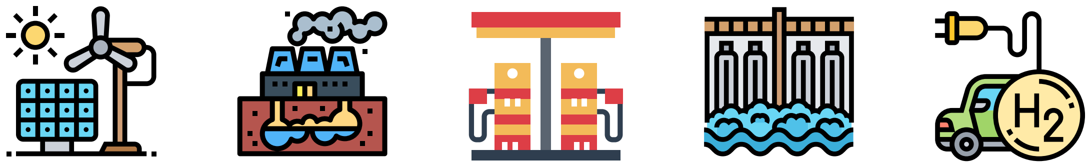
PSP | PLACE SUPPORT PARTNERSHIP

Pricing Report [Update]



The biggest single cost on a bill is the price of the energy.

The wholesale cost of the energy makes up approximately 40% of an electricity bill and 70% of a gas bill, with the remaining being TPCs, which have been continuously rising in recent years can be volatile.

This pricing report will focus on the energy element of a bill to help you keep track and understand the wholesale energy market and the factors affecting the price of your contracts.

Overview

1. Prices remain volatile, whilst Russia looks to cut gas exports to countries that will not pay in roubles, the Freeport terminal in Texas is closed for at least three weeks due to a fire. This is expected to delay liquified natural gas (LNG) cargoes to Europe, where European gas prices surged on the news as it seeks to cut dependency on Russian gas.

2. Heatwaves could also add to the European energy crisis, where a surge in demand will be seen for cooling across some parts of Europe. Temperatures have peaked over 40 degrees centigrade. A drought in Spain has also reduced energy from hydropower, which generates more than 10% of its electricity from hydropower plants. The high temperatures are expected to reach the UK this week and are predicted to reach over 30C on Friday in some parts of the country.

3. Energy prices have decreased since the highs reached this March, but we are predicting these will start to plateau in the coming weeks. The energy market is still highly volatile and any extreme factors could easily enough see it surge again. We still recommend longer-term energy contracts, which can fix a price to avoid any further increases as well as provide budget certainty over the next few years.

Energy prices are driven by both the price of the energy on the wholesale market and Third-Party Costs (TPCs).

TPCs include non-energy costs set by the government, network (the National Grid), policy and system costs and electricity transmission/distribution costs.

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Bullish Factors (upward pressure on markets):

- Fire at LNG terminal in US
- Worries over LNG supply to Europe
- Resurgent demand in Asia
- Unplanned Norwegian supply outages
- Expectations of continued warmer weather

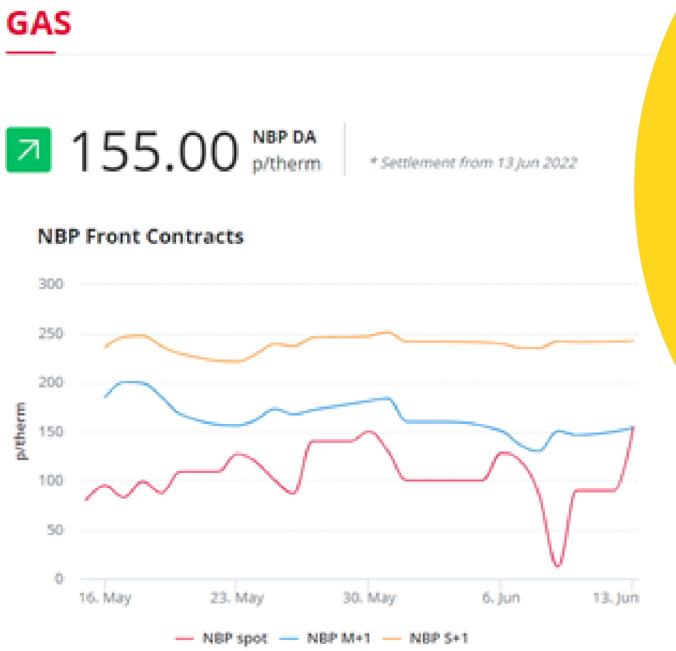
Bearish Factors (downward pressure on markets):

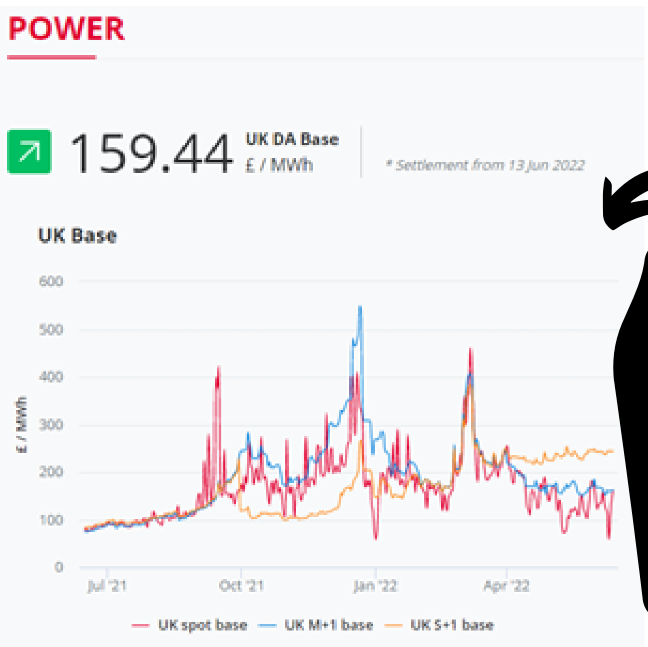
- News of renewed lockdown measures in China
- Wind generation strengthening

GAS AND POWER

The fire at the Freeport terminal has caused concerns over the LNG supplies to Europe where it will remain closed for at least three weeks and is expected to impact LNG deliveries to Europe.

