

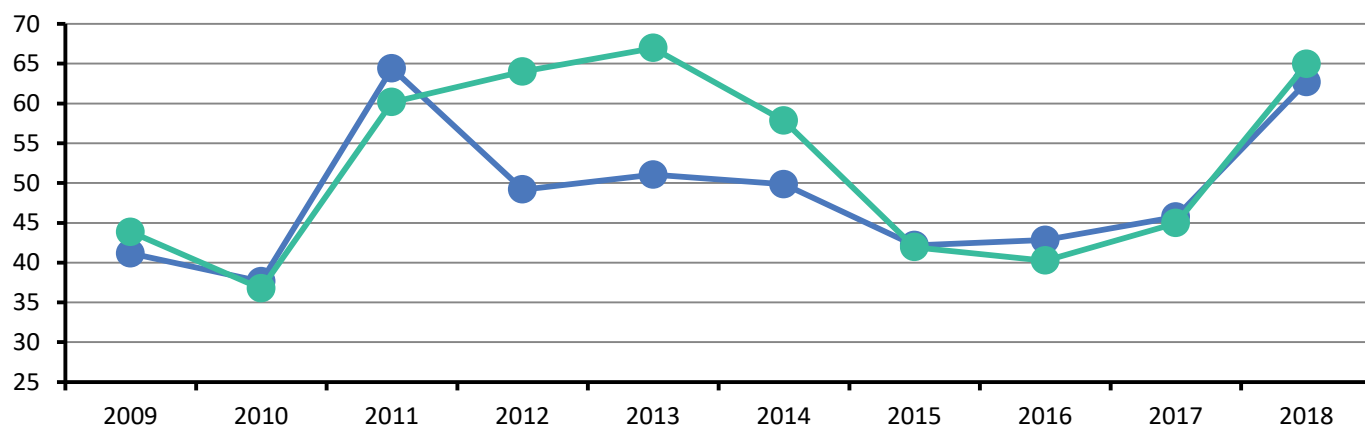
# month on month marketview

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Review of  
September  
2018

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

Electricity £MWh Gas p/therm



**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	64.4	47.57	51.47	50.04	42.61	51.92	48.65	69.65

**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	62.15	65.89	55.64	40.48	40.53	44.69	69.66

▲ : Indicates that there was an upward pressure on prices. ▼ : Indicates that there was a downward pressure on prices.

### September in summary

September was a month full of Bullishness on all markets.

### Market volatility

Bullish Carbon, Coal and Oil markets have been the main drivers.

### Weather

The start of September was fine and warm over southern areas, but less settled further north; within a few days unsettled weather was prevalent over the whole country. This continued for most of the month, and there was a particularly windy spell with a succession of active depressions after mid-month. However, the last week of the month was more anticyclonic, with settled autumnal weather especially towards the south.

### Gas, Storage and LNG News

Contracts throughout the NBP wholesale market rose in value throughout September, tracking strength across the carbon, coal and oil markets. Early on during September the carbon market posted a number of record highs, settling above €23/tonne on 7th September and €25/tonne on 10th September. The prompt also received support early on in the month as a result of Norwegian capacity being restricted by over 60 mcm/day. Brent Crude futures were also bullish at the start of September in response to concerns that Iranian output could be hampered by the impending US sanctions due to come into effect from 4th November. After the strong start to the month the Carbon EUA Dec-18 contract began to hand back some of the ground gained, dropping below €20/tonne. This in turn brought European gas and power markets lower, although the downside was limited by a bullish Crude oil market. The bullish sentiment returned at the end of the month as Carbon found renewed strength and oil prices remained firm.

### Politics and global economics

The Sterling posted a gain against the Euro, with upside fuelled by positive comments from European Union negotiator, Michel Barnier. The comments from Michel Barnier indicated that the EU was open to discussing "backstops" on the Brexit issue. The comments from Michel Barnier came following news earlier in the week that the EU could offer new guarantees in order to avoid an Irish border post-Brexit.

### Oil ▲

The European coal benchmark had a bullish September, opening the month priced at \$90.95/tonne and rising to \$97.15/tonne by 28th September. Bullish gas prices throughout September helped to increase the profitability of coal-fired generation across Europe, therefore offering support to the commodity as it became more prevalent in the generation mix. Additional support filtered through from the Asian market amid bullish prices brought on by strong Indian demand.

### Coal ▲

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### Carbon ▲

The European Carbon benchmark contract extended its August strength into September. At the back end of August the Dec-18 contract traded above €20/tonne, although by the 10th September the contract was trading higher than €25/tonne. Speculative buying and confidence in market reform provided the benchmark EUA allowances with support before government intervention and weak auction demand applied pressure mid-month.

### Looking Ahead

Above seasonal normal temperatures are expected to keep the system demand suppressed with export demand to remain non-existent across the IUK interconnector as the NBP remains priced at a premium to European markets.

Possibility of an influx of LNG tankers during October following the narrowing of the Asia-North West Europe spread could also help balance the systems.

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.

