

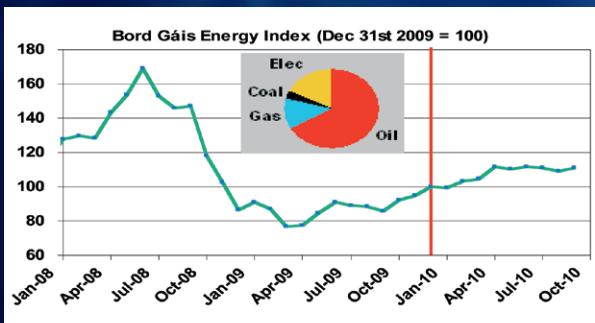
Bord Gáis Energy Index

SEPTEMBER 2010



LARGE MOVEMENT IN ENERGY PRICES MUTED BY CURRENCY FLUCTUATIONS

1 Mth **2%** 3 Mth **0%** 12 Mth **30%**

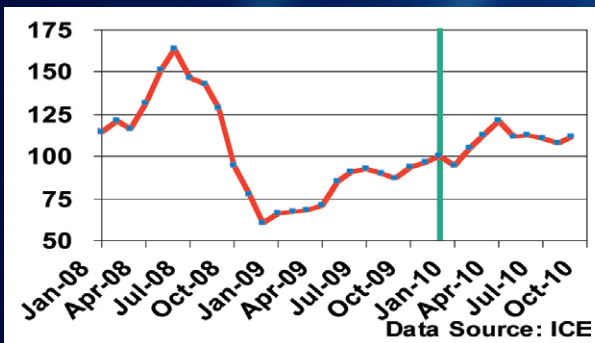


KEY POINTS:

The energy index rose to 111 in September reversing the drop seen in August. Currency movements again had an impact in September with the Euro strengthening versus the US Dollar and versus Sterling. Had currencies remained unchanged for the month of September the energy index would have risen to 117, a level not seen since October 2008.

Oil moved \$7.67 higher in September, a 10% rise. However, due to currency movements, the impact was a 3% rise in Euro terms. Currency movements also helped to accentuate the decrease in natural gas prices which fell 4% in Sterling terms but fell 9% in Euro terms. Electricity prices increased slightly as we enter the higher demand winter months.

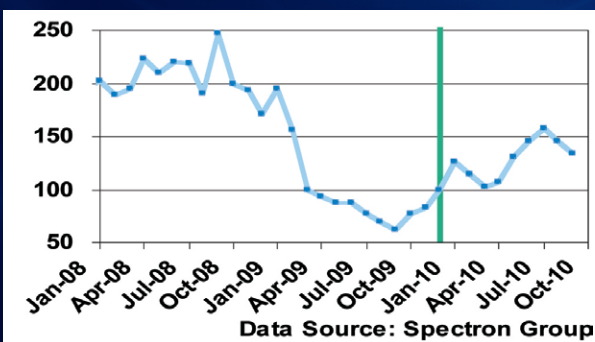
1 Mth **3%** 3 Mth **-1%** 12 Mth **28%**



OIL

Oil prices rose steadily in the first half of September helped by a significant draw on US crude oil stockpiles due to a leak in one of the importing pipelines from Canada. Brent crude broke through the \$80 per barrel level on the second last day of September for the first time in 6 weeks eventually settling at \$82.31. The move was prompted by stronger stocks in Asia and better economic data out of the US. A weaker dollar also made crude oil more attractive for non US based investors.

