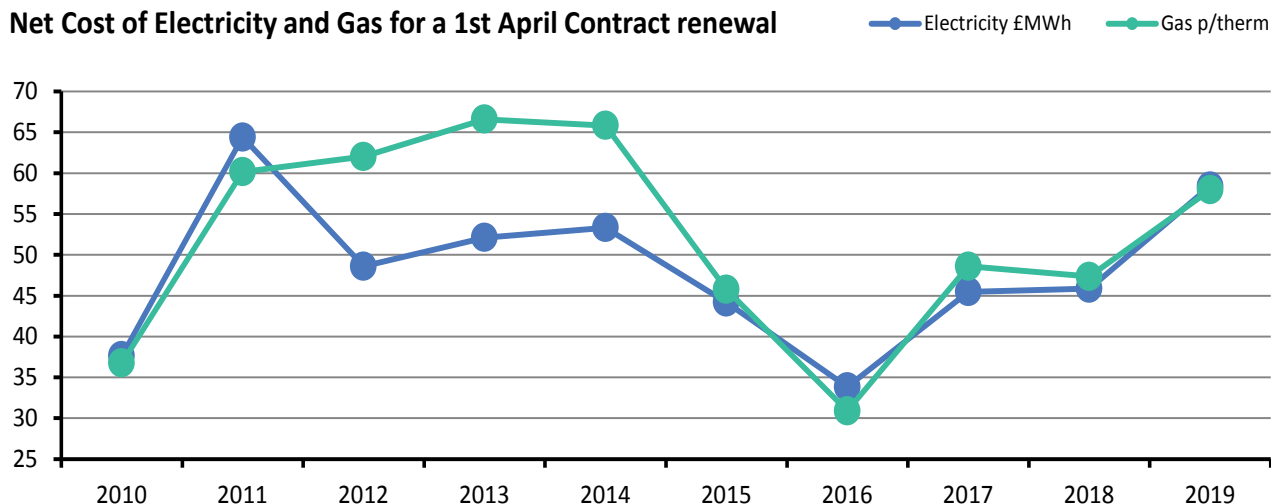


Net Cost of Electricity and Gas for a 1st April Contract renewal



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	48.60	52.11	53.33	44.18	33.83	45.48	45.88	58.42

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	62.03	66.60	65.83	45.75	30.90	48.60	47.35	57.95

Week commencing 21st January 2019

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$62.59	58.54	£60.25	\$84.40	-3.6
End	\$61.35	54.70	£56.99	\$78.20	-6.5

NBP gas contracts saw a sell-off last week, with cold weather risk premium being priced out due to expectations of a comfortable system. Supply has remained strong, whilst temperatures are now forecast to trend up towards seasonal normal over the coming weeks. There has been no major supply issues this winter and little reliance on interconnectors required, with LNG supply at record highs. This means that the bullish impact of a short term cold snap could be muted. A surging pound against the euro also added pressure to gas prices. UK power tracked down with the NBP gas market last week, whilst additional pressure stemmed from the slump in European carbon. Margins are expected to be relatively comfortable, with interconnectors expected to operate at full capacity, whilst NEMO is expected to go live from Jan 31st

Week commencing 14th January 2019

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)	Market Index
Start	\$61.21	57.14	£58.51	\$81.75	-5.3
End	\$62.59	58.54	£60.25	\$84.40	-3.6

Colder temperatures buoyed NBP prompt contracts last week, as the day-ahead product gained week on week. Temperatures in Britain are anticipated to remain below seasonal normal throughout this week, which led to additional premium being priced into the week-ahead product. Gains on the near curve were muted, however, as LNG supply has remained high, and storage levels on the continent are healthy. Falling wind generation on Friday pushed the day-ahead power price higher, a week on week gain. Rising natural gas led to strength in the week-ahead product. Curve contracts followed NBP and EUA prices higher, with the front-month Feb '19 product climbed £0.84/MWh to close at £63.78/MWh.

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.