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BORD GÁIS ENERGY INDEX REMAINS HIGH IN APRIL

- INDEX UP 6% IN 2012 -

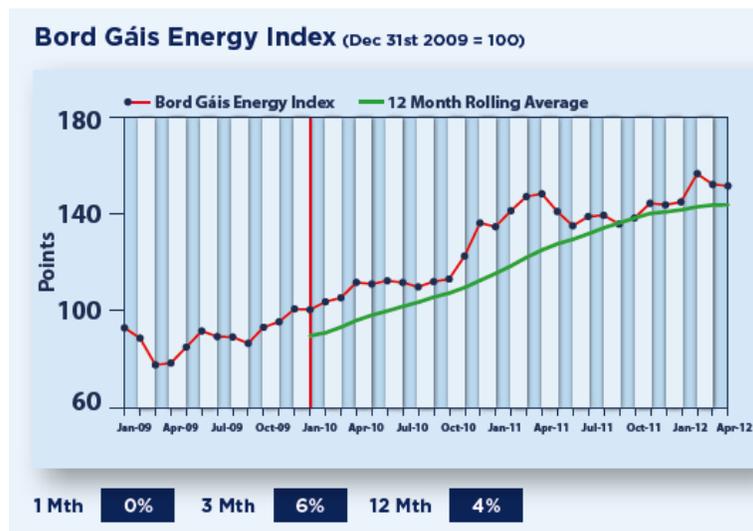
There was no change in the Bord Gáis Energy Index for April following seven consecutive months of rising wholesale fuel prices. However, there were changes in the individual commodities that make up the Index. Brent crude oil prices fell 2% as a result of increased supply and an easing of geopolitical tensions during the month. The UK wholesale Day-ahead gas prices rose 6% during the period as supply constraints, storage withdrawals and cool weather drove prices upwards and a weaker euro amplified this movement.

As a result, the Bord Gáis Energy Index still stands at 154, 6% higher than the end of the last quarter and 4% higher than in April 2011.

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

“The first drop in the monthly closing price of oil in euro terms since September 2011 was recorded in April. Lower oil prices coincided with the International Energy Agency’s monthly oil report which reported that after 30 months of global oil market tightening (where demand outstripped supply), the tide may have turned in Q4 2012, following an increase in OPEC oil supplies and sluggish demand. Rising oil prices and the weakening economic backdrop may have undermined appetite for oil. However, should the euro continue to weaken versus the US Dollar, European consumers may not feel the full benefits of future Brent crude oil price falls.

Looking forward, progress over Iran's disputed nuclear programme may push oil prices lower. The market will also continue to observe developments in global oil supply, demand and inventory changes to check for further evidence of market loosening. Despite coal's tremendous global consumption growth of 70% between 2000 and 2010, coal for power generation in Europe, its principal market, has been in a state of decline in the two decades since 1990. In the short-term, ample European stocks and the arrival of Europe's summer will continue to weigh on coal prices.”



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

Oil: The oil element of the Index was down 2% to 166. Having stabilised in March, the price of a barrel of crude oil started to decline in April, falling 2% in euro terms. There is now growing confidence that the key OPEC producers can step into the breach and replace lost Iranian oil volumes as OPEC's output of oil in April hit levels not seen since September 2008. In addition to oil market easing, an easing of tensions between the West and Iran put additional downward pressure on oil prices. Disappointing economic releases from China, renewed fiscal solvency concerns about Spain, and an unwillingness by the Federal Reserve in the US to provide additional stimulus to boost US growth, all weighed on oil in April.

Natural Gas: The natural gas element of the Index was up 6% to 206. A weaker euro versus the British Pound (in April the euro weakened by approx 2% versus the British Pound), amplified the increase in the monthly average Day-ahead price. The UK system found itself consistently short during the month as supply constraints materialised sporadically in some of the main sources of gas supply to the UK. On the demand side, cool temperatures supported domestic demand for gas to heat homes throughout the UK.

Coal: The coal element of the Index was down 7% to 118. European coal prices hit a 19 month low in April due to little or no demand for coal in the Atlantic basin. Following restocking by major drawers of imported coal (UK & Germany) in 2011 and a relatively mild winter in Q4 2011 which extended into January, Europe is heavily stocked currently. In addition, with slower industrial activity across major euro zone economies, there has been a reduction in coal burn in the region and these heavy stock levels have not been eroded.

Electricity: The electricity element of the Index was up 3% to 123. The dominant influence on Irish wholesale electricity prices is the cost of gas in the UK. As gas is used to power the majority of electricity generating plants in Ireland, the wholesale electricity price is highly correlated to movements in UK gas prices. In addition to rising gas prices, the intermittent nature of wind also nudged wholesale prices higher.

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