

SLIGHT RISE IN WHOLESALE ENERGY PRICES PUSH ENERGY INDEX UP 2%

- 2% Rise in Oil Prices in November -

The Bord Gáis Energy Index rose 2% in November primarily as a result of a 2% increase in wholesale oil prices during the month. Oil prices increased amid concerns that the continuing unrest in the Middle East and North Africa region would disrupt global supply. As a result, the Bord Gáis Energy Index now stands at 152, an increase of 5% on November 2011.

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

“The Energy Index rose 2% in November primarily on the back of higher Brent crude oil prices. The unrest experienced in the Middle East and North African region during November and the possibility that tensions could escalate in 2013 drove prices higher. An average of 1.7 million barrels of oil production a day is being lost from the region and the price of oil in 2012 has reached an annual record high.

In 2013 oil from Canada, Brazil and Iraq is expected to help ease supply concerns. As non-OPEC supply increases, it is likely that pressure on OPEC's vital spare crude oil production will ease. This could see prices fall to between \$95- \$90 a barrel. Coupled with increasing oil supply, significant uncertainties surrounding the global economy are likely to restrict global oil demand growth.

Fears over the US economy and an increasing likelihood that the UK will revert back into recession in 2013 combined to give the euro a boost in November. This helped modestly suppress the rise in internationally traded fuel commodity prices for euro zone buyers. The European agreements reached on Greece's debt and the Spanish bank recapitalisation also supported trader sentiment which fed through to oil prices.

Colder weather is starting to impact wholesale UK gas prices which at this time of the year are sensitive to even modest supply disruption.

Weather Services International expects temperatures for next three months to average slightly lower than normal across the UK. If correct, pressure will be applied to wholesale gas prices if supplies of gas are interrupted.”

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

Oil: The oil element of the index was up 2%. In addition to tensions in the Middle East and North Africa region in November, the agreement reached on Greece's debt sent a signal to the markets that every attempt will be made to keep Greece in the euro zone and the injection of €37 billion by the European Commission into four Spanish banks helped bolster sentiment. Positive economic numbers from China in industrial production, retail sales and manufacturing underlined support to the price of oil.

Natural Gas: The natural gas element of the index was up slightly at 1%. UK gas prices rose during the month of November as cold weather led to strong rises in residential demand. This offset a recovery in Liquefied Natural Gas (LNG) supplies to the UK with the return of Qatari liquefaction trains from maintenance. Prices were also supported by disruptions to Norwegian supplies and prompt prices trended between 64p and 67p throughout the month.

Coal: The coal element of the index was up 4% representing the first rise in coal prices in three months. This was driven by a number of international developments which created a perception that the European coal market was slightly tighter. Firstly, in the US, rising gas prices is making it more attractive to burn coal to produce power. This means that the US has trimmed its exports to Europe. Secondly, Russia, which is an important source of coal, experienced problems with shipments to Europe due to a rail car shortage and thirdly, Colombian coal exports are being attracted to the US because of increasing demand. This perceived tightness led to market buying which in turn pushed wholesale prices higher.

Other factors that supported coal prices included the stronger euro-dollar exchange rate, stronger oil prices, colder weather forecasts and the onset of the peak winter season in the northern hemisphere.

Electricity: The electricity element of the Index was up 1%. Higher European coal, up 4% month-on-month, and wholesale Day-ahead UK gas prices, up 1% month-on-month, put upward pressure on Irish electricity prices as these commodities are the primary fuel sources for the production of electricity. With colder weather, rising peak demand is becoming evident. This applies greater upward pressure on wholesale electricity prices as more inefficient and costly plants are required to meet demand. These extra costs are reflected in the wholesale price of electricity.

ENDS

For further information please contact:

Aidan McLaughlin, Fleishman-Hillard: 085 749 0484

John Heffernan, Bord Gais Energy: 087 240 7566 / 0238895123