week on week marketview

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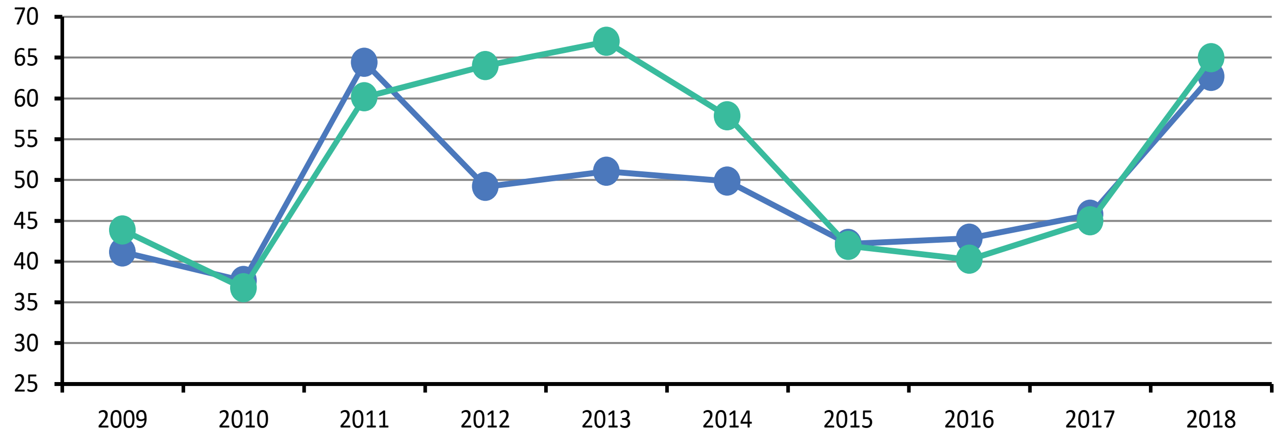
Net Cost of Electricity and Gas for a 1st October Contract renewal



Electricity: base load cost - excludes distribution, taxation and supplier margin and costs

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
41.15	37.63	64.40	49.96	52.10	50.80	42.54	42.46	45.58	63.38

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

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
43.84	36.75	60.17	63.67	67.71	58.30	44.02	39.30	44.82	65.84

Week commencing 3rd September 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	$77.41	66.81	£63.73	$96.95	1.8
End	$76.47	70.91	£66.65	$99.25	3.2

Continuing maintenance at UKCS and Norwegian production and processing facilities propelled prompt natural gas prices to unseasonably high levels last week. Bullish coal and carbon as well as demand for gas storage injections pushed near curve contracts higher, with all products for delivery in winter gaining more than 6p/th. Far curve contracts were driven higher by carbon and coal. Prompt power contracts tracked natural gas higher last week, despite bearish fundamentals of increased wind generation. Natural gas and carbon pushed curve contracts higher, with potential gas market tightness this winter leading to near curve products trading particularly strong. Bullish near curve prices led to the corresponding clean dark spreads gaining on the week.

Week commencing 27th August 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	$76.11	65.87	£63.34	$96.60	0.8
End	$77.41	66.81	£63.73	$96.95	1.8

Prompt contracts gained week on week as annual maintenance at the St Fergus terminal and Norwegian outages reduced supply and provided support. Annual maintenance at the Kollsnes plant curtailed Norwegian production by 35.5mcm/day with further outages at Asgard and Gullfalks fields reducing production by 52.9mcm/day throughout the week. However, prices fell at the end of the week as maintenance at St Fergus ended. The day-ahead contract gained 1.61p/th to close at 68.30p/th. Near curve contracts traded higher as European storage levels remained significantly lower than 2017 levels and bullish prompt sentiment fed through. Far curve contracts gained value, primarily driven by a bullish oil market.

Week commencing 20th August 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	$71.78	63.14	£60.53	$100.70	-0.9
End	$76.11	65.87	£63.34	$96.60	0.8

Maintenance at key Norwegian facilities supported prompt NBP contracts last week as flows into Britain were reduced. Lower Norwegian supply resulted in the system being short on multiple occasions, which added further bullishness to prompt contracts. Curve contracts gained due to bullish carbon, crude oil and a weaker pound against the euro. Contracts for delivery in Q4 all traded stronger, signalling the market is pricing in higher risk at the beginning of winter due to the fact the level of gas in storage sites across Europe is still below the previous three year range and east Asian LNG prices remain high. Variation in wind generation heavily influenced prompt power prices last week. After a mid-week dip due to higher wind generation, the day-ahead contract closed up as expectations for falling renewable output after the bank holiday weekend gave support. Rising carbon and natural gas prices buoyed the curve.

Week commencing 13th August 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	$72.74	60.89	£58.87	$99.50	-1.7
End	$71.78	63.14	£60.53	$100.70	-0.9

Prompt NBP gas contracts surged higher last week as industrial union action impacted UKCS production and Norwegian infrastructure maintenance reduced flows through the Langeled pipeline. Near curve contracts also pushed up with the prompt as the current supply issues will curtail storage injections and amplify the risk of not refilling stocks before winter. Furthermore, North East Asian LNG prices for October have climbed higher amid aggressive restocking activity, with the high prices encouraging European re-exports into Asia. Far curve contracts gained value as bullishness was driven from higher coal and carbon prices. The day-ahead Power contract gained last week, as a stronger prompt gas market and a lower wind generation forecast provided support. However, earlier in the week power prices were mainly bearish due to increased wind generation, with the majority of the week-on-week gain being made on Friday. Curve contracts all traded in line with their corresponding NBP gas market equivalents as bullish sentiment fed through

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