flameUK
Energy Management

Energy Market Update

25th March 2025

FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT

24 March 2025

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Wholesale Market Prices and Trends

Wholesale Gas Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-25 12m	3.59	0%	11%	30%
Apr-25 24m	3.27	-1%	8%	23%
Apr-25 36m	3.02	-2%	6%	16%
Oct-25 12m	3.25	0%	8%	23%
Oct-25 24m	2.88	-2%	5%	11%

Wholesale Power Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-25 12m	8.83	7%	14%	21%
Apr-25 24m	8.17	6%	10%	15%
Apr-25 36m	7.72	4%	7%	9%
Oct-25 12m	8.11	6%	9%	14%
Oct-25 24m	7.57	2%	4%	5%

Wider Energy Complex	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Brent ($/bbl.)	72.16	0%	-1%	-17%
Coal ($/t)	102.29	-17%	-15%	-6%
UK Carbon (£/t)	46.24	35%	6%	11%
EU Carbon (€/t)	71.45	4%	9%	17%
€/£	0.84	1%	-1%	-2%

UK NBP Gas

Wholesale Market Drivers

Bearish (Falling)

After successfully completing a planned pipeline expansion, Croatia is expected to offer 0.75 bcm of LNG capacity per year, with further expansions set to increase interconnection capacity with Hungary and Slovakia, improving regional energy security.

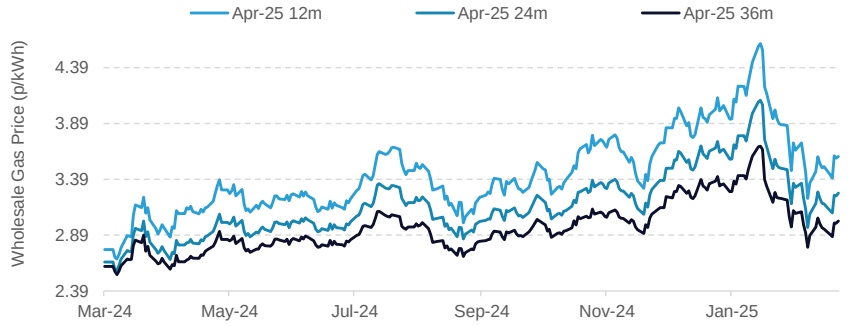
US LNG producers reducing methane emissions ahead of the EU CBAM could offer bearish signals to prices further along the curve by cutting carbon costs on imports.

Bullish (Rising)

Geopolitics continues to provide some risk as markets are sceptical about Russia-Ukraine peace deal, though Saudi-hosted talks with the US may offer direction. Meanwhile the Israel-Hamas ceasefire has broken down.

Political and regulatory challenges, along with limited European demand for Russian gas, have subdued expectations of its return to Europe in any potential peace deal

Wholesale Price Graphs



UK Baseload Power

Market Drivers

Bearish (Falling)

The UK government has invested £200 million into a solar panel project for hospitals and schools and £400 billion to speed up development of the country's electricity grid to assist in lowering energy prices and meeting clean energy targets.

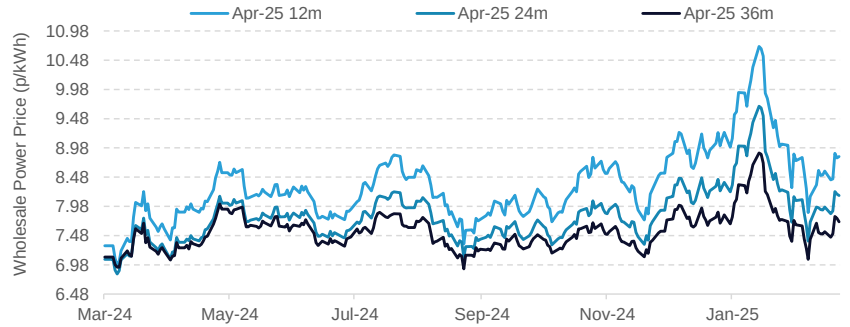
New EU rules easing demand-side integration could help balance supply and reduce grid congestion in a bid to lower energy costs and improve overall system stability.

