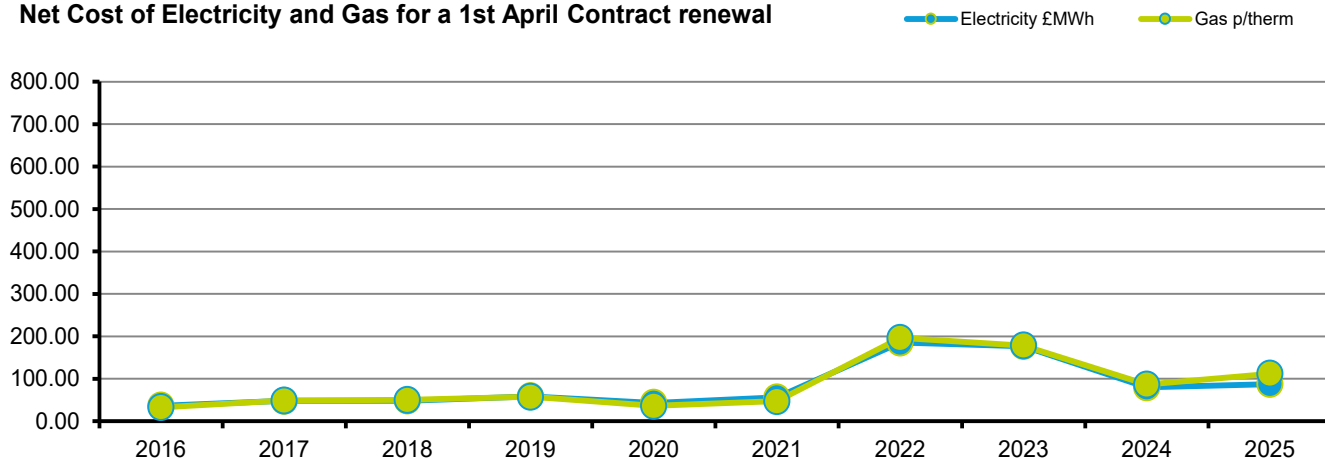


Report issued: 22nd January 2025

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
36.53	47.91	48.41	58.6	43.13	56.15	185.35	176.6	79.66	87.5

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

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
32.92	48.84	50.04	57.73	36.26	47.18	196.35	178.08	86.33	111.98

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 Langeled pipeline started to flow at capacity after maintenance elevating Norwegian gas supplies.

Week commencing 20th 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.