Energy Index Falls as Wholesale Gas Prices Ease in April from Record Highs the Previous Month

- BORD GÁIS ENERY INDEX DECREASES 12% IN APRIL –

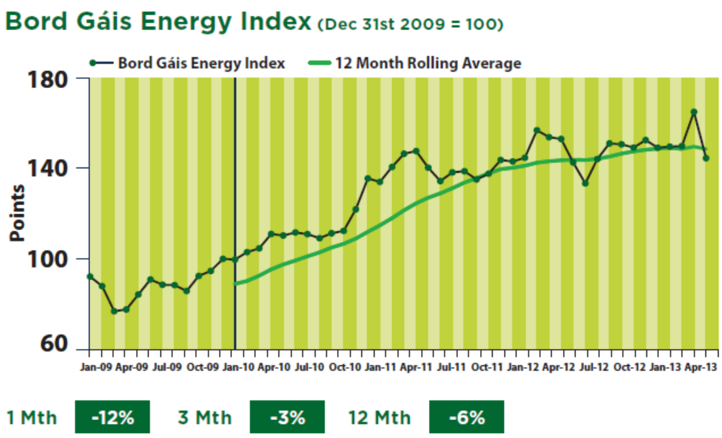
The Bord Gáis Energy Index fell 12% in April as UK wholesale gas prices dropped from the record highs recorded in March. Lower Brent crude oil prices also contributed significantly to the reduction in the Index for April. Wholesale energy prices are still 33% higher than in April 2011.

Commenting on the Bord Gáis Energy Index for April, John Heffernan, power trader at Bord Gáis Energy, said:

"In April, Brent crude oil prices hit the lowest levels to date in 2013 and at times traded under the key USD$100 level. The last time Brent crude traded below this level was in July 2012. Eroding oil demand in Europe, the restoration of North Sea output and the easing of political tensions in the Middle East pushed oil prices down. It remains to be seen whether global oil prices will stabilise at, or close to, USD$100. It appears that the USD$100 level is an acceptable price for OPEC members to produce oil in current quantities. However, the shale oil revolution in North America is starting to change the global energy landscape and challenge the dominance and influence of OPEC producing countries.

Weaker oil prices provide assistance to economies that are in need of re-balancing, including opening up further potential for monetary stimulus. Lower commodity prices also tend to boost spending power and domestic demand in those countries that are particularly large importers of commodities. The continued issues in the eurozone economy, a weak recovery in China and mixed economic releases from the US suggest that global economic growth remains uncertain.

Despite falling oil prices, record equity markets combined with tumbling gold prices indicate that markets are optimistic about a recovery for the global economy. If these indicators are correct, oil prices could increase in the months ahead. In a world with few investment options, equities and commodities such as oil are receiving support from yield-hungry investors."



The following are the key trends recorded for the month of April:

Oil: In euro terms, the Brent crude price fell 9% in April mainly as a result of the restoration of North Sea output, reduced estimates for global demand and diminished concerns that political tension in the Middle East will disrupt the region's oil exports. Amid increasing supply, oil consumption in most developed European economies is forecast to drop to 13.4 million barrels a day this year. This is the lowest rate since 1985, according to the International Energy Agency (IEA). Goldman Sachs report that a growing overhang in European refinery capacity and strong competition for refined exports from US refineries and petrochemical producers is eroding European oil demand along with deteriorating economic activity.

On the economic front, underwhelming growth, manufacturing and industrial production from China suggests that the world's number two economy is recovering slowly. A mixed bag of economic releases from the US and a sombre assessment of European growth by the IMF suggest that oil demand growth will be weak. An increasing spare-capacity among OPEC suppliers (pegged at 2.7 mb/d and 1 mb/d higher than last year) continues to push prices lower.

Natural Gas: The natural gas element of the index fell 16% in April. With temperatures across Britain starting to improve, the price of wholesale gas retreated from the record high experienced in March, which was the coldest March seen in the UK for over fifty years. Supplies of gas to the UK also received a boost with an increasing number of ships delivering LNG arriving at British shores. Piped gas from Norway was also strong throughout the month. Events in March, where supplies and stocks of gas were stretched to meet demand in the UK, highlighted the UK’s dependence on Norway and the Continent for its gas supplies. The UK’s gas supply mix has become less diverse with declining North Sea gas production and decreasing LNG deliveries to British shores.

Europe as a whole is also looking to benefit from the US shale gas revolution that is transforming the global energy landscape and it was reported in April that the EU is currently pressing for a mandate from its heads of state to begin negotiating with the US for a fair trade agreement to allow easier access to US shale gas.

Coal: The coal element of the index was down 4% as prices hit a three-year-low at the start of the month before rebounding modestly. An oversupply of coal to the European market continues to weigh on prices. Falling coal and carbon prices have supported coal based electricity generation across Europe at the expense of gas powered plants. With Colombian exports expected to rise by up to 30 m/mt a year and European coal demand growth forecast to be hindered by competition from gas and nuclear generation, European coal prices are expected to remain at or around current levels.

Electricity: The electricity element of the Index was down 17%. With milder weather and increasing gas supplies to the UK, Ireland's cost of producing electricity benefited from lower wholesale UK gas prices. In addition, the cost of producing power in Ireland was also lowered as only the most efficient gas plants were called upon to produce power. Higher volumes of electricity generated from wind turbines and falling demand also contributed to lowering wholesale electricity prices.

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