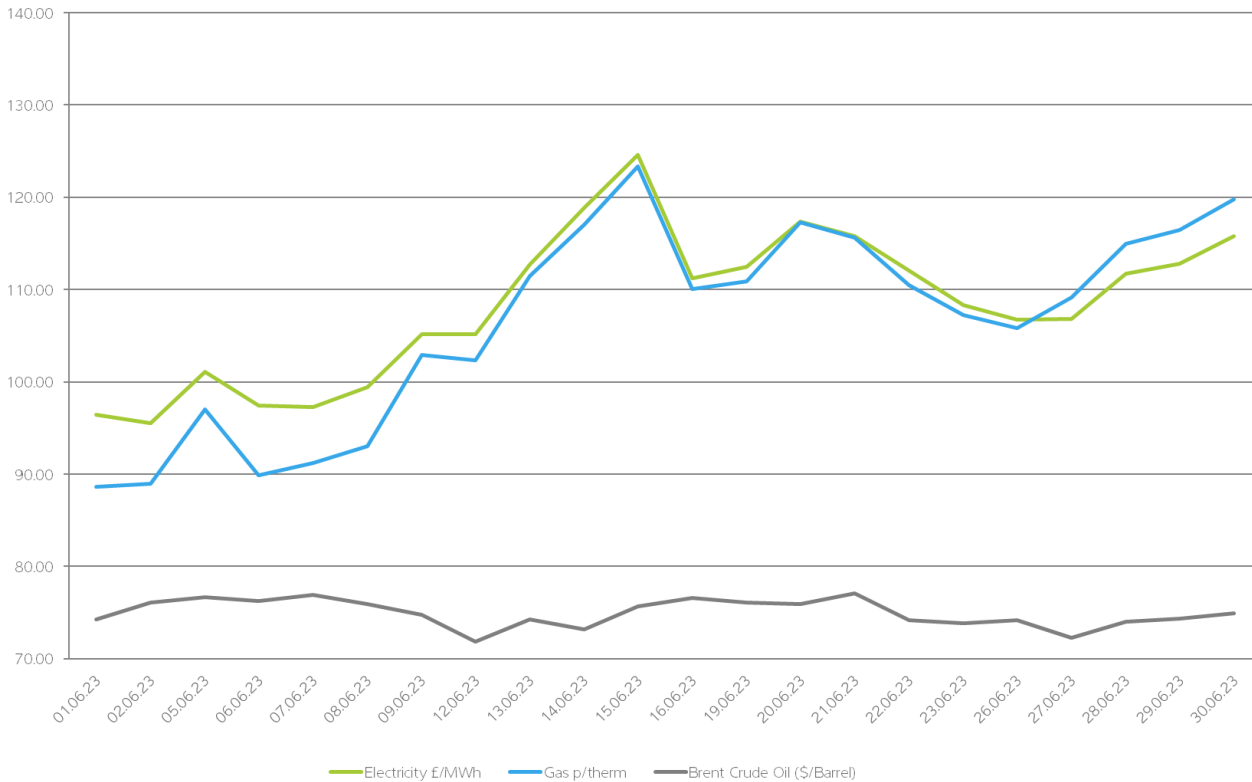


Monthly Market Update

June 2023

UK Wholesale Energy Prices



June 23 saw a degree of volatility return to the market as participants weigh up ever changing fundamentals with supply/demand as we approach Winter 23. Overall, the month of June was a bullish one with Winter 23 gas starting the month at 105.42p/th but closing higher at 134.50p/th.

This time of the year Norway undergoes their annual maintenance period meaning an expected significant drop in gas flows to the UK and EU, however, there have been numerous unplanned outages that had added to the existing planned schedule, and this has put strain on the UK supply picture. We have also seen a huge drop in LNG (liquefied natural gas) deliveries coming to UK shores on the back of increased demand from China now that they are finally out of their COVID lockdowns and again this has seen a degree of risk priced back into the market. UK prices need to be high enough to remain competitive in the LNG market therefore any sharp price drops could be unlikely any time soon.

Prices have settled somewhat over the last week or so however lower levels of volatility still persist and this is likely to continue as we approach Winter when UK gas demand ramps up significantly. We have experienced higher levels of wind generation of late and UK/EU storage facilities are at roughly 78% fullness overall (19% higher than the same point last year) and this is why prices have fallen over the last few days.