



Energy Market Update

22nd October 2024

FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT

21 October 2024



Wholesale Market Prices and Trends

Wholesale Gas Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-25 12m	3.27	↑ 4%	↑ 11%	↓ -18%
Apr-25 24m	3.05	↑ 3%	↑ 11%	↓ -17%
Apr-25 36m	2.88	↑ 2%	↑ 9%	↓ -15%
Oct-25 12m	3.03	↑ 3%	↑ 10%	↓ -18%
Oct-25 24m	2.78	↑ 2%	↑ 7%	↓ -14%

Wholesale Power Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-25 12m	7.81	↔ 0%	↑ 3%	↓ -23%
Apr-25 24m	7.41	↓ -1%	↑ 2%	↓ -24%
Apr-25 36m	7.25	↓ -2%	↔ 0%	↓ -23%
Oct-25 12m	7.39	↓ -2%	↑ 2%	↓ -24%
Oct-25 24m	7.27	↓ -1%	↑ 1%	↓ -20%

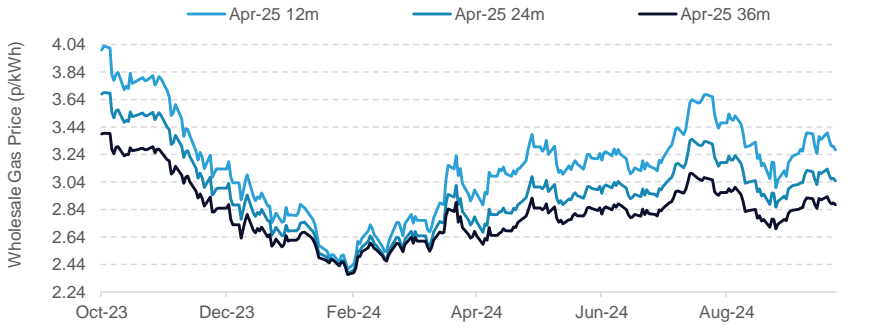
Wider Energy Complex	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Brent (\$/bbl.)	73.06	↓ -15%	↓ -19%	↓ -19%
Coal (\$/t)	122.10	↑ 8%	↔ 0%	↓ -1%
UK Carbon (£/t)	40.86	↓ -3%	↑ 7%	↓ -13%
EU Carbon (€/t)	62.28	↓ -10%	↓ -12%	↓ -27%
€/£	0.83	↓ -1%	↓ -2%	↓ -4%

UK NBP Gas

Wholesale Market Drivers

Bearish (Falling)	Some concerns regarding European supply after the end of Ukrainian gas transit are easing, with UK LNG regasification capacity up 11% on the year, an increase amount of long-term LNG supply agreements being signed and Egypt to return to net exports by H2-25. Israeli rhetoric suggests their response to Iranian missile strikes will be limited to attacks on military targets rather than oil infrastructure. This decreases the likelihood of the conflict widening.
Bullish (Rising)	Market tightness is expected as we go into 2025. The ending of the Ukrainian gas transit agreement, paired with IEA forecasts for further global gas demand growth into 2025 are supportive to the market. European storage is expected to enter the winter 6bcm below 2023 levels due to lower volumes in LNG storage. This raises some concerns about significant storage withdrawals due to the La Nina weather phenomenon which could further tighten global gas markets in 2025.