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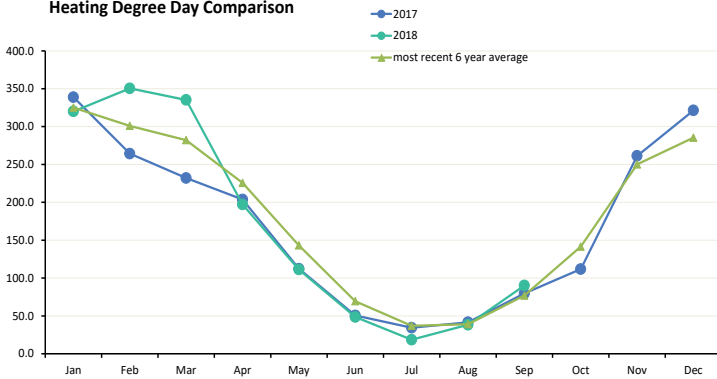
# month on month weather review

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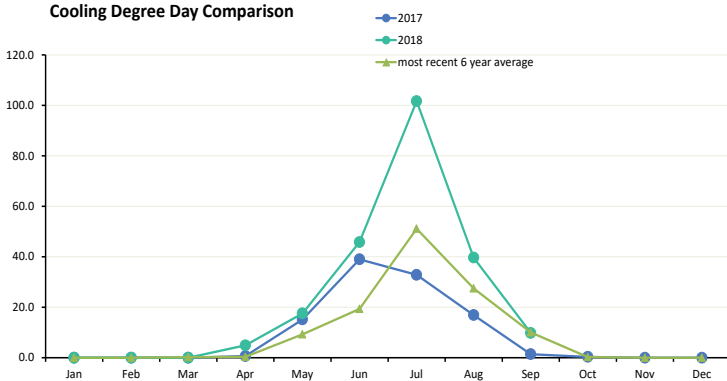
Review of  
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Degree days are a representation of the length of time and severity with which the outside temperature either drops below (heating days) or goes above (cooling days) 15.5°C, and therefore it is assumed that heating or cooling is required.

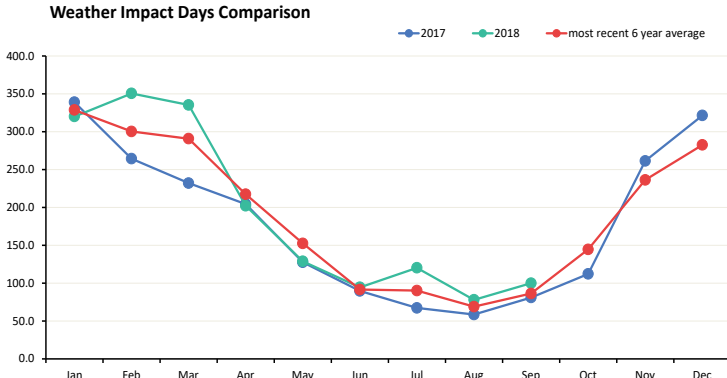
Heating Degree Day Comparison



Cooling Degree Day Comparison



Weather Impact Days Comparison



## Heating 2017/18: Summary

### 2018 Summary v 6 Year Average

(\* Positive numbers = warmer, negative = colder than 6 year average)

2018	Aug	Sep	Year total
DD	0.8	-13.2	-10.4
%	2%	-17.2%	-0.5%

### 2018 v 2017 Summary

(\* Positive numbers = warmer, negative = colder than 2016)

2018	Aug	Sep	Year total
DD	3.3	-10.5	-152.1
%	7.9%	-13.2%	-7.4%

## Cooling 2017/18: Summary

### 2018 Summary v 6 Year Average

(\* Positive numbers = warmer, negative = colder than 6 year average)

2018	Aug	Sep	Year total
DD	12.2	0.2	102.3
%	44.4%	2%	86.6%

### 2018 v 2017 Summary

(\* Positive numbers = warmer, negative = colder than 2016)

2018	Aug	Sep	Year total
DD	22.8	-8.4	96.7
%	134.5%	-594.1%	90.9%

## Weather impact days 2017/18: Summary

### 2018 Summary v 6 Year Average

(\* Positive numbers = warmer, negative = colder than 6 year average)

2018	Aug	Sep	Year total
DD	9	-13.6	122.9
%	13%	-15.8%	5.4%

### 2017 v 2016 Summary

(\* Positive numbers = warmer, negative = colder than 2016)

2018	Aug	Sep	Year total
DD	19.4	-18.9	225.2
%	33.2%	23.3%	10.4%

## Met office UK summary

The start of September was fine and warm over southern areas, but less settled further north; within a few days unsettled weather was prevalent over the whole country. This continued for most of the month, and there was a particularly windy spell with a succession of active depressions after mid-month. However, the last week of the month was more anticyclonic, with settled autumnal weather especially towards the south.

The provisional UK mean temperature was 12.4 °C, which is 0.2 °C below the 1981-2010 long-term average. Temperatures were generally lowest relative to average in western areas. Rainfall was 108% of average, though this overall figure masks significant regional variations with a few locations only having around half the average amount but much of north-west Scotland having over 150%. Sunshine was 108% of average, and it was broadly sunnier in eastern areas than further west, with the London area having over 130% of normal sunshine.

## Utility impact summary

The majority of September was seen to have warm temperatures, with only the last week seeing average temperatures fall well below 2017. This means that the overall impact of the weather on your consumption is likely to have caused an increase vs last year and the 6 year average.

There have been some days below 15.5°C for some regions of the UK but this was 13.2% lower than last year. However as we move into cooler temperatures, as we did at the end of September, it is important to ensure heating timers are set up to keep costs down.