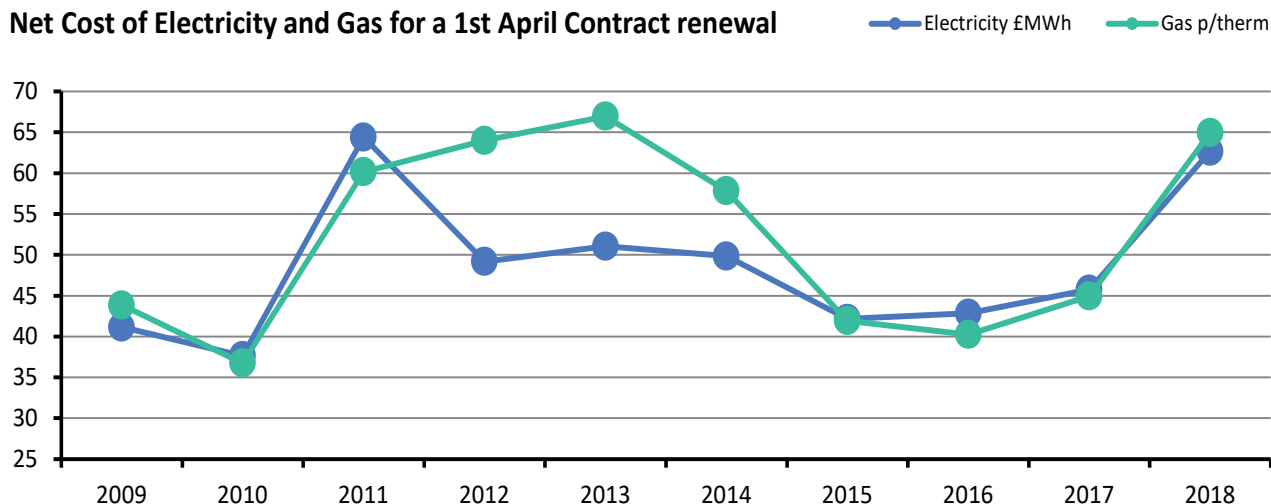


Net Cost of Electricity and Gas for a 1st April Contract renewal



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	50.35	52.25	49.47	40.95	51.87	46.97	63.82

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	65.40	67.18	54.72	39.65	44.92	46.39	68.13

Week commencing 22nd October 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$79.99	68.15	£62.94	\$98.90	1.5
End	\$77.40	63.65	£59.80	\$98.20	-0.5

Comfortable supply and mild temperatures depressed NBP prompt prices last week as the day-ahead shed 4.95p/th to close at 63.25p/th. Supply to Britain is set to be boosted by the arrival of LNG vessels into both Isle of Grain and Milford Haven at the end of October. LNG has been routed towards Britain as the price spread between the NBP and east Asia has collapsed in light of mild temperatures and adequate storage stocks in the far east. Two vessels are due to arrive from the U.S. on Wednesday, joining one cargo from Egypt and another from Russia. Comfortable supply at the end of October has eroded risk for winter delivery contracts and the front month November '18 contract plummeted 7.50p/th last week.

Week commencing 15th October 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$80.45	67.42	£62.56	\$97.40	2.6
End	\$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 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 contacts 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.