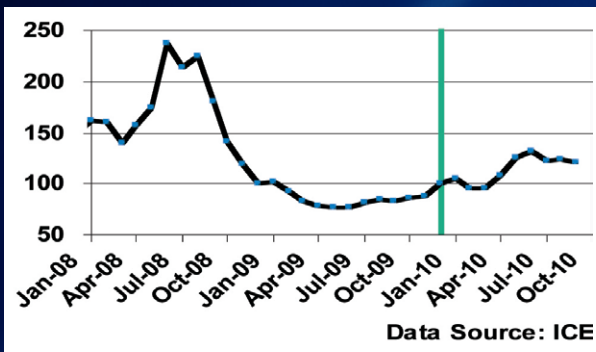
1 Mth **-9%** 3 Mth **-8%** 12 Mth **116%**



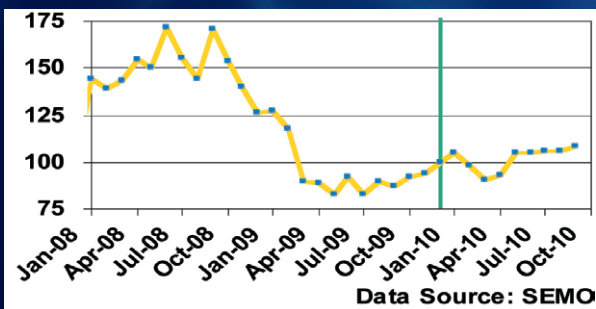
NATURAL GAS

A volatile month saw prices fall steadily to trade at 33 p/therm by the third week of the month. Gas had not traded below 35 p/therm since April. The fall in prices resulted from a drop in demand as the Rough storage facility and the UK-continental interconnector were on maintenance simultaneously. However, prices rebounded sharply in back end of September as Norwegian flows failed to ramp up to meet the increased demand from the returning infrastructure. Prices ended the month averaging 40.58 p/therm.

1 Mth -2% 3 Mth -8% 12 Mth 46%

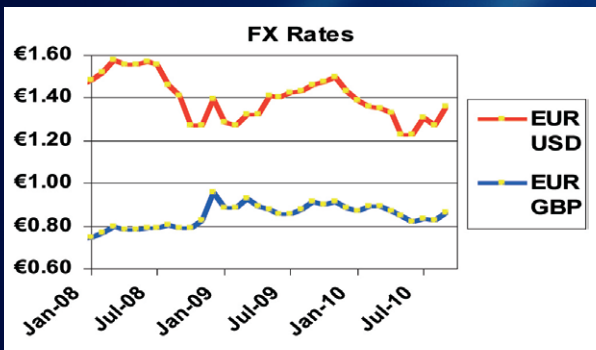


1 Mth 2% 3 Mth 3% 12 Mth 24%



1 Mth 7% 3 Mth 11% 12 Mth 7% EURUSD

1 Mth 5% 3 Mth 6% 12 Mth -5% EURGBP



MARKET OUTLOOK

The futures markets continue to price in a moderate rise in commodity prices in the coming months. Crude oil stocks remain at record high levels in the US however positive economic data could result in increased oil demand from China. Natural gas remains susceptible to erratic Norwegian pipeline deliveries and LNG cargo arrivals as well as the severity of the upcoming winter weather. Coal prices appear stable as European users look to run down record high inventories. Currency movements will continue to have a major effect on Energy Index movements - the inverse relationship between the US Dollar and oil prices was again evident in the back end of September.

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COAL

Coal prices were flat until the final week of Sep when API2 coal (Northern Europe Benchmark) broke out of a \$91 to \$93 per tonne range to close the month at \$96.37. This was mainly on the back of higher oil prices rather than any fundamental issues with the coal complex.

ELECTRICITY

The SMP rose month on month by €2/MWh to average €56 in September. This coincided with an increase in demand as the evenings become darker and more expensive peaker plants being scheduled for power production. The main price growth was seen around evening time periods.

EURO

The Euro closed out Q3 with its biggest quarterly gain versus the dollar in 8 years. The 11% rally from the early June lows reflects increased confidence surrounding the major Eurozone economies. Conversely doubts linger about the recovery of the US economy and the necessity for the Federal Reserve to embark on a second round of Quantitative Easing. Expectations of more intervention by the Bank of England has also lead to a weakening of Sterling.