



Energy Market Update

10th December 2024

FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT

09 December 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	3.64	↑ 10%	↑ 15%	↑ 13%
Apr-25 24m	3.29	↑ 8%	↑ 12%	↑ 7%
Apr-25 36m	3.04	↑ 7%	↑ 9%	↑ 4%
Oct-25 12m	3.22	↑ 7%	↑ 10%	↑ 5%
Oct-25 24m	2.88	↑ 6%	↑ 6%	↑ 1%

Wholesale Power Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-25 12m	8.39	↑ 3%	↑ 2%	↑ 1%
Apr-25 24m	7.71	→ 0%	↓ -2%	↓ -6%
Apr-25 36m	7.37	→ 0%	↓ -4%	↓ -9%
Oct-25 12m	7.61	↓ -1%	↓ -2%	↓ -9%
Oct-25 24m	7.31	→ 0%	↓ -4%	↓ -9%

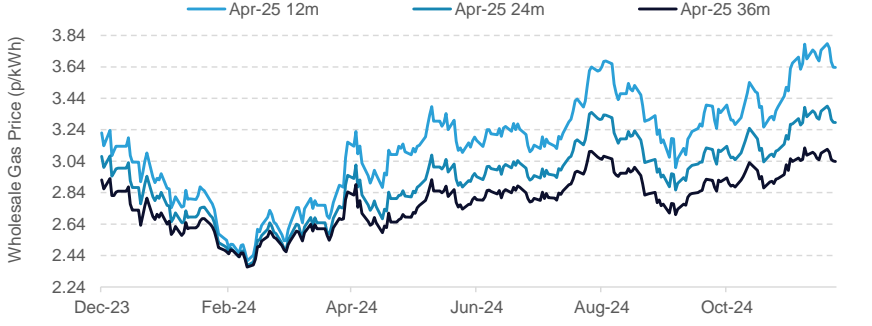
Wider Energy Complex	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Brent (\$/bbl.)	71.12	↓ -13%	↓ -9%	↓ -6%
Coal (\$/t)	116.05	↓ -9%	↓ -9%	↑ 17%
UK Carbon (£/t)	37.34	↓ -17%	↓ -27%	↓ -1%
EU Carbon (€/t)	68.31	↓ -3%	↓ -8%	↓ -6%
€/£	0.83	↓ -2%	↓ -3%	↓ -3%

UK NBP Gas

Wholesale Market Drivers

Bearish (Falling)	<p>Russia has relaxed rules around gas purchases in rubles, allowing for continued gas purchases by Europe despite the US sanctions on Gazprombank.</p> <p>Middle East shows signs of cooling down, with Iranian capabilities hurt by the fall of Assad in Syria, damage to air defences and assassinations of Hezbollah leadership. This could ease geopolitical risk in the region, though some uncertainty remains about the impact of Assad's fall.</p>
Bullish (Rising)	<p>European storage has fallen from 95% to under 83% over the last month, with colder weather this week potentially leading to further withdrawals. Colder weather in Asia could also increase LNG competition, leading to further reliance on storage in Europe.</p> <p>Geopolitical risk from Russia-Ukraine remains supportive. The US has stationed jets in Scotland for the first time since the Cold War on fears that gas interconnectors could be targeted.</p>

