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## **Catalyst Commercial Services Energy Market Report: October 2010**

Any views and recommendations are offered for your consideration, but may be wrong as the market is highly uncertain, with additional risks which are unknown until they arise. Statements in this press release regarding Catalyst's business that are not historical facts are "forward-looking statements" that involve risks and uncertainties. © 2001 - 2010 Catalyst Commercial Services Limited. - All Rights Reserved.

### **Short -Term Risk Drivers**

Market volatility has returned with a vengeance over the last month with prices reacting to weak economical data and slower than expected recovery, which has affected both the gas and power markets. Additional maintenance outages have contributed to this effect with the UK-Belgium Interconnector, Rough storage facility and the Kollsnes gas processing plant off the coast of Norway all causing further supply concerns. Some support has been seen with the arrival of further cargoes of LNG to the UK market, but not enough to make any significant impact on market prices. One thing that may look to improve the current outlook is the fact that Nuclear plant Sizewell B2 came back online yesterday, having been off since March. However, nuclear power plant Hinkley Point B8 went offline for refueling, and Torness continues to remain offline. Things could improve if continued supplies are plentiful and demand stays the same.

### **Long-Term Risk Drivers**

As we start to approach the winter period supply and demand factors start to influence the market, and weather forecasts can have a significant bearing if the outlook isn't positive.

### **Views and Recommendations**

The market looks to remain volatile as the winter supply period starts to get closer. Stronger fundamental supply and demand factors will play a strong influence on prices, and without adequate supply to meet demand we can expect prices to increase. This could on the other hand be balanced by further supplies of LNG and continued healthy supplies and system support. We believe that you should monitor both the gas and electricity markets very carefully at the moment, and select an opportunity to secure offers on a day when prices present a good offer. As always proceed with caution as long term volatility and unexpected price increases could commence without warning at any time. Our independent approach enables clients to manage their exposure to energy price risk, whilst at the same time benefiting from a first class service from a range of major and independent suppliers. Our procurement solutions make it simple, so contact a member of our team to discuss your requirements.