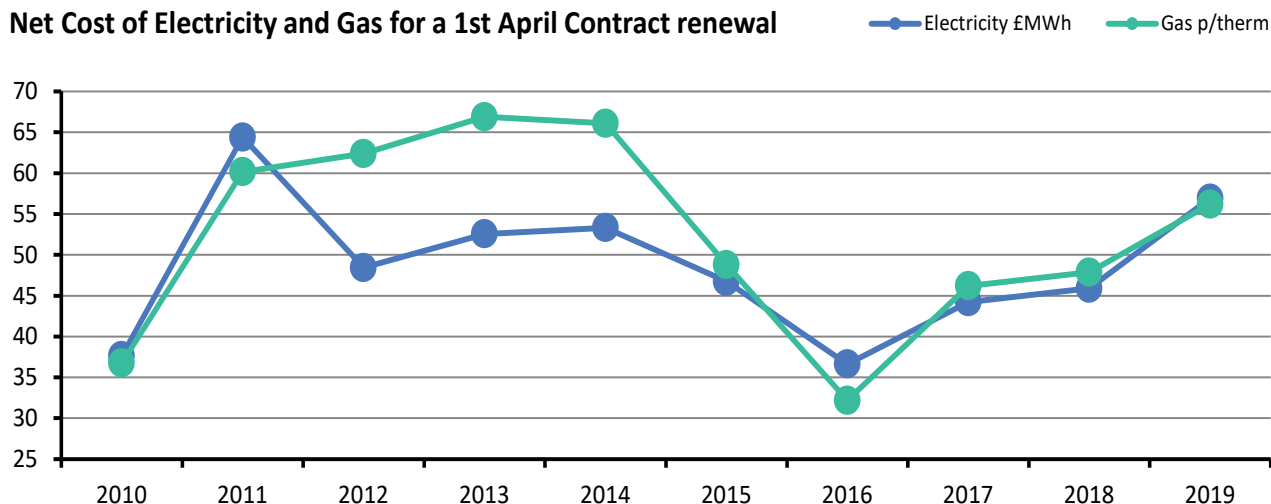


Net Cost of Electricity and Gas for a 1st April Contract renewal



Electricity: base load cost - excludes distribution, taxation and supplier margin and costs

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
37.63	64.40	48.43	52.55	53.33	46.75	36.63	44.23	45.90	56.93

Gas: core gas cost - excludes distribution, taxation and supplier margin and costs

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
36.75	60.17	62.40	66.90	66.10	48.80	32.19	46.20	47.88	56.20

Week commencing 7th January 2019

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$56.95	58.10	£59.79	\$82.50	-5.3
End	\$61.21	57.14	£58.51	\$81.75	-5.3

Prompt Gas prices were pressured by an oversupplied system and warmer than expected temperatures, with the day-ahead price losing 2.00 p/th week-on-week. The bearish sentiment in the prompt filtered through the near and medium term horizon, with losses only partially erased by upward movements towards the end of the week. Contracts from Summer-20 onwards moved higher however, taking direction from long term oil prices. Following a week of volatile trading, prompt Power prices reported some gains on the back of forecasts for lower wind generation, especially on Friday. The day-ahead contract closed higher than the previous week. Curve contracts took direction from the NBP gas market while the bearish sentiment in the carbon market also weighed on prices. Movements in spark and dark spreads were mixed with gains on the prompt and near term spreads and losses being reported on the horizon to Summer-20.

Week commencing 31st December 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$52.35	58.68	£60.69	\$85.75	-4.4
End	\$56.95	58.10	£59.79	\$82.50	-5.3

Prompt prices added value last week, with strong gains at the beginning of the week amid the anticipation of low temperatures outweighed bearishness of an oversupplied system in the following days. Curve contracts moved in the opposite direction as strong supply from the north sea, LNG and high storage stocks weighted on prices. Further losses were avoided however, as gas prices found some support from the oil market mainly towards the end of the week. The day-ahead contract rose as prices were lifted by increased demand and low wind generation during the first half of the week, whilst a strong increase in wind forecasts on Friday did not fully erase the gains. Contracts on the curve shed value tracking the NBP gas market, with movements in spark spreads being mixed. Dark spreads all reported gains as the European carbon market saw a sharp drop.

Week commencing 10th December 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$62.94	59.34	£58.90	\$86.50	-3.8
End	\$60.65	62.31	£62.71	\$89.30	-1.3

Prompt gas prices jumped last week, with below seasonal normal temperatures pushing up demand. The day-ahead contract gained 6.10p/th, to 66.80p/th. Near curve contracts followed prompt prices higher, with risk of cooler temperatures in early 2019 adding premium. Further dated products also saw strong gains, pulled higher by a weaker pound and a buoyant carbon market. The day-ahead Power contract saw volatility last week with varying wind generation and strong movements in the gas market swinging power prices. Curve contract saw good gains, led higher by the NBP gas market and European carbon market. Clean dark and spark spreads tightened due to the strong gains in carbon adding premium to the cost of generation.

Week commencing 3rd December 2018

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$58.50	60.81	£59.93	\$82.50	-4.0
End	\$62.94	59.34	£58.90	\$86.50	-3.8

Milder than seasonal normal temperatures and comfortable supply led to the day-ahead NBP contract falling last week. Seven LNG vessels have already arrived at British terminals so far in December, with a further three vessels expected to berth in the next 6 days. Consistent LNG imports have resulted in high send-out from terminals which has reduced reliance on MRS storage, keeping stock levels high. Near curve contracts fell as the risk of supply tightness reduces the longer milder temperatures continue, and there is currently no clear picture of weather at the beginning of 2019 to support the market. Far curve products tracked crude oil higher.