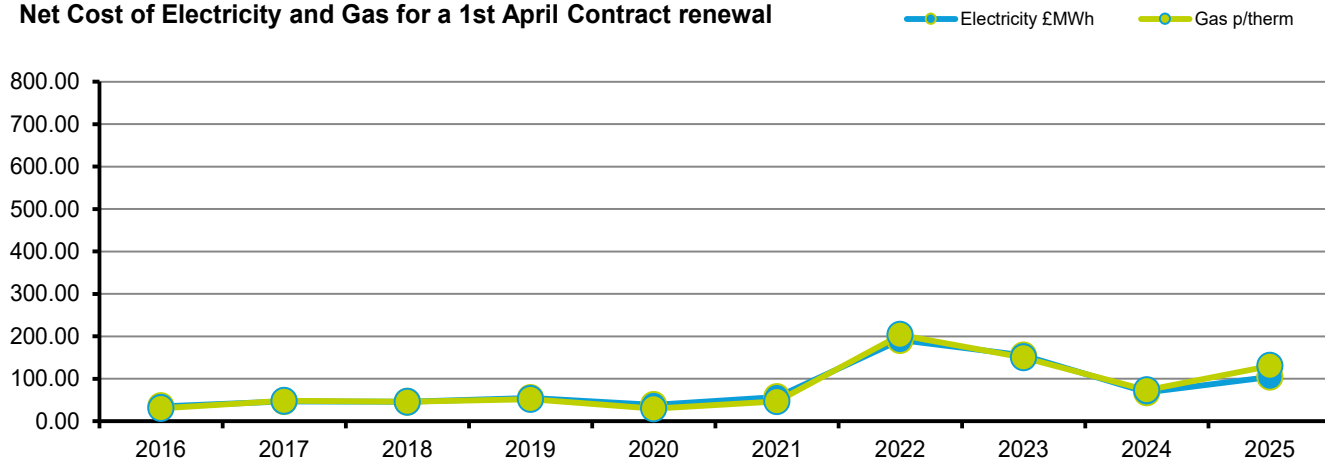


Report issued: 26th February 2025

### 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  |
|-------|-------|-------|-------|------|-------|--------|--------|-------|-------|
| 34.44 | 46.05 | 46.37 | 54.17 | 38.7 | 56.75 | 177.96 | 146.81 | 64.24 | 86.81 |

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

| 2016  | 2017  | 2018  | 2019  | 2020 | 2021  | 2022   | 2023   | 2024  | 2025   |
|-------|-------|-------|-------|------|-------|--------|--------|-------|--------|
| 30.37 | 47.13 | 46.14 | 52.53 | 30.2 | 46.29 | 190.59 | 138.54 | 69.11 | 121.69 |

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

|       | Oil (bbl) | Gas (ppt) | Power (MWh) | Coal (MT) |
|-------|-----------|-----------|-------------|-----------|
| Start | \$74.84   | 131.25    | £104.95     | \$104.50  |
| End   | \$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.

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

|       | Oil (bbl) | Gas (ppt) | Power (MWh) | Coal (MT) |
|-------|-----------|-----------|-------------|-----------|
| Start | \$76.87   | 126.69    | £102.17     | \$111.20  |
| End   | \$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) |
|-------|-----------|-----------|-------------|-----------|
| Start | \$78.40   | 120.63    | £94.65      | \$108.00  |
| End   | \$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) |
|-------|-----------|-----------|-------------|-----------|
| 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 Eowyn 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.

Disclaimer: The above information is based on current market data available at the time of producing this document and is subject to change.  
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