October 2016 Newsletter

energy services
BUSINESS POWER LTD

Dear Customer

Both gas and electricity markets climbed in September as winter supply worries gripped the market and concerns grew for the UK power demand/supply outlook. Oil remained volatile running up to an informal OPEC meeting to agree a production cap.

Main Drivers

- Winter Supply and Demand Balance
- Financial Speculation & Trading Activity
- Norwegian Plant Maintenance & Outages
- Decline in UK coal plant activity
- Fluctuating wind power generation
- UK Distribution & Transportation Network Upgrade
- UK Government Green Taxes (RO / FiT / EMR CfD & CM)
- Geopolitical Tensions in the Middle East & Eastern Europe
- Global Oil & Coal Prices
- UK & European Carbon Prices

General Comments

Gas prices rose from mid month due to a decline in UK Continental Shelf gas production as unplanned outages reduced deliveries through the St Fergus terminal. Imports from Norway through the Langeled pipeline also fell and an increase in gas fired power generation requirement drove the market.

Electricity prices spiked as concerns grew over generation not meeting supply demand. Closure of UK coal fired power generation, unplanned nuclear outages and lower wind power availability all contributed to prices being traded over £1000/MWh (nearly 30 times normal levels) as high cost generation filled the gap.

This all supported an increase in speculative trading as winter month prices especially had price swings over 10% within day.

Oil prices fluctuated throughout September due to initial uncertainty amid an OPEC freeze deal and the possibility of Norwegian oil worker strikes.

Once the decision was made (from the informal OPEC gathering in Algiers) to agree a production cap at their next meeting in November, prices spiked over 6% close to $50, despite market consensus that oil markets remain oversupplied and exporters around the world pump near record amounts.

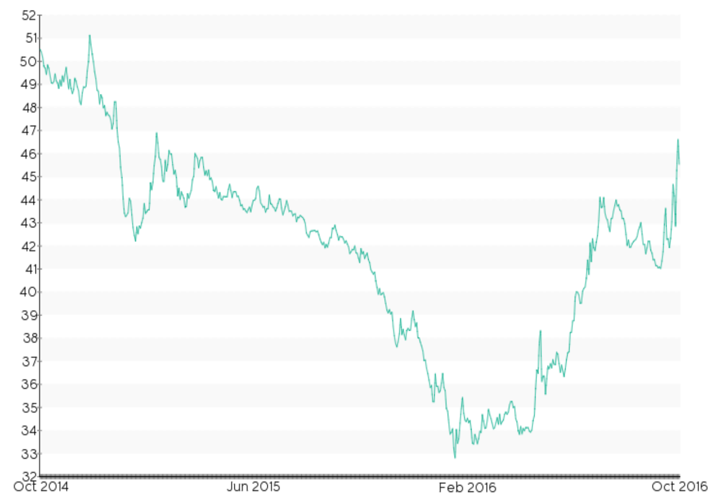
The water market in England is becoming deregulated as from April 1st 2017.

We are in the process of gathering the latest information on pricing structures so we are in the best position to assist and recommend the best options for you.

We will be in contact in due course and to obtain your current water billing details

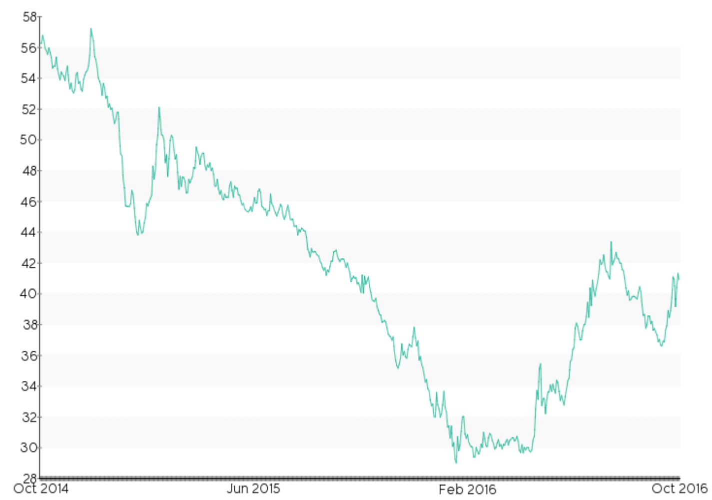
Electricity

Annual Forward Baseload Price (Flat Cost)



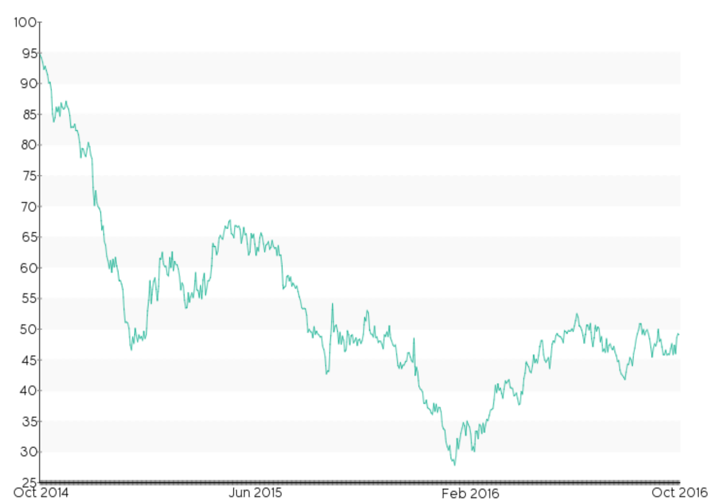
Gas

UK October Gas Year Price (Flat Cost)



Oil

Front Month Price (Brent Crude)



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