Wholesale Price Graphs

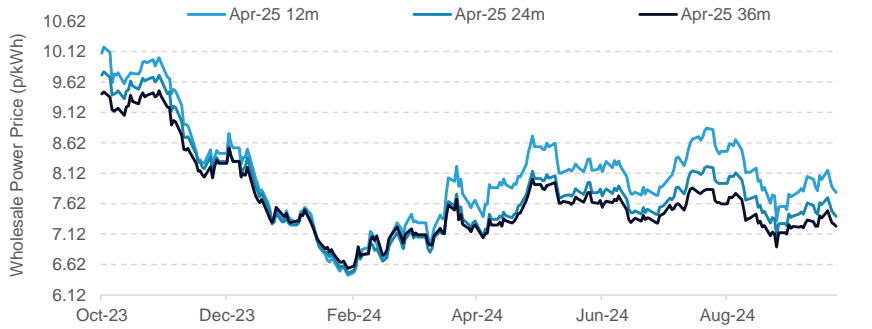


UK Baseload Power

Market Drivers

Bearish (Falling)	UK baseload continues to trade at a premium to European markets, incentivising exports from the Continent. Limited interconnector outages this winter, firm French nuclear output into 2025, and the expansion of the Viking Link to 1.4GW in Q1-25 offer bearish signals. The long-term picture for UK renewables remains positive, with private investors pledging £24 billion to new renewable capacity and grid upgrades. The UK has been ranked as the most attractive market for renewables investors since Labour won the election.
Bullish (Rising)	UK and European energy grids need significant upgrades to be able to support the large amounts of new renewable and battery capacity coming online, potentially raising some concerns about Labour's 2030 net-zero targets. French nuclear is sending bullish long-term signals. French state plans to start taxing EDF in 2026 and to take dividend payments, exacerbating some of their financing issues, whilst "modulation" of reactors makes outages more likely.

Wholesale Price Graphs



Energy Market News:

Failed assassination attempt on Benjamin Netanyahu. On Saturday, a drone targeted Israeli Prime Minister (PM) Benjamin Netanyahu's residence in Caesarea, though neither he nor his wife were present. This occurred amid ongoing hostilities with Lebanon-based Hezbollah and Gaza-based Hamas following Israel's killing of a Hamas leader involved in the October 7, 2023 attack. While Hezbollah did not claim responsibility, it continued to launch rocket attacks on Israel from Lebanon. In retaliation, Israel conducted airstrikes on Hezbollah targets in Beirut's southern suburbs. Last week saw UK gas markets drop on the back of easing concerns of a widening conflict in the Middle East, with Israeli rhetoric suggesting strikes against Iran would be limited to military infrastructure rather than oil facilities. However, this attack against the Israeli PM is stoking fears of the conflict widening again and supporting UK energy markets.

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Market Prices and Trends

Gas (p/therm)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	95.85	98.35	↑ 2.6%	↑ 31%
Nov-24	97.99	100.07	↑ 2.1%	↑ 6%
Dec-24	99.82	101.95	↑ 2.1%	↑ 2%
Jan-25	101.41	103.58	↑ 2.1%	↑ 3%
Feb-25	102.02	104.14	↑ 2.1%	↑ 3%
Q1-25	101.14	103.30	↑ 2.1%	↑ 3%
Q2-25	93.61	95.09	↑ 1.6%	↑ 6%
Summer-25	92.61	94.00	↑ 1.5%	↑ 5%
Winter-25	99.26	100.82	↑ 1.6%	↑ 3%
Summer-26	78.50	79.50	↑ 1.3%	↑ 4%
Winter-26	86.93	88.00	↑ 1.2%	↑ 1%
Summer-27	68.89	70.00	↑ 1.6%	↑ 0%
Winter-27	79.42	79.42	→ 0.0%	↑ 1%

Baseload (£/MWh)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	63.50	86.50	↑ 36.2%	↓ -13%
Nov-24	85.30	87.25	↑ 2.3%	↑ 2%
Dec-24	83.40	83.40	→ 0.0%	↓ -3%
Jan-25	90.30	90.30	→ 0.0%	↑ 3%
Feb-25	90.70	90.70	→ 0.0%	↑ 3%
Q1-25	88.08	89.75	↑ 1.9%	↑ 2%
Q2-25	73.55	73.55	→ 0.0%	↑ 1%
Summer-25	73.11	75.00	↑ 2.6%	↑ 2%
Winter-25	83.00	84.40	↑ 1.7%	↓ -1%
Summer-26	64.73	66.00	↑ 2.0%	↓ -1%
Winter-26	75.65	76.50	↑ 1.1%	↓ -2%
Summer-27	63.49	64.00	↑ 0.8%	↓ -3%
Winter-27	75.06	75.06	→ 0.0%	↑ 0%

