



## UK gas price surges to six-year high as panic spreads across Europe

Freezing temperatures across Europe continued to drive British wholesale natural gas prices higher on Monday and gas for delivery on Tuesday traded up to 93 pence per therm (p/th) in the afternoon. The last time the market settled higher than this was on 17 March 2006, when Britain's largest gas storage facility was unexpectedly taken offline.

According to ICIS Heren data, gas for next day delivery has risen by 53.2% since the start of February. The Day-ahead contract had been changing hands at just 60.7p/th on 31 January.

A reduction in exports from Russia boosted prices across Europe last week, as extremely cold temperatures saw a surge in domestic Russian demand. But the price increase was prolonged into Monday despite Russian exports supplier Gazprom returning exports to normal after implementing some cuts last week.

A combination of the cold weather and reduced supply has put increasing strain on the gas systems across Europe, requiring large withdrawals of gas from storage sites.

Countries have reported difficulties in meeting record demand levels, notably France, where gas for delivery on Tuesday traded as high as €42.00 per megawatt-hour (MWh), equivalent to 101.77p/th. This is more than 25% higher than Friday's closing price.

In Germany, the price for gas to be delivered on Tuesday traded at €39.10/MWh, 20% higher than Friday's settlement.

The British market has had an increased amount of supply flexibility since the commissioning of the Langeled pipeline from Norway in October 2006, which has limited the likelihood of a spike in prices.

An increase in imports via LNG tankers from a variety of countries in the past three years, primarily Qatar, had gone further to cap volatility.

*"Spot prices have now jumped well above contract levels across European traded hubs. Although UK demand is still well below the record set in 2010 the price increases have to be seen in the context of very high simultaneous demand across all of Europe and Russia,"* said Edward Cox, Editor at ICIS Heren.

### For further information please contact:

**Edward Cox**  
Editor, European Spot Gas Markets  
ICIS Heren  
t: +44 20 7911 1772  
e: ed.cox@icisher.com

**Jason Torquato**  
Markets reporter  
UK Gas  
ICIS Heren  
t: +44 20 7911 1962  
e: jason.torquato@icisher.com

continued../



**ICIS Heren** is an information service provider for gas, liquefied natural gas, power, carbon and coal market intelligence, news, analysis, benchmark price assessments and indices. Through our reports we aim to bring liquidity and transparency to power and gas hubs, helping you analyse the sector and make informed business decisions.

For more information visit [www.icis.com/energy](http://www.icis.com/energy)

#### **Reed Business Information**

ICIS Heren is part of Reed Business Information, [www.reedbusiness.co.uk](http://www.reedbusiness.co.uk), (RBI), a division of Reed Business and a member of Reed Elsevier plc (525), (UK:REL) (US:RUK) (NL:45443) the world's leading publisher and information provider.

RBI publishes more than 100 market leading publications, directories and online services, and organises many industry conferences and awards. The RBI portfolio includes Banker's Almanac, Computer Weekly, Farmers Weekly, Flight International, ICIS, Kellysearch, New Scientist, Personnel Today, Totaljobs and XperTHR. For a full listing visit [www.reedbusiness.co.uk](http://www.reedbusiness.co.uk)