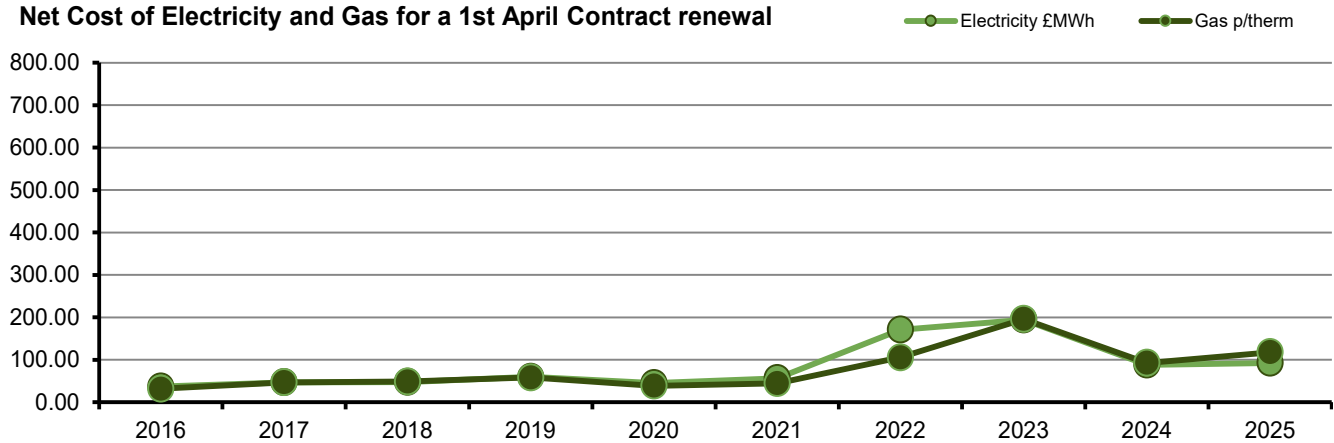


Report issued: 15th January 2025

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



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

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
37.02	46.77	47.69	59.73	45	56.59	170.92	194.48	88.1	92.73

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

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
31.83	46.85	48.74	58.47	38.65	44.73	105.43	196.05	92.72	117.73

Week commencing 6th January 2025

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$76.38	118.90	£93.92	\$112.75
End	\$78.59	112.16	£87.75	\$101.25

A week of losses despite EU inventory levels (69% full) being under pressure from a combination of low wind generation and colder temperatures. As new weather models predicted milder weather for the following week, this placed downward pressure on prices. Additionally an abundance of LNG available to the EU and UK eased pressure on inventory levels with two new LNG cargos bound for the UK. The Langeled pipeline started to flow at capacity after maintenance elevating Norwegian gas supplies.

Week commencing 30th December 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$73.88	114.93	£91.35	\$112.95
End	\$76.38	118.90	£93.92	\$112.75

Prices continued to gather strength on New Years Eve. Time was running out on the gas transit deal between Russia/Ukraine as a new deal had not yet been agreed. LNG cargoes were delayed at Milford Haven due to high wind speeds at the port and cooler weather was expected to increase demand for gas in the prompt. Strength in the market continued as the loss of the Russia/Ukraine deal exacerbated storage levels across Europe as the continent looks to replace these supplies.

Week commencing 9th December 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$71.91	109.68	£87.29	\$112.30
End	\$73.97	99.65	£81.18	\$109.75

With EU inventory levels at 82%, LNG import levels were at their highest since January easing the recent strain and driving down prices. News of decreased output from Norway's Dvalin gas field as a result of corrective maintenance partially offset this market bearishness. Markets saw a small rebound from the lows earlier that week as Traders shifted their focus to Russian flows to Europe, with only a week remaining on the Russia-Ukraine transit pact and no contact from either side regarding a deal.

Week commencing 2nd December 2024

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$73.35	113.73	£89.69	\$119.60
End	\$71.91	109.68	£87.29	\$112.30

The week was generally bearish with near curve prices moving below a key level of support. Temperature forecasts shifted slightly milder and LNG continued to boost supplies, where it was forecast that the UK could see as many as 12 cargos by the end of December. Wind generation also was set to increase, with gas for power demand dropping away, on above seasonal normal wind speeds for the rest of that week. Further downward support came from reports of President Putin (Russia) changing their gas payment policies, enabling international purchasers to pay for supply through a third party, despite U.S. sanctions. This adds downward pressure to prices by reducing some traders' fears of a possible cutoff of Russian deliveries into Europe before the Russia-Ukraine transit deal expires.

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.