

Report issued: 12th February 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
34.83	46.29	46.05	57.6	40.1	56.33	163.66	157.35	72.44	93.18

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

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
31.42	47.17	46.08	56.00	32.13	48.04	170.34	156.99	78.49	119.00

### Week commencing 3<sup>rd</sup> February 2025

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$76.87	126.69	£102.17	\$111.20
<b>End</b>	\$74.84	131.25	£104.95	\$104.50

Markets opened the week with downwards movement on the news of the retaliatory 15% Levy that China placed on US LNG following sanctions from the Trump administration, this move caused spectators to believe that cargos from the US would favour a European destination to avoid the extra costs associated. The Markets soon turned bullish driven by new weather predictions that forecast temperatures in NW Europe to be below seasonal norms. This put additional pressure on EU inventory levels, which fell 2% this week to 51% full.

### Week commencing 27<sup>th</sup> January 2025

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$78.40	120.63	£94.65	\$108.00
<b>End</b>	\$76.87	126.69	£102.17	\$111.20

The week opened bearish with news of claims that Volodymyr Zelenskiy, the president of Ukraine, will build the infrastructure needed to facilitate pipeline gas transit from Azerbaijan through Ukraine, with Europe's inventory levels at 56% full compared to the five year average of 64%, this was positive news. Markets soon turned bullish with a string of unanticipated outages in Norway and colder weather forecasts, this trend continued throughout the week as temperatures were set to remain cool keeping heating demand steady.

### Week commencing 20<sup>th</sup> January 2025

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$80.64	117.33	£90.28	\$108.00
<b>End</b>	\$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 13<sup>th</sup> January 2025

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$78.59	112.16	£87.75	\$101.25
<b>End</b>	\$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.

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.