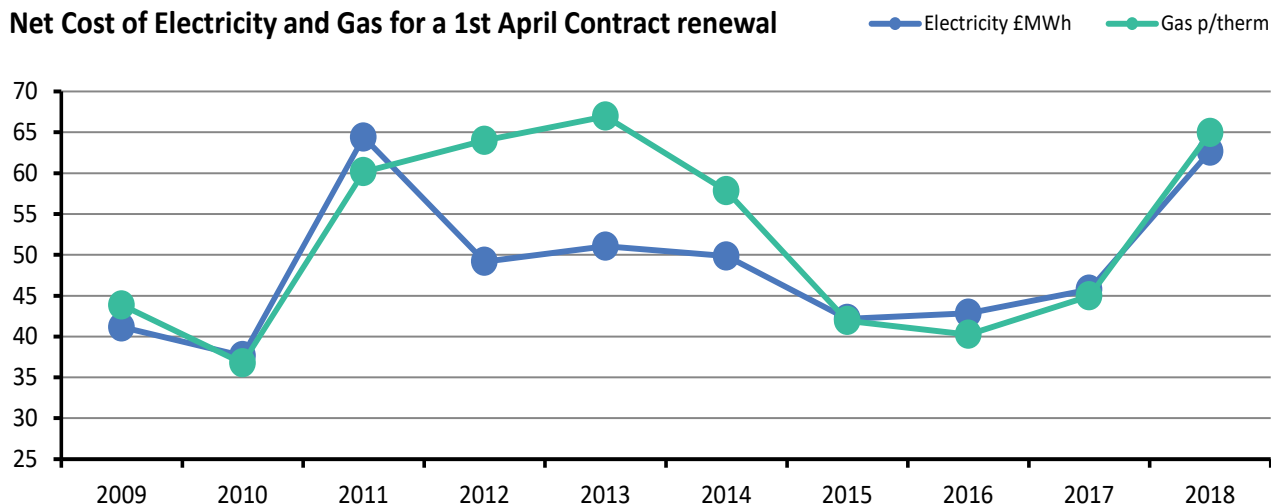


week on week marketview

ecagroup^o

Report issued
17th October
2018

Net Cost of Electricity and Gas for a 1st April 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	49.04	51.68	49.70	41.30	51.86	47.41	66.83

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	63.33	66.54	55.99	40.00	40.92	47.06	71.41

Week commencing 8th October 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$84.88	71.44	£66.01	\$99.20	4.5
End	\$80.45	67.42	£62.56	\$97.40	2.6

Prompt contracts fell during a volatile week of trading on the NBP. Bears dominated the market for the first 4 trading days, with low LDZ demand due to mild temperatures and reducing CCGT nominations due to increased wind generation depressing prices. Curve contracts also saw a sell off for much of the week, mostly following the energy complex lower, however a weaker prompt market from mild temperatures has likely eroded some risk premium for the rest of winter. Prompt power contracts generally saw a bearish week, pushed lower by a weak NBP gas market and strong wind generation. Weaker gas prices along with falling coal and carbon also pressured curve contracts.

Week commencing 1st October 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$82.81	69.66	£65.08	\$98.75	3.4
End	\$84.88	71.44	£66.01	\$99.20	4.5

Rising wind output throughout last week placed the UK power prompt market in the grasp of the bears. The increasing wind output led to losses made by the Baseload Day-Ahead product on Monday, Wednesday and Friday last week. However curve contracts moved higher last week supported by bullish movement across the wider fuels mix. The Carbon EUA Dec-18 contract climbed back above €22/tonne, while the European coal benchmark contract traded above \$100 during the week. A four-year high was also reached by the Brent benchmark which helped to further support curve contracts.

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 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.