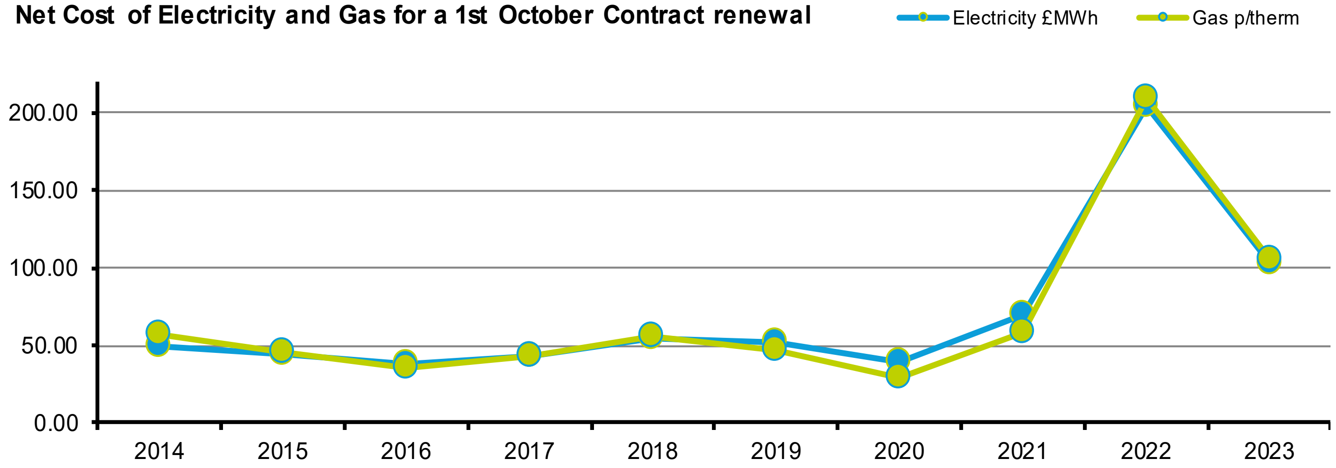
week on week

marketview

Report issued: 7th June 2023

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



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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
48.84	43.95	37.54	42.93	53.97	52.03	39.73	69.45	204.35	102.48

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
57.41	45.90	35.12	43.08	55.68	46.95	29.47	58.09	209.69	105.49

Week commencing 29th May 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	$76.93	92.89	£106.78	$104.50
End	$75.82	94.90	£99.67	$97.25

The continuation of improved temperatures in the UK is helping keep demand reduced and off sets the short system. Amid the maintenance season, this week has seen the unplanned outage at Visund continuing and Norwegian flows to both the UK and Europe being lower. Hammerfest LNG facility in Norway came back online 27 May, which concluded a three week outage, this was welcomed news, with LNG prices becoming more attractive elsewhere, the UK has seen a significant fall in arrivals. NBP contracts largely saw marginal gains across the curve by the close of the week, with little change to the supply picture other than the brief 24 capacity reduction from Kollsnes, to finish a fairly volatile week.

Week commencing 22nd May 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	$76.00	107.69	£122.99	$111.00
End	$76.93	92.89	£106.78	$104.50

The UK Gas System has remained undersupplied for most of the week, mainly due to lower Norwegian flows and maximum exports via the pipelines that feed the Netherlands (BBL) and Belgium (IUK). Temperatures in the UK were still forecast to be above SNT for the remainder of the week, then sitting closer to normal before rising several degrees above SNT. The mild weather offset any effects of maintenance issues and prices made their longest run of weekly losses since 2007. LNG remained strong and storage in EU and the UK remained above their 5 year norm.

Week commencing 15th May 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	$75.20	114.30	£127.30	$115.50
End	$76.00	107.69	£122.99	$111.00

The UK Gas system remained oversupplied this week despite the reduced flows from Norway due to maintenance. Temperatures were forecast for above seasonal norms which helped keep demand down. LNG flows to NW Europe and the UK remained strong with the anticipation of healthy receipts in the weeks to come. Front months saw bearish movement across the week whilst Winter 23 & Summer 24 did see some bullish movement on reported supply risk.

Week commencing 8th May 2023

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	$75.39	120.43	£129.97	$125.00
End	$75.20	114.30	£127.30	$115.50

UK weather forecasts were revised during the week to show below Seasonal norms, this did little to drive prices as natural gas benchmarks continued to see weekly dips, with the longest run of weekly declines in three years. The maintenance season continued with lower flows via Langeled which are due to continue until mid to late May. LNG flows to North West Europe remain constant with 7 cargos bound for the UK in the next few weeks. Storage levels across Europe sit at around 61%, market participants see the possibility of reaching the November 1st target of 90% by early September.

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