

WHOLESALE NATURAL GAS PRICE INCREASE 12% IN OCTOBER

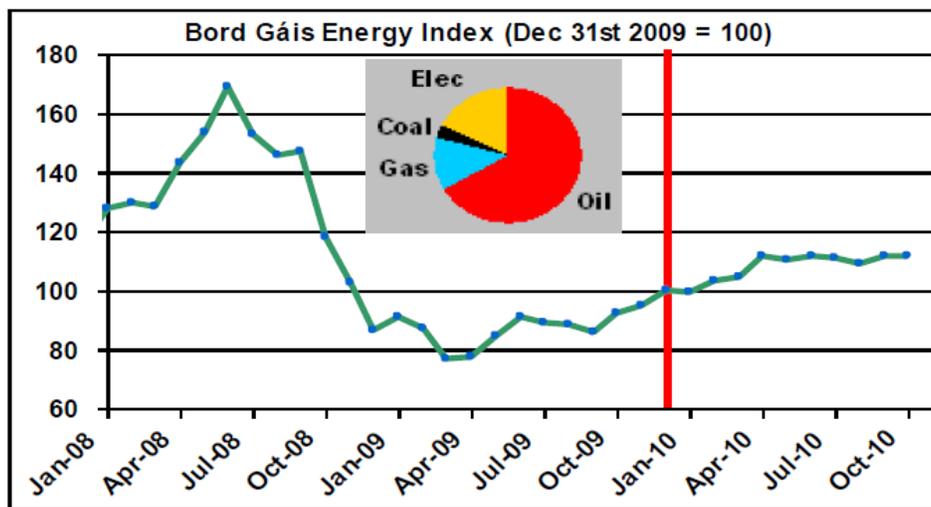
BORD GÁIS ENERGY INDEX REMAINS AT 111 IN OCTOBER-

The Bord Gáis Energy Index (BGEI), an Irish-specific index designed to measure the prices in the wholesale energy market, remained unchanged in October at 111. However, natural gas prices increased 12% during the month but this increase was offset by a small drop in oil prices.

The substantial rise in natural gas prices was experienced in the middle of October as the market reacted to temperatures dropping below seasonal norms and record Interconnector exports to mainland Europe.

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 earlier this year, the new Energy Index is the first initiative of its kind in the Irish market.

- The price of oil decreased 1% in October ending at \$83 per barrel.
- Coal prices were buoyed by the lack of supply out of Colombia and Russia and a surge in dispatch from UK coal-fired units, due to the lack of nuclear generation. However in Euro term prices were little changed.
- Electricity prices rose 1% during October. This average hides within day level shifts as afternoon prices fell due to increased wind over these periods but this was balanced by an increase in evening peak prices as evening demand again increased month on month.
- The Euro continued its rally versus the US Dollar in the first half of October. The trend halted in the back half of the month as the market pondered the effects of a second round of quantitative easing in the US and the continuing budgetary woes in some Euro zone economies including Ireland. The net result was a 2% increase in the Euro-US Dollar rate.
- Combined movements in the prices of the four commodities of natural gas, coal, oil and electricity left the Energy Index unchanged. The Energy Index now stands at 111.



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

“Natural Gas was the main mover in October finishing the month 12% higher than the previous month. However, a small drop in oil prices on a Euro basis helped negate the effect of higher gas prices.

Looking ahead the futures markets for each of the individual components of the Energy Index are relatively flat. This may reflect the lack of a clear outlook for the world economy as it emerges from the recession of the past few years.

Currencies will remain a major focus of attention as concerns surrounding the size and effect of US stimulus packages, sovereign debt issues in Europe and the strength of the Chinese Yuan versus other major world currencies continue to weigh on the markets.

The relative severity of the weather over the winter season could have an effect on gas prices in the coming months.”

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