

Report issued: 26th 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
34.48	43.85	48.83	49.29	38.75	60.94	258.52	130.23	69.28	85.95

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

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
30.3	43.82	48.73	44.86	30.1	50.34	297.74	119.79	74.04	102.73

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

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$70.20	102.73	£85.95	\$97.65
<b>End</b>	\$71.72	105.11	£88.25	\$98.62

A continuation of the bullish run with European gas markets moving up solidly following the disappointing result of a potential full ceasefire between Ukraine and Russia, the market interpreted this as a likely continuance of the conflict and further uncertainty to the future of Russian oil and gas supply. In addition adding further pressure was the longer range weather forecasts predicting slightly cooler weather in the first half of April. The week closed with reports of a fire at the Sudzha gas metering station through which Gazprom exports gas to Ukraine, adding to the bullishness.

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

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
<b>Start</b>	\$71.21	96.24	£81.65	\$96.55
<b>End</b>	\$70.20	102.73	£85.95	\$97.65

The week opened retracing near all of the previous weeks declines. A large portion of this retracement was driven by market participants covering short positions that were entered into to take advantage of the aggressive fall in prices and news of some escalations in the Ukraine conflict as Russian forces retook 3 areas in the Kursk region of Russia. The bullishness continued driven by weather fundamentals however news of ceasefire prospects and tariffs gave some relief to this trend, negotiations for a peace deal between Ukraine and Russia continued, with investors hopeful of a resolution soon.

#### 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. Zelensky'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%.

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.