

Bord Gais Energy Index: Embargoed until 00:01, 6th December, 2010

Rise in energy prices recorded in November

- BORD GÁIS ENERGY INDEX INCREASES 8% FROM PREVIOUS MONTH

The Bord Gáis Energy Index (BGEI), an Irish-specific index designed to measure the prices in the wholesale energy market, increased by 8% in November, to 121.

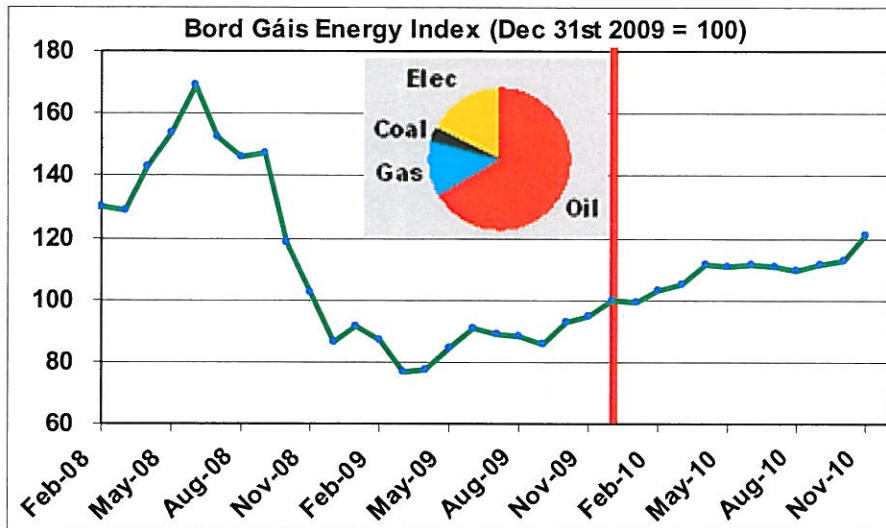
This increase was due to a combination of higher commodity prices (following greater energy demand during the earlier-than-expected colder weather) and a weakening of the Euro.

The index is designed to track movement in the wholesale energy market and comprises the four key energy commodities of **oil, gas, coal and electricity**. The index tracks the monthly price movements of these commodities, factoring in any currency shifts, and producing an overview and insight into the energy sector. Launched in May of this year, the new Energy Index is the first initiative of its kind in the Irish market.

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

- **Oil:** After a high of \$89.70 per barrel mid-November (due to positive macroeconomic data, a higher revision of global demand estimates by the International Energy Agency (IEA) and the US-based Energy Information Administration (EIA), and a draw on crude inventories), the price of oil reduced to \$86 per barrel at the end of the month following a strengthening of the US dollar and concerns on European sovereign debt.
- **Natural Gas:** Prices remained relatively stable (45 to 47 p/therm) for the first half of November, before rising (to a monthly high of 55 p/therm, due to higher demand in light of the cold weather).
- **Coal:** European coal stocks fell steadily in early-November due to strong demand and a combination of heavy rainfall in Columbia and a shortage of rail cars in Russia which restricted deliveries. In the final days of November, prices rose to over \$114 per metric tonne due to bullish sentiment over rising fuel prices. An increase in coal demand in China coincided with supplies in Australia being delayed by heavy rain.
- **Electricity:** Irish electricity prices only slightly increased in November (to €57/MWh, up from €55/MWh in October) despite the cold weather and a marked increase in demand. Notwithstanding the modest rise, evening prices increased more significantly as more units produced power to meet increasing peak-time demand. However, this rise was balanced by a fall in daytime prices as efficient electricity plants set off-peak prices.
- **Currency:** Combined price increases of these four commodities were magnified in Euro terms, as both Sterling and the US Dollar strengthened amid European sovereign debt concerns and increasing market speculation about the future of the Euro. The Euro fell from an early-month high versus the \$USD of \$1.42 to close out November at \$1.30, while against Sterling, the Euro weakened to a two-month low of £0.82GBP, compared with £0.87GBP at the beginning of November.

- and electricity resulted in an increase in the Energy Index of 8% on October's figures. The Energy Index now stands at 121.



Commenting on the Bord Gáis Energy Index for November, Michael Kelleher, Energy Trading Analyst at Bord Gáis Energy, said:

“November saw some considerable movement in key commodities, driven primarily by instability in the Euro and a weather-influenced surge in demand for energy. Uncertainty in the global economic outlook has resulted in a notable degree of caution among energy traders. In the more immediate term, a severe winter could put additional pressure of the price of commodities as supplies are strained.”

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