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INDEX DOWN 3% AS WHOLESALE GAS AND ELECTRICITY PRICES FALL AND GLOBAL OIL PRICES STABILISE

- INDEX 4% HIGHER THAN IN MARCH 2011 -

A return to milder weather across Continental Europe, following the severe February cold snap, put downward pressure on wholesale gas and electricity prices and pushed the Bord Gáis Energy Index down 3% in March.

As a result, the Bord Gáis Energy Index now stands at 152, which is 4% higher than in March 2011.

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

“After two months of rising prices, the global price of a barrel of oil finally stabilised in March, albeit at the relatively high monthly average of \$125 per barrel, as the markets focused less on the potential impact on prices as a result of the tensions between the West and Iran. In March the narrative subtly moved to reassure the markets that the world had sufficient reserves to withstand the loss of Iranian crude supplies. In addition, concern continues to be voiced about the potential impact the higher oil prices are having on consumer spending and inflation, and this also helped to ease the escalation in prices seen in the previous two months. Finally, a series of mixed economic releases and question marks about the strength of China's economy also weighed on oil markets as traders consider the viability of the price of a barrel of Brent crude.

Looking forward, a continued risk premium in the price of a barrel of oil will mean that institutions and politicians will be concerned about the impact higher energy costs are having on inflation, especially given the fragile state of the global economy. Economic releases from the world's top two economies will be watched closely for evidence of continued growth in the US and the possibility of a soft landing in China.

In terms of gas prices, the weather, deliveries of gas, particularly of LNG cargos to the UK, and the markets assessment of the impact of the loss of gas due to the closure of the Elgin platform in the North Sea, will impact on prices.”

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

Oil: No change in the oil element of the Index was recorded in March. In previous months, oil prices had been pushed higher on fears that the world would have insufficient oil to meet its daily demand. These concerns had a weaker influence on prices in March, as markets digested claims that Saudi Arabia could increase oil production immediately if required and rumours that strategic reserves of oil were to be released onto the world market. This general confidence in future oil supplies was reflected in the decision by the US to allow oil-related sanctions to go ahead in the belief that there is sufficient oil to fill the petroleum gap left by Iran.

Natural Gas: The natural gas element of the Index was down 11% to 197. In February, following the severe weather experienced in Europe and concerns over Russian gas supplies, the average Day-ahead gas price rose 20%. Weakening demand due to more seasonably mild weather (thus reducing the need

to burn gas to heat homes), healthy supplies of gas from LNG terminals and imports from Norway, and relatively high stock levels, all combined to put downward pressure on prices.

Coal: The coal element of the Index was up 1% to 127. European coal prices recovered slightly at the end of March, following months of subdued activity and falling European prices. Despite a late rally in prices toward the end of the month (which resulted in a \$2 increase in the price of coal in the last week of March), a bearish tone prevailed throughout the European/Atlantic market for most of the month due to ample supplies, high stockpiles, low demand for electricity and the beginning of spring and warmer weather.

Electricity: The electricity element of the Index was down 8% to 116. A combination of lower gas (with the average monthly Day-ahead price falling 11% in euro terms) and carbon (with the average monthly price down approx 7% in the month) prices, put downward pressure on wholesale electricity prices. As the majority of electricity used in Ireland is produced by burning gas, internationally traded gas prices heavily influence Irish wholesale electricity prices.

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