures remaining above seasonal normal into mid November, limiting demand. Prices fell further Friday, caused in part by news of negotiations between Hungarian and Slovak gas companies to transit gas via Ukraine.

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.