Bullish (Rising)

Concerns over the possibility of zonal pricing scheme, being considered by UK Energy Secretary, have been raised about its complexity, the potential to delay the UK's net zero targets and cause a great deal of uncertainty for investors and market participants.

The International Energy Agency says that climate change is driving a surge in global energy demand, straining supply systems and increasing market volatility.

Wholesale Price Graphs



Energy Market News:

US LNG industry looking to cut methane emissions despite roll back in environmental targets by the Trump administration. Despite the Trump administration rolling back many of the US's climate targets, US gas producers and LNG exporters are still looking to cut back their methane emissions. The US has been noted as being particularly bad for its "downstream emissions"; methane lost during the production and transportation of natural gas. This had been flagged as a problem by some market participants due to the onset of Europe's Carbon Border Adjustment Mechanism (CBAM) in 2026 and the UK's in 2027, though the EU's start date could be pushed to 2027. Under the CBAM, importers would have to report their emissions in line with the EU and UK's reporting frameworks, and a tax would be paid on imports relative to emissions. This could increase the cost of US LNG imports, something that Europe has become strongly reliant on since the War in Ukraine. Signs that this issue is being addressed provides some downside potential along the curve.

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FLAME UK ENERGY MANAGEMENT - DAILY MARKET INSIGHT

24 March 2025

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Market Prices and Trends

Gas (p/therm)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	103.60	101.25	-2.3%	-8%
Apr-25	103.79	101.48	-2.2%	-7%
May-25	103.13	100.64	-2.4%	-7%
Jun-25	103.48	100.98	-2.4%	-6%
Jul-25	102.65	100.38	-2.2%	-6%
Q2-25	103.46	101.03	-2.3%	-7%
Q3-25	103.96	101.84	-2.0%	-4%
Summer-25	103.71	101.44	-2.2%	-5%
Winter-25	107.01	105.37	-1.5%	0%
Summer-26	83.46	82.12	-1.6%	-4%
Winter-26	88.79	87.90	-1.0%	-2%
Summer-27	69.95	72.00	2.9%	-5%
Winter-27	77.71	78.40	0.9%	-4%

Baseload (£/MWh)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	100.00	94.75	-5.3%	17%
Apr-25	89.20	87.00	-2.5%	5%
May-25	81.75	80.00	-2.1%	-3%
Jun-25	81.70	81.70	0.0%	-3%
Jul-25	85.85	85.85	0.0%	5%
Q2-25	84.19	82.50	-2.0%	0%
Q3-25	86.62	88.65	2.3%	5%
Summer-25	85.41	85.41	0.0%	2%
Winter-25	91.19	90.00	-1.3%	5%
Summer-26	71.07	71.07	0.0%	3%
Winter-26	78.96	81.50	3.2%	4%
Summer-27	62.96	80.00	27.1%	-1%
Winter-27	73.37	81.00	10.4%	0%

Wider Energy Complex	Close	Current Offer	% Change	3-Month Variance
Brent ($/bbl)	72.16	72.71	0.8%	-1%
Coal ($/t)	102.29	102.29	0.0%	-8%
UK Carbon (£/t)	46.49	45.05	-3.1%	35%
EU Carbon (€/t)	71.70	71.18	-0.7%	3%
€/£	0.838	0.837	-0.1%	1%
€/$	1.081	1.085	0.3%	4%

