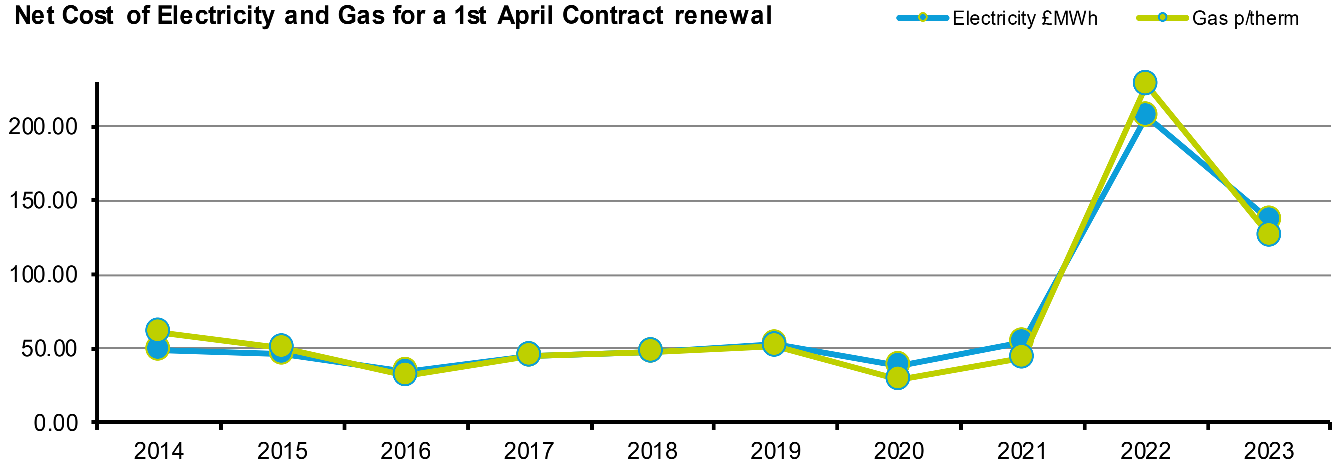
week on week

marketview

Report issued: **8th** March 2023

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



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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
49.05	46.15	34.95	44.87	47.48	53.45	38.04	54.38	206.38	136.69

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
60.32	50.20	31.13	45.17	47.65	51.25	28.84	43.53	227.85	126.55

Week commencing 27th February 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	$82.13	137.29	£145.84	$156.00
End	$84.98	126.55	£136.69	$125.00

Last week saw markets drop further with strong LNG cargoes still coming into UK and Europe. Total EU storage got to a height of 61% fullness, which shows a positive picture against the 28% fullness we saw this time last year. Temperature forecast last week showed a warmer outlook for Europe throughout March, along with high French LNG sendout nominations. Last week saw a strong increase in LDZ demand, increasing by 32mcm/d up to 194mcm/d. Non-LDZ demand was also robust due to weak wind speeds and impacted nuclear generation. NWE saw an increase in LNG sendout, although most of the sendout was met by withdrawals from storage due to a slow week on renewable generation and colder than seasonal normal weather. Even with the strong withdrawals from storage, forecast is still strong for storage levels come end of March.

Week commencing 20th February 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	$83.03	135.36	£145.00	$138.50
End	$82.13	137.29	£145.84	$156.00

Last week saw temperatures remain slightly below seasonal normals as predicted, which contributed to high gas for power demand across UK. Wind generation remained above seasonal normals throughout the week before dropping for the weekend. LNG cargoes continued to flows in to end February. However, with China reopening from COVID-19, we could see LNG start to drop going forward. Gas prices rose slightly throughout the week, with Sum-23 ending on 131.03p/therm. Electricity prices fell throughout the week, with Sum-23 ending on 139.23£/MW. Carbon prices were volatile throughout the week, ending slightly lower than started. The potential increase in interest rates could have an adverse effect on the energy market. With consumers lowering spending across the board, we could see Oil prices fall due to lower demand across UK and Europe. Finally, on Friday, the British grid ended the day short by 7.8mcm, potentially supporting NBP prompt contracts.

Week commencing 13th February 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	$85.88	147.52	£152.88	$134.50
End	$83.03	135.36	£145.00	$138.50

Last week saw temperatures predicted to be just below seasonal norms until the end of March, potentially increasing heating demand slightly, thus supporting prompt contracts, and perhaps spilling over into the front month. Wind generation is forecast to be around 15% below seasonal averages, which may also support prompt contracts. There continues to be healthy LNG supply for the near future, with 11 vessels expected by 3rd March pressuring near curve contracts. A drop in Chinese LNG demand by 15 million tonnes in 2022 as well as reduction in imports by South Asian buyers due to high prices helped Europe acquire supply. However, China's almost inevitable increase in demand due to COVID-19 shutdown softening, bodes the question of how much will arrive in Europe over the course of this year and how it will affect UK energy prices. Carbon's benchmark contract EUA fell by 1.3% on Friday settling at €96.25 but has traded this morning at a high of €98.25.

Week commencing 6th February 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	$83.34	166.33	£187.54	$142.50
End	$85.88	147.52	£152.88	$134.50

Last week saw bearish sentiment dominate in power and gas markets despite some potentially bullish reforecasts in weather fundamentals. Wind generation was revised downwards to average 7GW over the course of week 7 which is 10% below seasonal average and represents a 20% downward swing from previous forecasts. This could serve to boost gas for power demand and support the prompt. However, Freeport had the first laden vessel leave its terminal since July over the weekend, which has arguably helped pressure front month gas contract resulting in it opening 3.5% down compared to Friday's settlement. Furthermore, although wind generation is down, the temperature has been revised up to slightly above seasonal norms and the 45 day outlook is now indicating mild incumbent temperatures. Both factors are likely to pressure the prompt and near curve to shed more value. This could help offset the 71mcm/day reduced capacity from unplanned outages on Norwegian gas fields and therefore help mitigate any major bullish surges on the HDA marketplace. Europe remains well stocked with gas as storage levels still fractionally above the 66% mark. Crude front month contract experienced a bullish week last week with a gradual day on day gain. The key motivator for this was increasing demand data and improved global economic outlooks, along with Russia declaring they will reduce output by 500,000 barrels a day commencing in March which could also result in a tightness of global supply.

planetfirstenergy.co.uk

T 01246 386 700 E info@planetfirstenergy.co.uk