



# Energy Market Update

12th November 2024

# FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT

11 November 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	3.39	↓ -7%	↑ 8%	↓ -10%
Apr-25 24m	3.11	↓ -7%	↑ 8%	↓ -12%
Apr-25 36m	2.93	↓ -6%	↑ 6%	↓ -11%
Oct-25 12m	3.05	↓ -8%	↑ 6%	↓ -13%
Oct-25 24m	2.81	↓ -5%	↑ 5%	↓ -11%

Wholesale Power Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-25 12m	8.09	↓ -7%	↔ 0%	↓ -19%
Apr-25 24m	7.58	↓ -7%	↔ 0%	↓ -21%
Apr-25 36m	7.37	↓ -6%	↓ -1%	↓ -21%
Oct-25 12m	7.49	↓ -8%	↔ 0%	↓ -23%
Oct-25 24m	7.34	↓ -5%	↓ -1%	↓ -19%

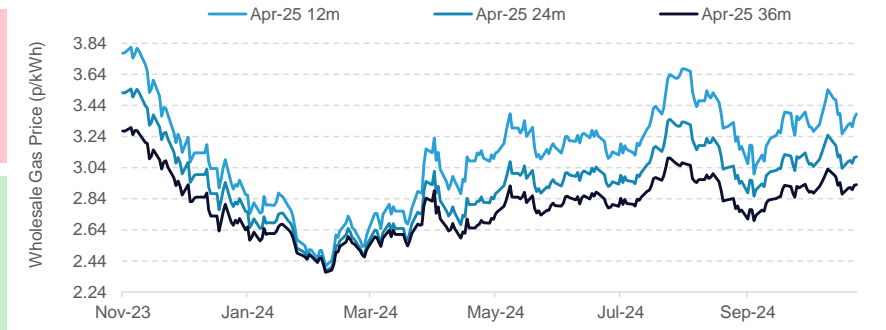
Wider Energy Complex	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Brent (\$/bbl.)	73.87	↓ -7%	↓ -11%	↓ -10%
Coal (\$/t)	120.00	↑ 2%	↑ 6%	#DIV/0!
UK Carbon (£/t)	41.05	↔ 1%	↑ 5%	↓ -11%
EU Carbon (€/t)	68.02	↓ -1%	↓ -7%	↓ -16%
€/£	0.83	↓ -1%	↓ -3%	↓ -5%

## UK NBP Gas

### Wholesale Market Drivers

<b>Bearish (Falling)</b>	<p>Trump's recent victory in the US elections is offering greater prospects for increased LNG exports to the EU. However, there is a threat for high tariffs.</p> <p>The COP29 summit commences this week in Baku, Azerbaijan which may include some discussions on the sidelines regarding the end of the Ukraine gas transit agreement.</p>
<b>Bullish (Rising)</b>	<p>Concerns continue over tensions in the Middle East, with Hamas rejecting the most recent ceasefire deal. A Trump presidency could embolden Israel and lead to more aggressive action against Iran.</p> <p>North West shelf, an Australian LNG (Liquified Natural gas) facility will be shutting down 3.4bcm worth of capacity in the first quarter of 2025.</p>

### Wholesale Price Graphs



## UK Baseload Power

### Market Drivers

<b>Bearish (Falling)</b>	<p>The COP29 summit takes place this week, potentially signalling more investment into net-zero and deals between energy companies to add storage and generation.</p> <p>UK's 1st onshore wind proposal in a decade could become the UK's largest onshore wind farm, adding 100MW to an existing site. This offers positive sentiment for further projects as well.</p>
<b>Bullish (Rising)</b>	<p>Negative intraday electricity prices in Europe, driven by renewable energy oversupply, are expected to cause a slowdown in wind and solar installations over the next 5 years.</p> <p>Southern Europe is expected to experience a large rise in datacentre demand and the UK could see greater competition for French exports from Italy and Spain.</p>

### Wholesale Price Graphs



## Energy Market News:

**Secret negotiations on a gas transit deal could take place at COP29.** The upcoming COP29 climate conference in Baku, Azerbaijan, starting today could feature behind-the-scenes discussions aimed at securing last-minute agreements to maintain gas flows via Ukraine next year ICIS analyst's suggest. Azerbaijan's president has been working as a mediator between involved parties to seek an extension of the Ukrainian transit deal due to expire at the end of this year. The climate conference provides the perfect opportunity to further negotiations as all relevant parties (Ukraine, Russia and European companies) would be present. Officially the gas-related session at the summit is a discussion on methane and non-CO2 greenhouse gases. Azerbaijan's role in the discussions has caused some confusion, as any transit deal secured would likely involve Russian gas flows through Azerbaijan to Ukraine or Europe. The market remains poised to any news surrounding the issue.

