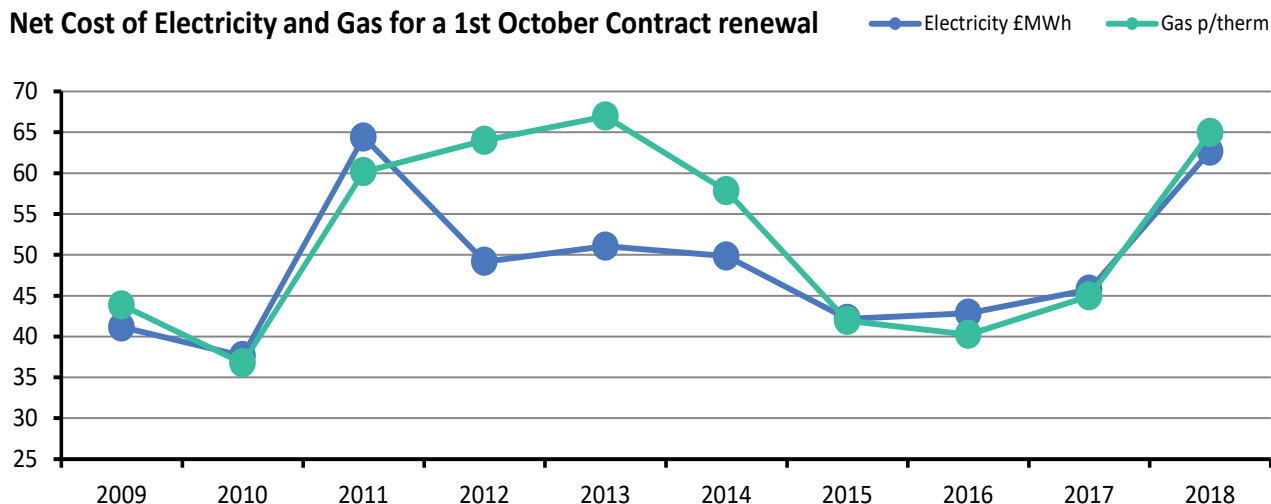


## Net Cost of Electricity and Gas for a 1st October Contract renewal



**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	49.24	51.80	50.48	42.81	41.53	46.62	66.65

**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	64.03	67.80	57.79	42.51	37.81	46.38	70.91

### Week commencing 10<sup>th</sup> September 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
<b>Start</b>	\$76.47	70.91	£66.65	\$99.25	3.2
<b>End</b>	\$78.07	70.12	£64.70	\$98.75	2.8

The day-ahead NBP gas contract lost 3.35p/th, prompt contracts tracked a sell-off in the European carbon market. Increases in Norwegian flows following the end of maintenance on some fields pressured prices further. The majority of curve contracts traded lower week-on-week as a bearish carbon market sentiment drove the NBP gas curve lower. Prompt power contracts tracked NBP gas lower last week, with the day-ahead product shedding £2.92/MWh. Strong forecast wind generation and a bearish carbon market pressured prices. However, further losses were limited as the 1GW BritNed interconnector is due to be offline from 17<sup>th</sup> -20<sup>th</sup> of September and EDF's Dungeness 550MW unit 21 goes off line from 20<sup>th</sup> Sep-15<sup>th</sup> Oct. Curve contracts all traded softer largely in line with their corresponding NBP gas products

### Week commencing 3<sup>rd</sup> September 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
<b>Start</b>	\$77.41	66.81	£63.73	\$96.95	1.8
<b>End</b>	\$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 27<sup>th</sup> August 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
<b>Start</b>	\$76.11	65.87	£63.34	\$96.60	0.8
<b>End</b>	\$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 20<sup>th</sup> August 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
<b>Start</b>	\$71.78	63.14	£60.53	\$100.70	-0.9
<b>End</b>	\$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.