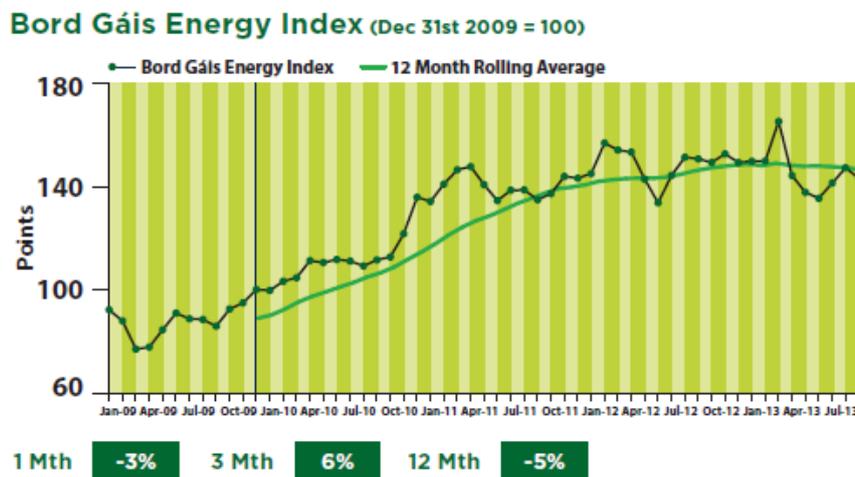


Bord Gáis Energy Index drops 3% despite increases in wholesale gas, electricity and coal prices

Decrease Driven by Fall in Brent Crude Oil Prices

Sunday 6th October 2013: The Bord Gáis Energy Index fell 3% in September despite rising wholesale gas, coal and electricity prices. The drop in the Index was driven by a 7% fall in Brent Crude Oil prices due to easing geopolitical tensions in Syria and Iran. The Index stood at 143 in September and recorded its first month-on-month drop since June 2013.

There was no one dominant influencing factor on wholesale energy prices during September as the markets reacted to a variety of events. After August recorded the highest monthly average gas price for a summer month since the 1990s, natural gas wholesale prices increased by a further 4% in September. This was due to supply constraints from planned maintenance and a bout of cold weather which combined to push wholesale Day-ahead prices higher. Unusually, this resulted in wholesale Day-ahead gas prices trading at levels similar to those seen during the traditionally high winter demand months. Rising wholesale gas prices were a key reason for the 5% rise in Irish wholesale electricity prices month-on-month. In addition, European coal prices increased (+7%) as traders factored in rising freight costs and concerns rose about supply constraints in the months ahead amid rising seasonal demand.



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

“The fall in Brent crude oil prices was the key factor driving the 3% drop in the Index month-on-month which superseded rising wholesale gas, coal and electricity prices. The ongoing rise in wholesale UK Day-ahead gas prices was of particular note. The prolonged gas demand in the winter of 12/13 influenced prices throughout the summer months as market participants replenished depleted stock levels amid heavy summer maintenance and reduced supplies. This resulted in record summer trading levels for wholesale gas which will influence prices in the months ahead.”

Oil (-7%)

Month-on-month the front month Brent crude price fell 7% in euro terms as tensions in Syria and Iran eased following months of uncertainty. Actual oil supply disruptions equivalent to 2.7 million barrels a day were taken out of the world market in August and this resulted in the front month Brent crude oil price trading above US\$116 a barrel. The restarting of Libya's oil industry after strikes and protest was particularly relevant and supply constraints diminished over the month. This also contributed to the reduction in Brent crude oil prices.

Oil prices increased slightly due to the US Federal Reserve's unexpected decision to delay tapering its monthly bond purchases. However, this was counter-balanced at the end of the month by the prospect of a US government shutdown, a crisis for Italy's government and concerns about the US's debt ceiling negotiations.

Natural Gas (+4%)

Despite the average Day-ahead gas price for August being the strongest monthly average price for a summer month since the market was established in the late 1990s according to Platts, natural gas prices were 4% higher month-on-month for September. Unusually, over the summer months, wholesale gas prices were in line with levels seen last December and January which is due to unprecedented demand for gas storage injections following the complete depletion of stocks by the end of March 2013. The greater need for gas storage injections over the summer months coincided with very low Qatari LNG deliveries to the UK. This increased the UK's dependence on Norwegian and Russian gas supplies and in this regard, Norway's biggest gas field has had its capacity reduced until next September.

Coal (+7%)

In euro terms the ICE Rotterdam Monthly Coal Futures contract was 7% higher month-on-month. Throughout the month there was an upward momentum to prices despite a number of bearish factors such as: healthy stocks in Amsterdam-Rotterdam-Antwerp; the ending of a 53-day strike at a key Colombian coal mine and port operations; and the successful and unexpected aversion of another strike at the rail company that operates the line connecting Colombian thermal coal mines with export terminals. Higher prices were attributed to rising freight costs and heightened trader anxiety caused by the loss of 3.4 million m/t of coal due to the 53-day Colombian strike.

Electricity (+5%)

In September the monthly average Irish wholesale electricity price rose 5% month-on-month with the combination of rising wholesale gas and carbon prices applying upward pressure. As the Irish wholesale electricity price is highly correlated to the Day-ahead price of wholesale gas in the UK, the 4% rise recorded in the September gas price applied upward pressure.

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