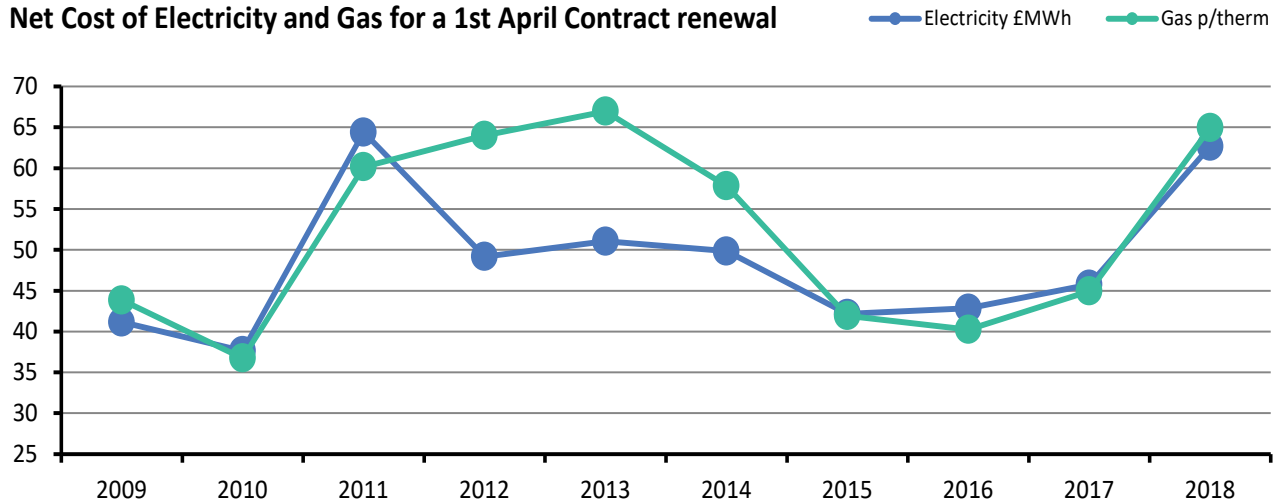


Net Cost of Electricity and Gas for a 1st April Contract renewal



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	49.83	52.71	47.42	37.93	55.33	47.68	61.96

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	64.74	68.09	52.85	35.55	45.27	48.23	63.99

Week commencing 19th November 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$67.99	64.13	£62.22	\$87.90	-1.8
End	\$58.93	61.04	£59.75	\$78.50	-4.2

Revised weather forecasts which showed temperatures to be milder than anticipated, along with comfortable supply, led to prompt prices falling last week. Curve contracts also fell as milder temperatures reduced risk for winter delivery. The day-ahead contract saw a volatile week, amid varying wind generation and high continental prices. French prompt prices saw very high levels last week, with cold weather and low nuclear availability causing exports on the IFA interconnector. Curve contracts saw a bearish week, with the strongest losses coming in the near curve, seemingly with pressure from the NBP gas markets.

Week commencing 12th November 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$70.04	61.29	£59.20	\$89.30	-2.3
End	\$67.99	64.13	£62.22	\$87.90	-1.8

Expectations of colder temperatures pushed prompt and near curve contracts higher last week and, despite a sell off on Friday, all products recorded week on week gains. Significant premium was built into gas contracts throughout the early part of the week in anticipation of severe cold weather, but some of the risk evaporated on Friday when weather forecasts were revised slightly less cold. Nevertheless, the day-ahead contract climbed 5.65p/th to close at 66.80p/th and the front month December '18 product gained 4.70p/th to settle at 71.95p/th. A sharp decline in the pound against the Euro after Brexit turmoil also added support.

Week commencing 5th November 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$72.66	60.89	£58.74	\$94.90	-2.1
End	\$70.04	61.29	£59.20	\$89.30	-2.3

Gas prices were under pressure during the week, mainly due to mild temperatures reducing heating demand while strong wind generation reduced the requirement for gas fired generation. The day-ahead contract closed at 61.15 p/th losing 0.60 p/th compared to previous week's closure. Weakness in the prompt triggered medium range storage (MRS) injections while additional LNG arrivals expected within the month sent a bearish signal to the near curve. Losses on the far curve were muted however, with contracts reporting marginal gains from Summer-20 onwards.

Week commencing 29th October 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$77.40	63.65	£59.80	\$98.20	-0.5
End	\$72.66	60.89	£58.74	\$94.90	-2.1

Mild temperatures and comfortable supply weighed on prompt natural gas contracts last week, as the day-ahead fell by 1.50p/th to 61.75p/th. Both LNG terminals and MRS storage sites are well stocked and supply from Norway has been stable, which means the British system is able to cope with the level of demand. Near curve contracts also fell as risk premium which had been priced in in the run up to winter continued to evaporate. Falling carbon likely fed into losses on the far curve.