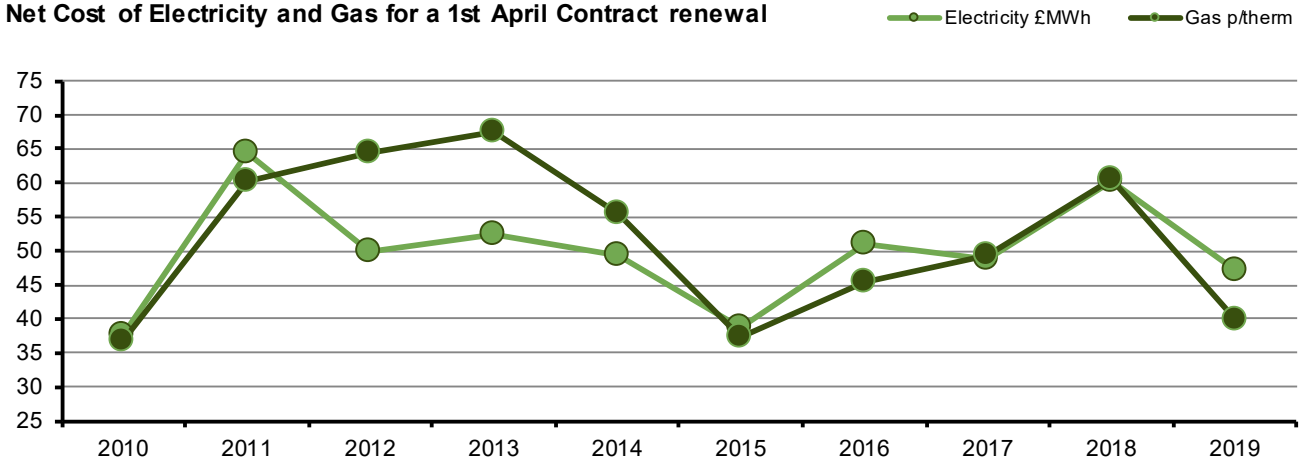
month on month
marketview

Review of: November 2019

eca business energy
buy better, use less

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	64.4	49.98	52.33	49.44	38.84	50.89	48.74	60.12	46.96

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	64.43	67.40	55.61	37.31	45.38	49.37	60.47	39.74

▲: Indicates that there was an upward pressure on prices. ▼: Indicates that there was a downward pressure on prices.

November in summary
November saw bearish movement during the month heavily influenced by the record breaking month for LNG imports, colder temperatures did help lift prices but the balanced system maintained a stable system.

Market volatility
A relatively steady downward movement with continuous bearish factors.

Weather
November began with low pressure close to the west of Britain, giving mild and wet weather. It continued unsettled until the 14th and turned cooler after the first few days, with sleet and snow falling quite widely on high ground and locally to low levels on the 8th/9th and 13th/14th. There was a quieter interlude from the 15th to 20th in most areas with temperatures remaining below average, followed by a milder, wet spell. The month ended with a northerly outbreak which brought colder brighter weather.

Gas, Storage and LNG News ▼
For most of the month prompt and curve moved against each other with a tighter short term supply and demand dynamics lifting prices whilst a healthier outlook pressured the rest of the market. The higher demand was offset by a rise in LNG send out, November saw 24 vessels arriving with 9 vessels already confirmed for the first half of December. In week three NBP was pressurised by the colder weather and outages in the North Sea, unplanned maintenance at the Aasta Hansteen field reduced supply from the Langeled pipeline. The strong supply outlook drove selling activity across the curve towards the end of the month also aided by losses in oil.

Politics and global economics
US announcing its support of Hong Kong in its stand off against China raised tensions between the worlds two largest economies. The escalating US-China trade conflict pressurised oil markets. The stand off has lasted for 16 months so far and continues to cap oil markets as the two nations impose tariffs on a host of commodities and products.

Oil ▲
Oil began the month with a steady gain as optimism over the US-China trade conflict shifted momentum to the buy-side. Rumours began that the US would remove $112 worth of tariffs imposed on Chinese goods on 1st September, speculation then turned to the delay of future tariffs, again acting as bullish news to commodity markets. Suggestions OPEC members and associates may decide to cut production at next months meeting in Vienna fuelled further upside.

Coal
Coal prices eased at the start of the month as demand remain stagnant. Colder weather followed boosting demand causing prices to rise, but as the cheaper gas prices moved in the reduced demand for Coal moved contracts downward towards the end of the month.

Carbon
The cheaper gas limited the need for permits causing the EUAs to lose value, on the 14th Nov EUAs fell to a one month low as weather forecasts showed a warmer outlook for the end of November limiting demand for fossil fuels and permits to account for their emissions.

Looking Ahead
December is predicated to be a continuation of a strong system with strong LNG arrivals maintaining the already healthy storage.

Disclaimer: The above information is based on current market data available at the time of producing this document and is subject to change.
ECA cannot be held responsible for movement in the commodity market.

