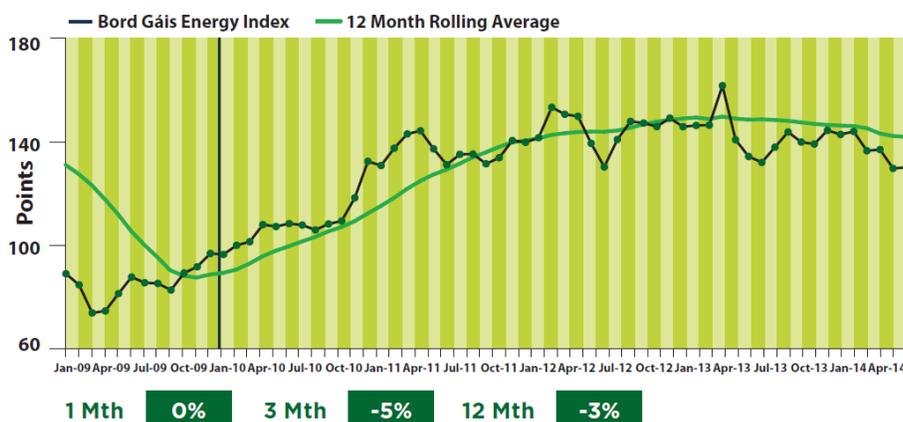


Rising oil prices offset falling gas and electricity prices to leave the Bord Gáis Energy Index unchanged

The Bord Gáis Energy Index was unchanged month-on-month in May with rising Brent crude oil prices being offset by falling wholesale gas and electricity prices. Pressure on global oil supplies as a result of numerous geopolitical issues in oil producing countries, combined with an expectation that oil demand is set to rise in the months ahead, has kept the Brent Crude Oil price high during the month of May. In comparison, bumper gas supplies and falling demand has pushed wholesale natural gas prices and Irish electricity prices lower.

Bord Gáis Energy Index (Dec 31st 2009 = 100)



In May 2014 the Index stood at 133 which is 3% lower than 12 months ago.

Commenting on the Bord Gáis Energy Index for May, John Heffernan, Gas & Power trader at Bord Gáis Energy said:

“Bumper gas supplies to the UK in May have pushed prices to levels not seen since late 2010 when the market was still in recovery mode following the crash of 2008 and had yet to be hit by the rise in Asian LNG demand in the wake of the Japanese Fukushima nuclear disaster. The UK is currently experiencing a steady flow of Qatari LNG tankers but this traditionally eases in July as summer air-conditioning peaks in Asia. These supplies, exceptionally high storage levels and a growing expectation that European gas supplies will not be interrupted as a result of the standoff between Ukraine and Russia are impacting on wholesale gas prices. Weakening wholesale UK gas prices in turn pushed wholesale electricity prices lower as the cost of producing electricity in Ireland fell with cheaper imported gas.

In contrast to the UK gas market, the oil market is concerned that the expected demand growth in the months ahead will create a tense situation amid numerous supply constraints. With global oil demand expected to increase over the summer months, the world will depend on Saudi Arabia raising its output

to satisfy the demand. The market is conscious that any unforeseen need for significantly large volumes will test the globe's ability to supply the oil the world needs and this is keeping prices high. OECD's commercial inventories are adding to the market's tightness as they are significantly below their five-year seasonal range. A weakening euro versus the US Dollar as a result of actions taken by the ECB may accentuate high oil prices for euro zone buyers of Brent Crude Oil. "

Oil (+3%)

Month-on-month the front month Brent crude price rose 3% in euro terms. A weaker euro versus the US Dollar added additional upward price pressure for euro zone buyers of Brent crude. At US\$109.41, the front month Brent crude price remains at the upper end of the tight price range within which the global benchmark has been trading in for over the last year. Continuing geopolitical tensions in Libya combined with disappointing production levels in Nigeria and Venezuela have raised concerns regarding the market's ability to react to any future large demands.

Further weakening of the euro versus the US Dollar as a result of measures by the ECB to tackle low inflation and attempts to boost euro zone growth could make Brent crude prices more expensive for euro zone buyers.

Natural Gas (-8%)

In euro terms the average Day-ahead gas price for May was 8% lower month-on-month as falling seasonal demand and bumper supplies combined to push prompt prices lower for the fifth consecutive month running. At 44.48p a therm, the May average Day-ahead gas price recorded a three and a half year low. The mild winter left UK gas stocks at 72% full at the end of May compared to 31% at the same time last year. As reported previously, the fullness of the UK's gas in store is a factor weighing on gas prices as the demand for gas in the months ahead will be lower because the need to replenish stocks in advance of winter 14/15 will ease.

Coal (+1%)

In euro terms the ICE Rotterdam Monthly Coal Futures contract was 1% higher month-on-month as a stronger Dollar versus the euro pushed wholesale prices higher for euro zone buyers of coal. Market participants attribute lower European physical prices to a supply glut that is being reinforced by the restart of US miner Drummond's Colombian coal exports last month and low demand following a mild winter season. In general, sources have pointed out that supply-demand fundamentals remain bearish, with ample supply and high stocks at ports and utilities being met by a lack of demand due to the mild winter and the current shoulder season.

Electricity (-4%)

In May the monthly average Irish wholesale electricity price fell by 4% month-on-month primarily as a result of softer wholesale gas prices (as gas powered generation dominates the generation mix on the island of Ireland the price of imported gas from the UK has a significant influence on Irish wholesale electricity prices). In May 45% of Ireland's demand was met by power plants burning gas, an increase of

11% on April's level. Wind in May met 12% of the island's electricity demand, a 2% drop month-on-month.