Wider Energy Complex	Close	Current Offer	% Change	3-Month Variance
Brent (\$/bbl)	73.06	74.05	↑ 1.4%	↓ -11%
Coal (\$/t)	122.10	122.10	→ 0.0%	↑ 9%
UK Carbon (£/t)	41.11	41.34	↑ 0.6%	↓ -3%
EU Carbon (€/t)	62.53	62.76	↑ 0.4%	↓ -4%
€/£	0.833	0.834	→ 0.1%	↓ -1%
€/€	1.087	1.085	↓ -0.2%	↓ 0%

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Current Market Drivers

The UK has secured an additional cargo for the month of October, now up to 4 cargoes and 1 for the month of November. This offers some bearish pressure to near-curve contracts on signs of improving LNG dynamics. The UK gas system opened 7 mcm undersupplied this morning on a reduction in Norwegian exports due to a continued outage at Troll. Combined with falling temperatures, this is offering support to day-ahead contracts. The prompt baseload contract is pointing sharply up this morning on a large drop in wind generation into tomorrow. Combined with reduced nuclear capacity, this is raising strong demand for gas-fired generation. The Brent Crude benchmark edged up this morning on geopolitical concerns after seeing a more than 7% drop last week on continued demand suppression in China and an easing concerns in the Middle East. UK gas futures are pointing up in morning trading, with a recent assassination attempt on the Israeli PM reversing some of the downside seen last week on easing concerns around a widening conflict in the Middle East.

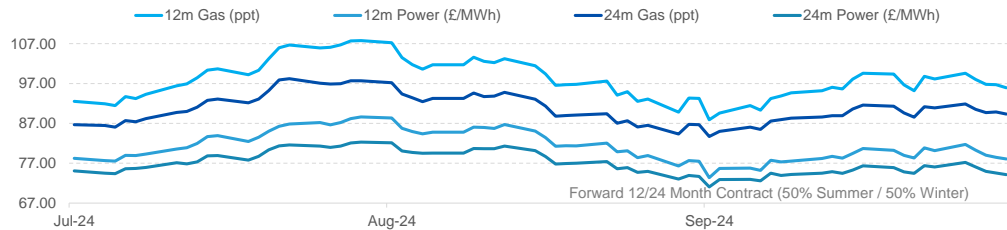
Market Focus

Failed assassination attempt on Benjamin Netanyahu. On Saturday, a drone targeted Israeli Prime Minister (PM) Benjamin Netanyahu's residence in Caesarea, though neither he nor his wife were present. This occurred amid ongoing hostilities with Lebanon-based Hezbollah and Gaza-based Hamas following Israel's killing of a Hamas leader involved in the October 7, 2023 attack. While Hezbollah did not claim responsibility, it continued to launch rocket attacks on Israel from Lebanon. In retaliation, Israel conducted airstrikes on Hezbollah targets in Beirut's southern suburbs. Last week saw UK gas markets drop on the back of easing concerns of a widening conflict in the Middle East, with Israeli rhetoric suggesting strikes against Iran would be limited to military infrastructure rather than oil facilities. However, this attack against the Israeli PM is stoking fears of the conflict widening again and supporting UK energy markets.

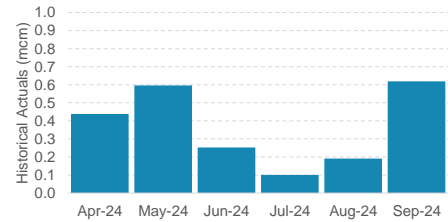
Key Hamas leader killed by Israel. During an operation by Israeli soldiers in a Palestinian enclave on Wednesday, the mastermind behind the October 7th 2023 attack that triggered the Gaza war, Yahya Sinwar, was killed. Following the assassination of political chief Ismail Haniyeh in Tehran in July, Sinwar was named as Hamas's overall leader. Leaders of Western countries have said his death offered an opportunity to end the conflict, with Sinwar having not taken part in peace talks. However, Israeli Prime Minister, Benjamin Netanyahu, said the war would continue until Hamas militants returned the hostages they've seized. Iran have stated that "the spirit of resistance will be strengthened" against Israel. While Lebanon's militant group Hezbollah announced on Friday it was moving to a new escalating phase in its war against Israel. Hamas have yet to make comment. The US want to move forward with talks of a ceasefire, however, there are no signs that

