

MEDIA RELEASE

Bord Gáis Energy Index rose 9% in September and is 46% higher year-on-year

The Bord Gáis Energy Index rose by 9% in September and is 46% higher than the same period last year. Oil prices rallied 7% over the month settling at \$82.72 a barrel at month end. Gas prices increased 18% month on month and 57% over the last year, as maintenance to key Norwegian fields continued to impact flows into the UK. Coal prices had a volatile month, settling 2% above the August close and 11% higher than last year. Electricity prices also increased by 12%.

In September, the Bord Gáis Energy Index stood at 138 (9+%)

David Grainger, Energy Trader with Bord Gáis Energy said, *“Energy prices continued to increase during September and remain well above the levels seen at this time last year. Heightened concerns ahead of impending US sanctions on Iran was a key driver of oil price during the month while reduced Norwegian supplies pushed up gas prices.*

With oil prices a key component of the Energy Index; the gains this month along with the break out to fresh four-year highs could set the tone for energy prices over the next 12 months.

Oil rallies before settling at \$82.72..

After four months of sideways trading, with oil trading between \$72 and \$78, the price broke above the \$78 level at the beginning of September. Oil prices rallied 7% throughout the month with prices eventually settling at \$82.72 a barrel by month end, 46% above the comparable period last year.

Heightened concerns ahead of impending US sanctions on Iran was a key driver of the oil price. The exact impact of the sanctions remains unclear but analysts expect a cut of up to 1.5 million barrels from OPEC production of approximately 30 million barrels.

...while it was another bullish month for gas prices..

The NBP day-ahead contract, the price for gas delivered tomorrow, averaged 72.92p/th over the month. This is an 18% increase from the previous month and an increase of over 57% in euro terms on the comparable period last year.

A heavy maintenance schedule on key Norwegian and UKCS fields, ahead of the high demand winter season, reduced gas flows into the UK and Europe resulting in a tighter system. European storage demand remained robust in September as shippers attempted to close the storage deficit in the European market ahead of the colder winter months.

Forward prices also gained in September as prompt strength, broad energy commodity strength and continued concerns that the gas market may struggle to balance in the event

of a cold winter; particularly given the reduced flexibility and increasing import reliance in the UK and European gas markets.

... and coal continues to rise after a volatile month...

Coal prices settled at \$100.15 a tonne in September, an increase of nearly 2% in euro terms over the month and over 11% higher compared to the same period last year.

Coal was supported by strong coal generation in Germany due to lower renewable power generation and bullish sentiment across all commodities. Demand has been driven by a surge in wholesale gas prices, making it more profitable at times to generate power from coal than gas.

Fears of a cold winter and low storage have pushed gas prices higher in Europe leaving more scope for coal prices to increase, as utilities prepare to burn coal if gas shortages are not alleviated.

... with electricity gaining 12% in price from August...

Wholesale electricity costs, inclusive of forecasted capacity payments, increased by 12% over the month. Wholesale electricity prices typically track the cost of imported gas as it is the most significant cost in the production of electricity. However, this can vary on a month-to-month basis.

The average portion of demand met by wind in September was 24%.

... and the euro gaining against the dollar but losing value against the pound.

It was a mixed month for the euro which gained value against the dollar settling at \$1.1614, a gain of 0.16%, and at 0.8905 versus the pound, a loss of 0.47% on the month.

The eurozone continues to be overshadowed by robust US economic performance, however, the euro was boosted in September by an upbeat ECB economic outlook from ECB president Mario Draghi.

For more information, see the full Energy Index at bordgaisenergy.ie/energyindex/.

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About Bord Gáis Energy

Bord Gáis Energy is an energy and services supplier in the Republic of Ireland. The company has been in operation since 1976 and currently supplies energy and services to over 730,000 business and residential customers. In 2014, Bord Gáis Energy became part of the global Centrica plc Group.