

Report issued: 12th March 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
34.95	44.87	47.48	53.45	38.04	54.38	206.38	136.69	66.90	87.44

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

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
31.13	45.17	47.65	51.25	28.84	43.53	227.85	126.55	71.72	107.91

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

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$73.23	107.60	£88.85	\$93.30
<b>End</b>	\$71.21	96.24	£81.65	\$96.55

The week opened bullish after a weekend of some significant geopolitical development. Zelenski's trip to Washington DC was deemed a failure with arguments ensuing on live television for all of the world to see, a step back at that point in any US backed peace agreement. Headlines continued to be dominated by news from Washington DC, Zelenski stated that Ukraine was ready to come back to the negotiating table and potentially look to sign the minerals deal that the US presented. Despite this fundamentals took hold by the end of the week, prices softened. In the prompt, warmer weather led to a decline in demand for heating.

### Week commencing 24<sup>th</sup> February 2025

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$75.08	111.19	£90.10	\$96.50
<b>End</b>	\$73.23	107.60	£88.85	\$93.30

Mainly a week of declines as Ukraine and the US reached an agreement to cooperatively develop Ukraine's natural resources, which may help President Donald Trump achieve his objective of peace with Russia. More downward pressure on pricing was added by a combination of warmer weather forecasts and lobbying from nations like Germany and the Netherlands for the EU to reduce storage requirements ahead of the next heating season. Some of the losses were recovered towards the end of the week on the further news that EU announced that it will maintain the 90% full objective for Storage for November 1st. The EU storage levels (40% full) were 11% lower than the 5-year seasonal average of 51%.

### Week commencing 17<sup>th</sup> February 2025

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$74.95	121.80	£89.66	\$99.00
<b>End</b>	\$75.08	111.19	£90.10	\$96.50

The week started bearish, however prices soon retraced the early losses. EU storages declined to 45% fullness after below seasonal normal temperatures drove further withdrawals. Traders keenly watched US-brokered discussions on resolving the situation in Ukraine and the possible impact on fuel supplies. The possibility that at least part of the missing Russian gas may reappear on the European market contributed to some downward pressure on prices mid week. Forecasts saw temperatures flip to significantly above seasonal normal and hold above for the remainder of February weakening prices further.

### Week commencing 10<sup>th</sup> February 2025

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$74.84	131.25	£104.95	\$104.50
<b>End</b>	\$74.95	121.80	£89.66	\$99.00

The bullish market trend continued on Monday owed to the cold weather and low winds moving through Europe. Alongside this, was the increased demand for LNG out of Asian countries that, despite low demand, were seeking to supplement their supply outside of the now tariffed US LNG cargoes. Prices did start to trade down, undoing the gains over the previous three days after hitting a two year high. Germany has asked for an exemption from the European Union's 90% gas storage target, which member states must average by November, even though prices have been under pressure to decline due to recent market optimism over returning Russian supplies after Trump's talks with President Putin.

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.