

CAB3467 Appendix A:

Historical Wholesale Energy Prices

Please see figures 1 and 2 below showing historical energy prices. Global energy costs increased in 2021, as global energy demand returned to normal following the pandemic. European gas supplies were further constrained due to the delayed opening of the Nord Stream 2 gas pipeline in November 2021. Price rises accelerated further in 2022 predominantly due to the war in Ukraine, leading to sanctions that removed Russian gas from the European energy supply chain. On top of this there were outages at French nuclear plants, interruptions in gas from Norway, increased competition from east Asia and an explosion at the Freeport LNG export facility in Texas. Seasonal energy prices peaked in August 2022 at £1000/MWh for electricity and over £7/therm for gas.

Since 2022 energy prices have predominantly fallen. Currently prices are at around £80/MWh for electricity £0.9/therm for gas. Europe has successfully adapted without Russian gas and European gas supply chains and gas in storage have remained adequate in both of the following winters. That said global energy supply chains are more fragile than they were, so under certain scenarios, there is the potential for further significant increases and volatility in energy prices.

Figure 1 – Seasonal ahead wholesale electricity prices

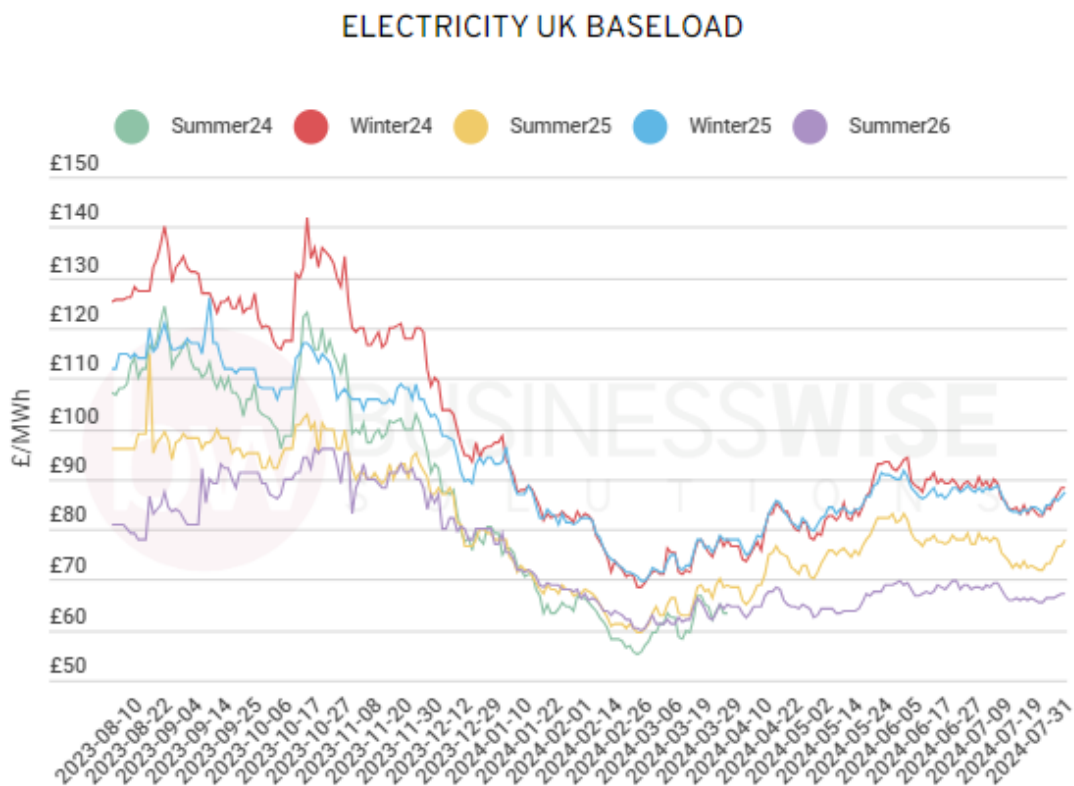


Figure 2 – Seasonal ahead wholesale gas prices