Looming fossil fuel peak to give way to "Age of electricity". The International Energy Agency (IEA) suggests that once fossil fuel demand peaks by the end of the decade it will lead to a greater use of electricity. Global LNG capacity growth over the next decade is expected to outpace demand by 125bcm. This decline in demand and surplus in supply could lead to investment into greener energy, with lower prices enabling countries to dedicate more resources to clean energy, transitioning to an "age of electricity". A global record level of clean energy came online last year, including 560GW of renewable power capacity. Around \$2 trillion is expected to be invested in greener energy this year, almost double the amount invested in fossil fuels. However, the IEA warns of near-term uncertainty in oil and gas supplies due to tensions emanating from the Middle East, with a tight balance expected through 2025.

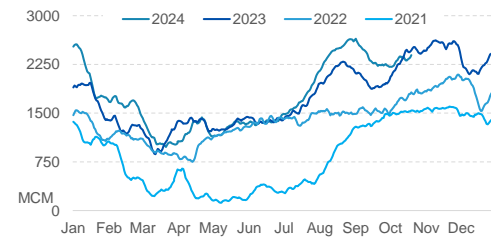
Forward Curve Price Action



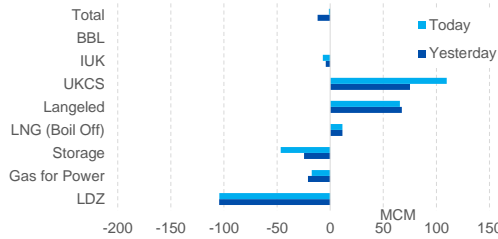
Historical Monthly LNG Supply



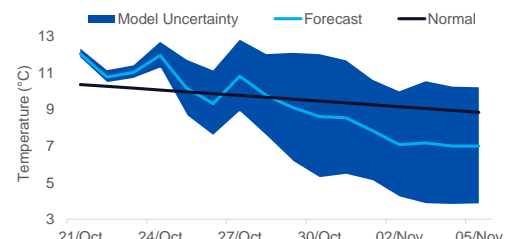
UK Gas Storage Level



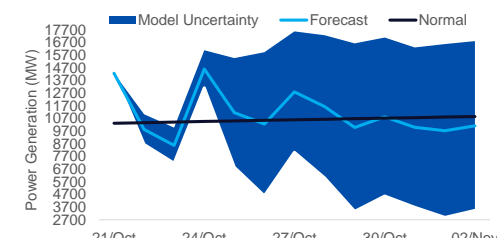
UK Gas Supply/Demand Sources



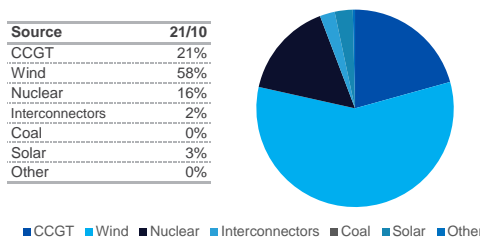
Temperature Forecast



Wind Power Generation Forecast



Power Generation Mix (Last 24 Hours)

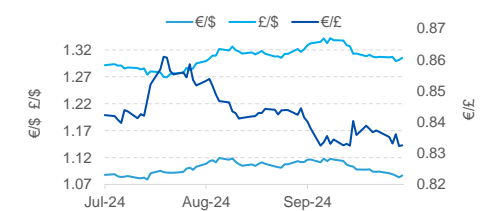


Nuclear Outages

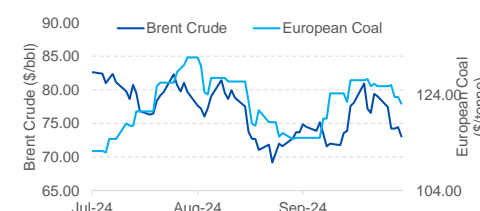
Facility	Capacity (MW)	Start Date	End Date
Sizewell B-1	630	06/10/24	05/12/24
Sizewell B-2	630	11/10/24	27/11/24
Torness	595	18/10/24	03/11/24

Current online capacity	4645 MW	71%
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UK, EU and US Currencies



Brent Crude vs European Coal



Emissions Trading Scheme Carbon