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Market Prices and Trends

Gas (p/therm)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	106.25	110.50	↑ 4.0%	↑ 24%
Dec-24	107.41	108.30	↔ 0.8%	↓ -5%
Jan-25	108.17	111.24	↑ 2.8%	↓ -5%
Feb-25	108.37	111.09	↑ 2.5%	↓ -5%
Mar-25	105.92	108.56	↑ 2.5%	↓ -4%
Q1-25	107.46	110.12	↑ 2.5%	↓ -5%
Q2-25	100.83	104.09	↑ 3.2%	↓ -3%
Summer-25	99.62	100.09	↔ 0.5%	↓ -3%
Winter-25	98.83	98.73	↔ -0.1%	↓ -10%
Summer-26	80.12	81.30	↑ 1.5%	↓ -3%
Winter-26	86.05	86.00	↔ -0.1%	↓ -8%
Summer-27	70.28	70.49	↔ 0.3%	↓ -1%
Winter-27	80.32	80.50	↔ 0.2%	↔ 1%

Baseload (£/MWh)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	95.00	106.00	↑ 11.6%	↑ 28%
Dec-24	89.95	92.50	↑ 2.8%	↓ -7%
Jan-25	95.55	95.55	↔ 0.0%	↓ -2%
Feb-25	95.25	95.25	↔ 0.0%	↓ -3%
Mar-25	88.15	88.15	↔ 0.0%	↓ -6%
Q1-25	92.91	92.91	↔ 0.0%	↓ -4%
Q2-25	78.11	78.11	↔ 0.0%	↓ -6%
Summer-25	78.00	80.50	↑ 3.2%	↓ -5%
Winter-25	83.85	83.85	↔ 0.0%	↓ -9%
Summer-26	65.94	65.94	↔ 0.0%	↓ -6%
Winter-26	75.39	79.00	↑ 4.8%	↓ -6%
Summer-27	63.49	70.00	↑ 10.3%	↓ -3%
Winter-27	75.62	80.00	↑ 5.8%	↓ -2%

Wider Energy Complex	Close	Current Offer	% Change	3-Month Variance
Brent (\$/bbl)	73.87	73.07	↓ -1.1%	↓ -10%
Coal (\$/t)	120.00	120.00	↔ 0.0%	↓ -5%
UK Carbon (£/t)	41.30	41.41	↔ 0.3%	↔ 1%
EU Carbon (€/t)	68.27	68.24	↔ 0.0%	↓ -6%
€/£	0.830	0.828	↔ -0.2%	↓ -3%
€/€/\$	1.072	1.069	↔ -0.3%	↓ -2%

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Current Market Drivers

Total Norwegian piped exports to the UK opened 11mcm/d long this morning, with Oseberg coming back online and there currently being no unplanned outages. This offers positive prospects for supply this week. EU carbon prices are trending sideways despite the upside to gas, with the start of COP29 and a holiday across Europe impacting trading volumes. UK carbon is recovering from last week's downside. COP29 has started today, with the potential for updates in climate policies and new energy deals providing some direction to later-dated contracts. An Azeri swaps deal could also be discussed behind closed doors. UK gas futures are trending to the upside this morning, with support coming from cooler temperatures forecasts in the near term and recent storage withdrawals. Middle Eastern geopolitics also provide bullish signals. The Brent Crude Benchmark is trading to the downside this morning, with the threat of supply disruptions from a US storm easing and weakness in China's stimulus plan likely to keep demand suppressed.

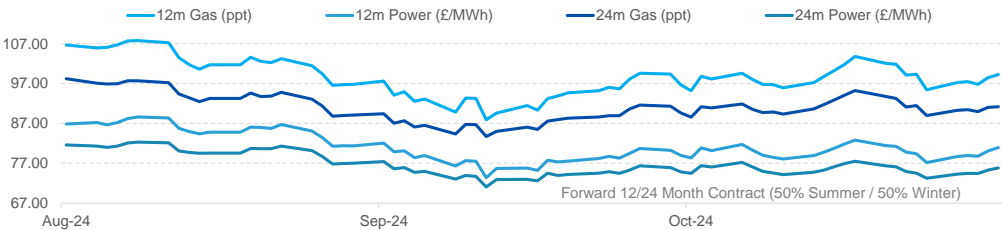
Market Focus

**The UK pays more than EU for gas as winter looms.** The UK's natural gas prices are spiking above European levels due to structural issues in its gas infrastructure, including limited storage and high transmission costs. Unlike Europe, where interconnected pipelines and larger storage capacity reduce dependency on imports during the winter, the UK relies heavily on liquefied natural gas (LNG) through the colder months. The Isle of Grain terminal, central to UK LNG imports, incurs notably high fees to regasify it and inject it into the UK gas system, making UK gas relatively costly. This winter, if demand surges on colder-than-normal weather, the UK must offer a significant premium to outbid European neighbours for limited LNG supplies. If winter temperatures drop sharply, UK prices may need to climb further, exacerbating financial strain on consumers and highlighting the country's vulnerability within the competitive European gas market.

