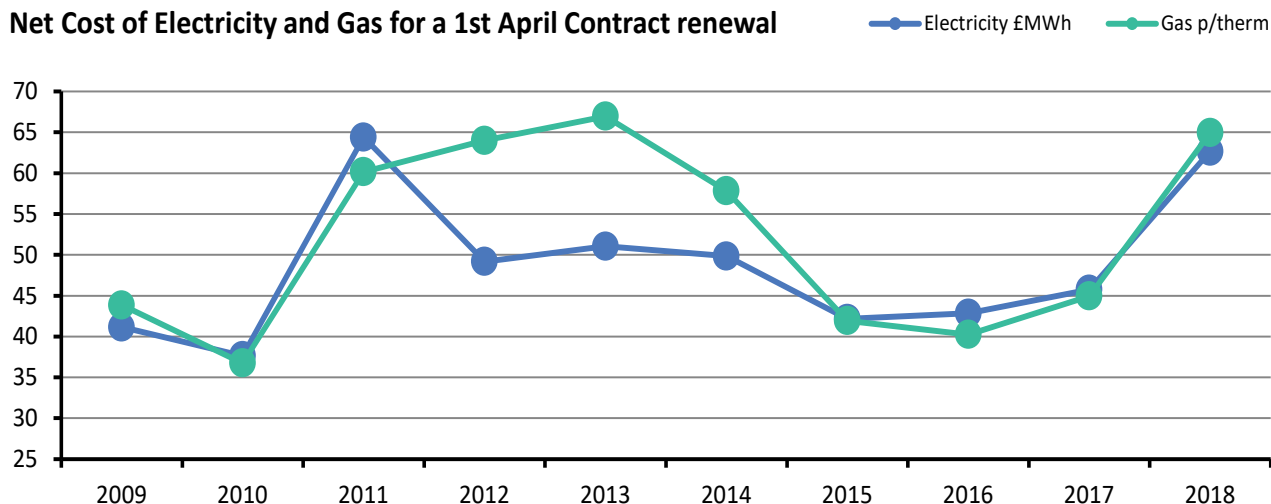


## Net Cost of Electricity and Gas for a 1st April Contract renewal



**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	64.4	48.63	52.37	49.41	41.87	52.02	47.95	63.41

**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	62.92	67.43	55.3	41.08	44.17	47.05	67.36

### Week commencing 15<sup>th</sup> October 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
<b>Start</b>	\$80.45	67.42	£62.56	\$97.40	2.6
<b>End</b>	\$79.99	68.15	£62.94	\$98.90	1.5

Cooler temperatures and higher demand expectations led to a surge in prompt NBP prices toward the end the week. Near curve contracts also recorded strong gains on the week, seemingly rebounding to recent bearishness, whilst the start of cooler temperatures likely added some risk to winter contracts. A bearish carbon market did limit gains on the near curve, with far curve contracts mostly losing ground over the week. The week-ahead Power contracts closed relatively flat last week after variable wind output led to volatile price movement. Curve contracts generally followed the NBP gas and European carbon markets, with nearer dated products closing up, whilst further dated products saw a slight drop off. Dark spreads saw an adjustment down, with a resurgent coal market outpacing gains in power contracts

### Week commencing 8<sup>th</sup> October 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
<b>Start</b>	\$84.88	71.44	£66.01	\$99.20	4.5
<b>End</b>	\$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 1<sup>st</sup> October 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
<b>Start</b>	\$82.81	69.66	£65.08	\$98.75	3.4
<b>End</b>	\$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 24<sup>th</sup> September 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
<b>Start</b>	\$78.94	72.39	£67.74	\$99.10	4.0
<b>End</b>	\$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.