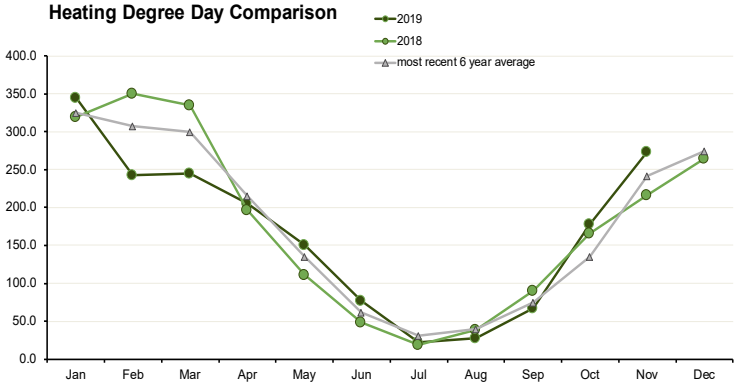
month on month
marketview

Review of: November 2019

eca business energy
buy better, use less

Degree days are a representation of the length of time and severity with which the outside temperature either drops below (heating days) or goes above (cooling days) 15.5°c, and therefore it is assumed that heating or cooling is required.

Heating Degree Day Comparison



Heating 2019: Summary

2019 Summary v 6 Year Average

(* Positive numbers = warmer, negative = colder than 6 year average)

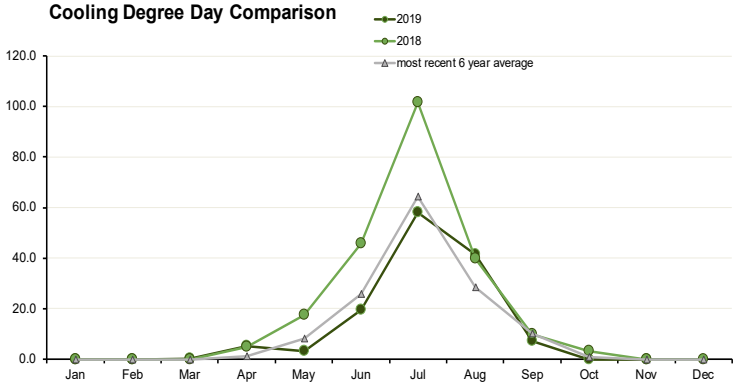
2019	Oct	Nov	Year total
DD	-42.2	-32.3	32.7
%	-31.2%	-13.4%	1.5%

2016 v 2015 Summary

(* Positive numbers = warmer, negative = colder than 2013)

2019	Oct	Nov	Year total
DD	-12.0	-56.8	56.7
%	-7.2%	-26.2%	2.6%

Cooling Degree Day Comparison



Cooling 2016: Summary

2016 Summary v 6 Year Average

(* Positive numbers = warmer, negative = colder than 6 year average)

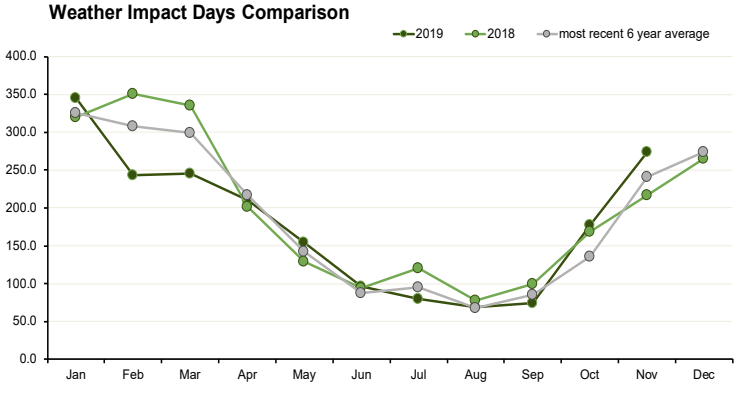
2019	Oct	Nov	Year total
DD	-0.8	0	-4.1
%	-100%	0%	-2.9%

2016 v 2015 Summary

(* Positive numbers = warmer, negative = colder than 2013)

2019	Oct	Nov	Year total
DD	-3.1	0	-88.6
%	-100%	0%	-39.8%

Weather Impact Days Comparison



Weather impact days 2016: Summary

2016 Summary v 6 Year Average

(* Positive numbers = warmer, negative = colder than 6 year average)

2019	Oct	Nov	Year total
DD	41.5	-32.3	28.0
%	30.4	-13.4%	1.2%

2016 v 2015 Summary

(* Positive numbers = warmer, negative = colder than 2013)

2019	Oct	Nov	Year total
DD	8.9	-56.8	-43.6
%	5.3%	-26.2%	-26.2%

Met office UK summary

November began with low pressure close to the west of Britain, giving mild and wet weather. It continued unsettled until the 14th, and turned colder after the first few days, with sleet and snow falling quite widely on high ground and locally to low levels on the 8th/9th and 13th/14th. There was a quieter interlude from the 15th to 20th in most areas with temperatures remaining below average, followed by a milder, wet spell from the 21st to 27th. The month ended with a northerly outbreak which brought colder brighter weather. The jet stream was frequently further south than usual which meant that north-west Scotland tended to be relatively dry and sunny.

Rainfall was 97% of average, and it was exceptionally wet in parts of the Midlands, Lincolnshire, north-east England, and eastern fringes of Scotland, with more than twice the normal rainfall in places. In contrast, it was exceptionally dry in parts of north-west Scotland. Sunshine was 84% of average, and was generally somewhat below normal except in western Scotland and Shetland.

Utility impact summary

This November has been much cooler than usual, there has been 26.2% more demand for heating than last November and 13.4% more than the 6 year average.

November, like October, is a month for lighting impact with the night's drawing in further. Lighting will need to be on more now than in previous months and with most of the country having continued below average sunshine hours following on from October it has also be required more than last November.

T 01246 290 490 E Sales@ecaBusinessEnergy.com