

Report issued: 29th 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
34.43	48.15	47.44	60.52	41.75	54.04	160.03	180.15	73.94	89.96

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

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
30.57	49.48	48.06	59.43	33.52	45.46	166.98	187.21	79.33	117.05

Week commencing 20th January 2025

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$80.64	117.33	£90.28	\$108.00
End	\$78.40	120.63	£94.65	\$108.00

This week saw Europe rapidly depleting its gas stockpiles, making it more difficult for the continent to obtain gas for next winter. Additionally, nations like Turkey are depending more on LNG to meet winter demand due to a recent decline in pipeline gas flows from Azerbaijan to Europe. Mid week saw the threat of Storm Éowyn which brought market volatility and was expected to cause significant disruptions, however, strong Norwegian flows that are in line with the 5-day moving averages partially countered this bullish market trend.

Week commencing 13th January 2025

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$78.59	112.16	£87.75	\$101.25
End	\$80.64	117.33	£90.28	\$108.00

The week opened bullish, recouping some of the losses from the previous week. The key drivers of this bullish trend were new colder weather forecasts in the EU and UK, with temperatures hanging below seasonal averages, as well as increased storage withdrawals in the UK and EU. EU storage was 66% full, much below the 5-year seasonal average for this time of year which sits around 73%. Market volatility continued as the European Union considered phasing out Russian LNG as part of a new round of sanctions. Although Russia's pipeline gas supplies to Europe have decreased recently, the continent bought record amounts of LNG in 2024; as a result, supply uncertainty is increased by any possible sanctions.

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 Langed 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.

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.