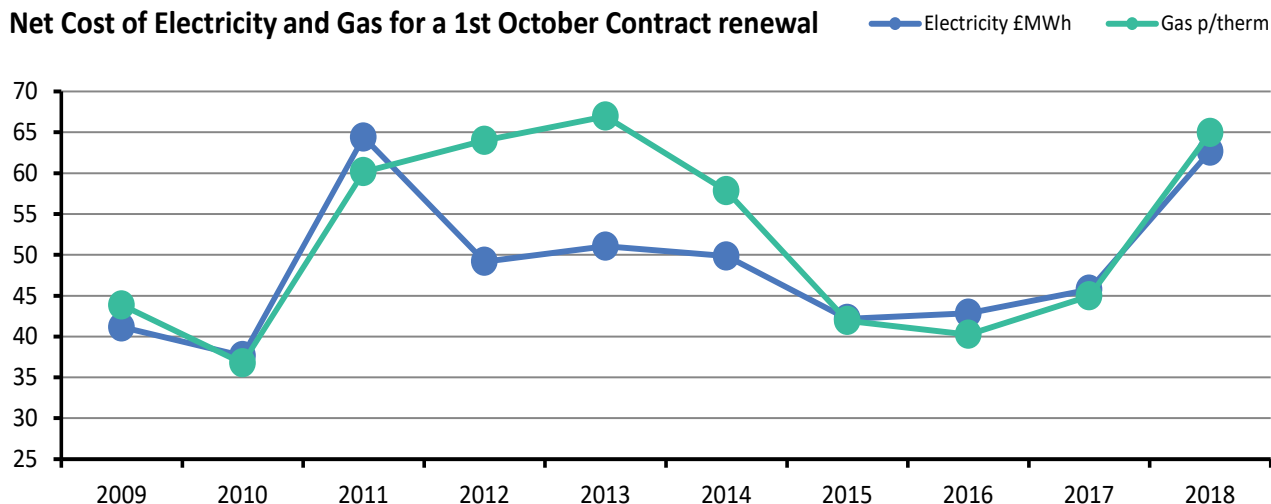


Net Cost of Electricity and Gas for a 1st October Contract renewal



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	48.02	51.36	50.39	42.03	42.60	44.21	67.74

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	62.51	66.69	57.73	41.43	38.33	44.92	72.39

Week commencing 24th September 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$78.94	72.39	£67.74	\$99.10	4.0
End	\$82.81	69.66	£65.08	\$98.75	3.4

Prompt NBP gas contracts lost value as an oversupplied British grid throughout most of the week pressured prices. Low demand and the expiration of long term contracts on the Interconnector between Britain and Belgium also applied downward pressure on prices. Near curve contracts also shed value as prompt sentiment and bearishness in the carbon market fed through. However, far curve contracts for summer-20 and winter-20 saw marginal gains, likely driven by a bullish oil market.

Prompt Power contracts saw a bearish week. High wind and solar generation throughout most of the week and a bearish NBP gas market pressured prices. Curve contracts also lost value as a bearish NBP gas market applied downward pressure on the curve. Dark spreads decreased more relative to spark spreads, driven by weak power prices and coal prices decreasing less relative to gas prices.

Week commencing 10th September 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$76.47	70.91	£66.65	\$99.25	3.2
End	\$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 17th-20th of September and EDF's Dungeness 550MW unit 21 goes off line from 20th Sep-15th Oct. Curve contracts all traded softer largely in line with their corresponding NBP gas products

Week commencing 17th September 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$78.07	70.12	£64.70	\$98.75	2.8
End	\$78.94	72.39	£67.74	\$99.10	4.0

The prompt reported strong gains on closure last week with the day-ahead contract rising by 5.40 p/th settling at 76.90 p/th. Prices rose significantly towards the end of the week mainly due to planned and unplanned outages which constrained supply significantly while strong wind generation and reduced gas to power demand resulted in volatile trading mid-week. The curve was lifted as well with prices taking direction from oil prices and the bullish sentiment in EU ETS carbon market.

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.