Get in Touch

Current Market Drivers

The return of the Heysham 1-1 (580MW) and Hartlepool 2 (595MW) nuclear reactors have boosted UK capacity to 81%, offering some bearish pressure to prompt contracts on reduced demand for gas-fired generation.
Near-curve and closer-dated seasonal contracts are bearish this morning, retracing some of Friday's gains, amid ongoing talks between the US and Russia in Saudi Arabia to advance ceasefire efforts in Ukraine.
Weak wind output into tomorrow is limiting downside to day-ahead baseload contracts on increased gas-for-power demand. Meanwhile warmer temperatures are reducing household heating demand.
Storage concerns persist with NWE levels at 26% full, down 31% from last year, while Ukraine's storage hits record lows. This is limiting downside along the curve amid ongoing market tightness.
Asian spot LNG prices remain near a three-month low due to ample supply, milder weather, and strong demand for contracted LNG, reducing competition for EU buyers as they seek to avoid high spot prices.

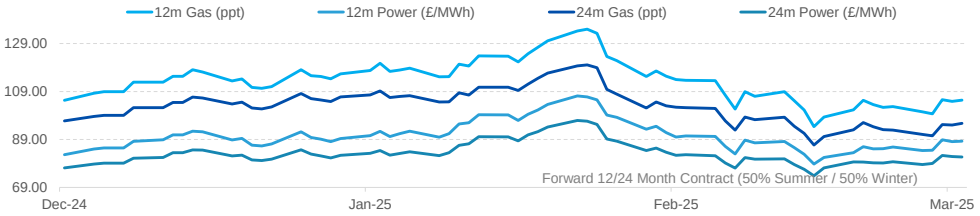
Market Focus

Lack of funds see Ukraine's gas storage plummet to record low levels. The war-torn country is struggling to afford costly imports, while recent Russian attacks have further impacted domestic production leaving storage levels at a record low. Ukraine holds Europe's largest gas storage capacity at 32.6bcm, but levels have dropped to 1.1bcm, or 3.4% full, according to Gas Infrastructure Europe - the lowest recorded level since data tracking began in 2011. Ukraine's state gas monopoly, Naftogaz, has made no comment, though market participants have suggested that the country cannot afford further imports. The cost of importing gas from Europe has increased, with the benchmark Dutch TTF Front-Month contract average up 70% from last year. Meanwhile, Naftogaz have recently secured a deal with Poland for 200mcm of US LNG by April, and additional plans to import at least 4bcm from the US by October. Ukraine's gas shortages and rising import costs could offer support to prices along the curve and further add to market tightness, though this will be dependent on their ability to afford imports.

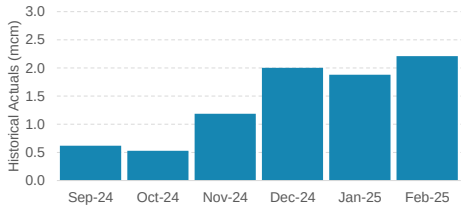
US LNG industry looking to cut methane emissions despite roll back in environmental targets by the Trump administration. Despite the Trump administration rolling back many of the US's climate targets, US gas producers and LNG exporters are still looking to cut back their methane emissions. The US has been noted as being particularly bad for its "downstream emissions"; methane lost during the production and transportation of natural gas. This had been flagged as a problem by some market participants due to the onset of Europe's Carbon Border Adjustment Mechanism (CBAM) in 2026 and the UK's in 2027, though the EU's start date could be pushed to 2027. Under the CBAM, importers would have to report their emissions in line with the EU and UK's reporting frameworks, and a tax would be paid on imports relative to emissions. This could increase the cost of US LNG imports, something that Europe has become strongly reliant on since the War in Ukraine. Signs that this issue is being addressed provides some downside potential along the curve.