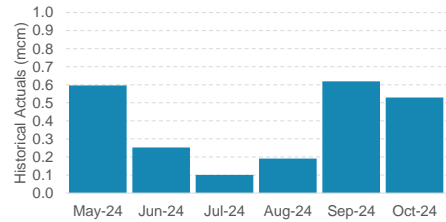
**Secret negotiations on a gas transit deal could take place at COP29.** The upcoming COP29 climate conference in Baku, Azerbaijan, starting today could feature behind-the-scenes discussions aimed at securing last-minute agreements to maintain gas flows via Ukraine next year. ICIS analysts suggest Azerbaijan's president has been working as a mediator between involved parties to seek an extension of the Ukrainian transit deal due to expire at the end of this year. The climate conference provides the perfect opportunity to further negotiations as all relevant parties (Ukraine, Russia and European companies) would be present. Officially the gas-related session at the summit is a discussion on methane and non-CO2 greenhouse gases. Azerbaijan's role in the discussions has caused some confusion, as any transit deal secured would likely involve Russian gas flows through Azerbaijan to Ukraine or Europe. The market remains poised to any news surrounding the issue.

**EU decarbonisation goals face threats from new Trump administration.** Following Donald Trump's recent US election victory, Europe are likely to face pressure to weaken climate policies given the Trump administration's stance against environmental action and favourable industrial protection. Energy economist Uwe Leprich warns that a Trump presidency could weaken the EU's Green Deal, delaying efforts to phase out combustion engines and adopt hydrogen. A loosening stance on climate protection could result in lower carbon prices and reduce pressure on closing coal-fired plants in Poland and Germany. Trump's tariffs could also divert Chinese green tech to Europe, threatening local industry. European clean energy stocks have tumbled in the wake of Trump's election victory, as US support for renewables and climate policies are expected to be dismantled, posing challenges for Europe's carbon neutrality target by 2050.

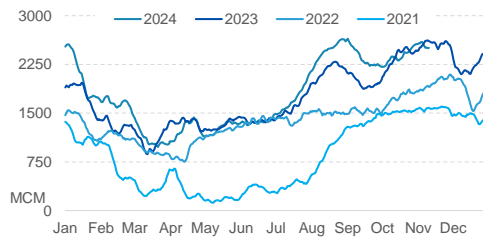
Forward Curve Price Action



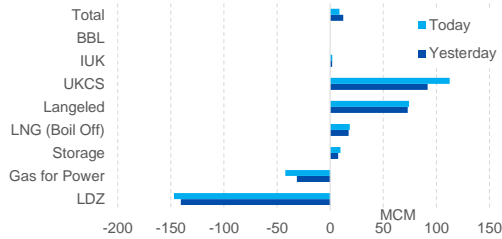
Historical Monthly LNG Supply



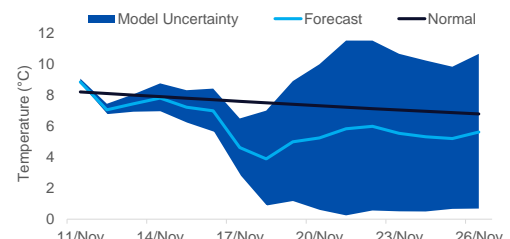
UK Gas Storage Level



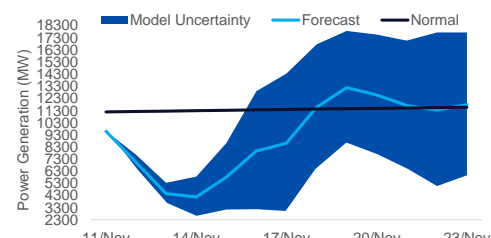
UK Gas Supply/Demand Sources



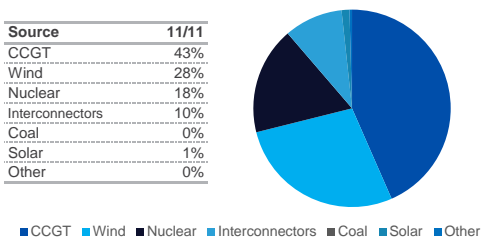
Temperature Forecast



Wind Power Generation Forecast



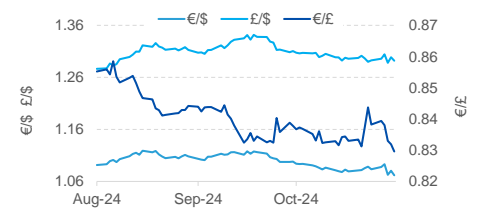
Power Generation Mix (Last 24 Hours)



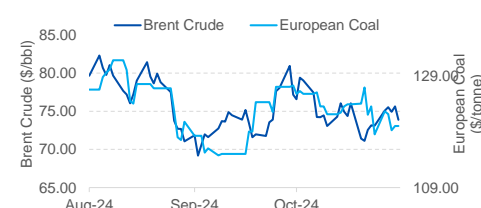
Nuclear Outages

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

UK, EU and US Currencies



Brent Crude vs European Coal



Emissions Trading Scheme Carbon