A season in the business energy market is a 6-month spread and these are from April to September for "Summer" and October to March for "Winter".





In the graphs, you can see that gas contracts starting now (Spot) and those within the month ahead (M+1) are both lower than those purchased now for the next season (S+1).

This is due to the extreme volatility within the energy market and uncertainty over supplies to Europe and storage capacity.

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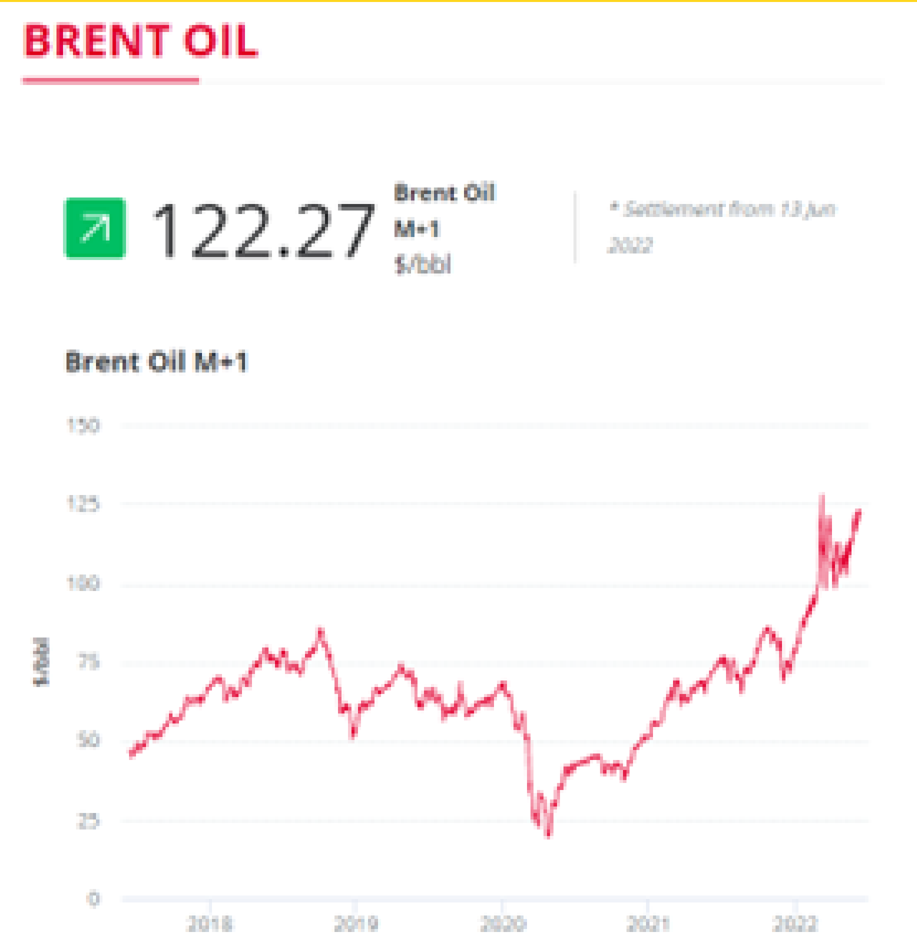
Crude Oil

Crude continues to trade at a record in many local currencies, with demand ramping up in Asia and further demand growth in the US also supporting the increasing trade price.

However, China's recent demand growth could be threatened by the last COVID outbreak, where more restrictions have been renewed.

Oil prices are 54.5% more expensive than at the start of 2022 and over 441.3% more expensive than in 2020 when prices reached multi-year lows.

Current price standings:
Brent Crude = $122.27/bbl



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FIRE AT LNG PLANT ADDS STRAIN ON GLOBAL SUPPLIES

The fire has cut off around 20% of US liquefaction capacity, (where natural gas is supercooled before being loaded onto tankers for delivery overseas).

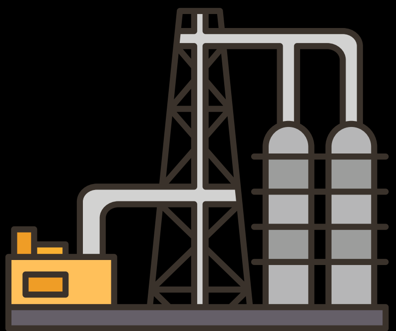
Freeport LNG is one of just seven terminals oeprating in the US, all of which have been running flat-out to supply shipments of fuel to a tight global market.

The US is trying to increase exports to Europe as the continent seeks to decrease its dependence on Russia for gas imports and the resurgent demand in Asia.

IN AN INTERVIEW, DIRECTOR OF GLOBAL GAS AND LNG RESEARCH FIRM RAPIDAN ENERGY, ALEX MUNTON:

> **"This is significant production outage at a major U.S facility. It's going to mean one thing: shortages. The competition for spot LNG is going to drive global LNG prices higher,"**

RECORD OIL PRICES



- Crude oil is trading at a record high in many local currencies. Typically, a strong dollar means weaker commodity prices.

- Due to the deprecation of the GBP against the dollar, the UK is paying a lot more than it was previously. Brent peaked at about £74 ($92) per barrel in 2008; today, it's almost a third more expensive at £95.