Bearish sentiment surrounding RUS-UKR peace fades in the face of a breakdown in the 30-day limited ceasefire. Markets have been climbing since Putin and Trump agreed to a limited ceasefire in Ukraine, which would involve Russia and Ukraine not striking energy infrastructure, driven by both parties in the conflict continuing attacks. There have been reports of a strike in Sudzha, the entry point for Russian gas transiting Ukraine into Europe, along with several other less significant facilities. Already the market was sceptical as the limited ceasefire was not seen as a stepping stone to a lasting peace deal and this news seems to have reaffirmed the trend. Sentiment had been improving that Russian gas flows could return as a part of any peace arrangement, but this has highlighted that there are still considerable hurdles to end the war. Some commentators have seen this as Putin doing lip service to Trump without any real substance behind the words. Additionally, European appetite for Russian gas remains limited and a significant resumption in Russian flows seems unlikely.

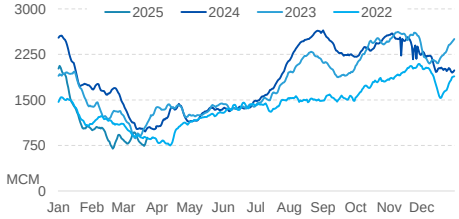
Forward Curve Price Action



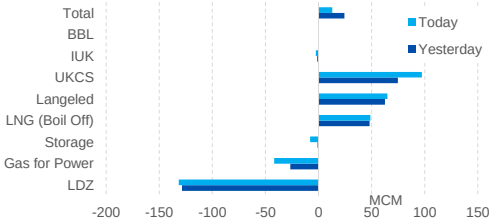
Historical Monthly LNG Supply



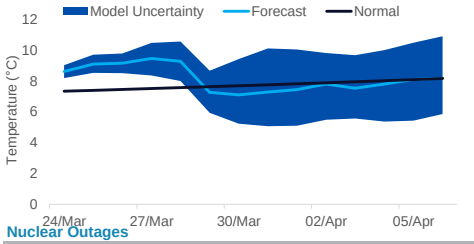
UK Gas Storage Level



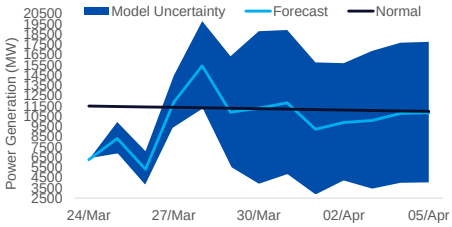
UK Gas Supply/Demand Sources



Temperature Forecast

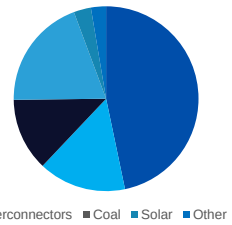


Wind Power Generation Forecast



Power Generation Mix (Last 24 Hours)

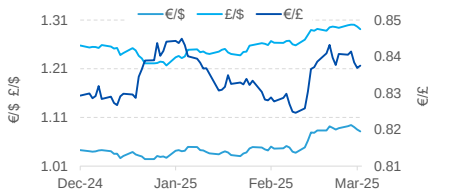
Source	24/03
CCGT	47%
Wind	15%
Nuclear	13%
Interconnectors	20%
Coal	0%
Solar	3%
Other	3%



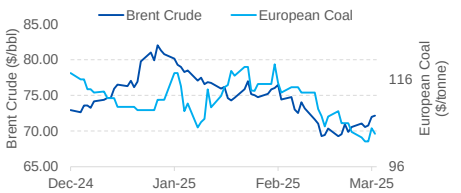
Nuclear Outages

Facility	Capacity (MW)	Start Date	End Date
Heysham 2-7	615	13/01/25	08/04/25
Torness 1	595	07/03/25	03/04/25
Current online capacity	5290 MW		81%

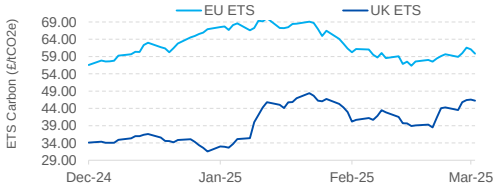
UK, EU and US Currencies



Brent Crude vs European Coal



Emissions Trading Scheme Carbon



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