Wholesale Price Graphs

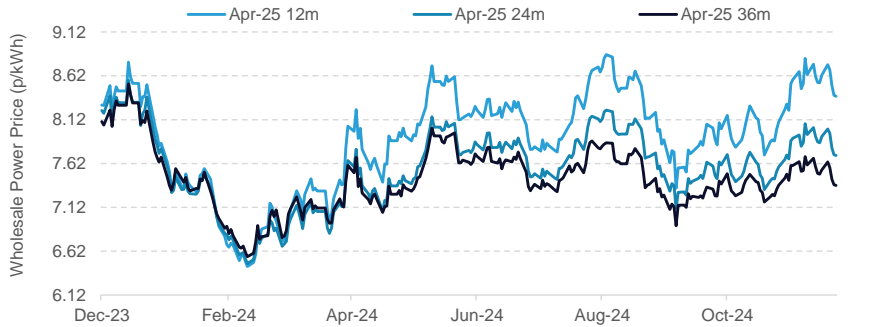


UK Baseload Power

Market Drivers

Bearish (Falling)	<p>EDF have extended the lifespan of 4 nuclear reactors, totalling around 2.4GW of capacity, due to go offline in 2026. This improves UK's low-carbon baseload supply.</p> <p>UK has announced a 95% clean power target by 2030, including promises to streamline planning and approval processes. This provides further positive sentiment to the UK's renewable space as it confirms some of Labour's election promises.</p>
Bullish (Rising)	<p>French government collapse is providing support along the curve as the government struggles with measures to control government spending worsened by debt-laden EDF. France is a key European power exporter and reduced output would have repercussions on the wider European market.</p> <p>Small Modular Reactor's (SMR's) are gaining traction around the globe. Like other nuclear reactors, they offer a low-carbon alternative to fossil-fuel generation but are easier to build than large facilities. Increased SMR buildout could limit issues related to using renewables to power datacentres.</p>

Wholesale Price Graphs



Energy Market News:

Russia relaxes rules about gas purchases in rubles to skirt US sanctions. The prospect for gas flows from Russia to Europe continuing are improving as the Kremlin relaxes purchasing rules to allow payment from third parties late Thursday. Whilst Gazprombank remains the only bank authorised to take payments, the rule changes allows payments in foreign currency to a third-party that then makes a ruble payment to Gazprombank. Previously the ruble payment had to be made directly to Gazprombank. This change in rules should allow European buyers to continue Russian gas purchases, whether that is of LNG cargoes or flows through the Turkstream pipeline. Central Europe maintains a strong dependence on Russian energy, with Hungary in particular making few moves to secure alternative suppliers. The news contributed to the pullback in markets this week and could contribute to a further pullback across European hubs.

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Market Prices and Trends

Gas (p/therm)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	114.90	113.25	↓ -1.4%	↑ 29%
Jan-25	115.87	113.04	↓ -2.4%	↑ 11%
Feb-25	116.49	113.78	↓ -2.3%	↑ 11%
Mar-25	114.77	112.06	↓ -2.4%	↑ 13%
Apr-25	111.53	109.16	↓ -2.1%	↑ 14%
Q1-25	115.68	112.94	↓ -2.4%	↑ 12%
Q2-25	109.45	107.44	↓ -1.8%	↑ 15%
Summer-25	107.89	105.84	↓ -1.9%	↑ 15%
Winter-25	105.24	104.00	↓ -1.2%	↑ 4%
Summer-26	83.72	83.90	↑ 0.2%	↑ 9%
Winter-26	88.30	88.75	↑ 0.5%	↑ 3%
Summer-27	70.54	70.54	→ 0.0%	↑ 7%
Winter-27	78.59	78.59	→ 0.0%	↑ 3%

Baseload (£/MWh)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	92.50	112.75	↑ 21.9%	↑ 157%
Jan-25	98.30	96.75	↓ -1.6%	↑ 3%
Feb-25	98.45	98.50	→ 0.1%	↑ 4%
Mar-25	91.45	92.50	↑ 1.1%	↑ 6%
Apr-25	84.45	84.45	→ 0.0%	↑ 6%
Q1-25	95.99	94.50	↓ -1.6%	↑ 5%
Q2-25	83.05	83.50	↑ 0.5%	↑ 7%
Summer-25	81.83	82.00	↑ 0.2%	↑ 6%
Winter-25	85.93	85.93	→ 0.0%	↓ -1%
Summer-26	66.25	66.25	→ 0.0%	↓ -1%
Winter-26	74.40	74.40	→ 0.0%	↓ -5%
Summer-27	61.54	61.54	→ 0.0%	↓ -3%
Winter-27	72.20	72.20	→ 0.0%	↓ -2%

Wider Energy Complex	Close	Current Offer	% Change	3-Month Variance
Brent (\$/bbl)	71.12	71.84	↑ 1.0%	↓ -1%
Coal (\$/t)	116.05	116.05	→ 0.0%	↓ -2%
UK Carbon (£/t)	37.59	37.41	↓ -0.5%	↓ -17%
EU Carbon (€/t)	68.56	67.94	↓ -0.9%	↑ 3%
€/£	0.829	0.828	→ -0.1%	↓ -2%
€/€	1.057	1.057	→ 0.1%	↓ -4%

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Current Market Drivers

A sharp drop in wind generation into tomorrow is providing strong bullish pressure to the day-ahead baseload contract on increased gas generation in the stack. This is exacerbated by cooler temperatures. The prompt gas contract is pointing down in morning trading. Increased gas flows from LNG hubs into the system and price spreads that encourage European imports are offsetting upside from higher heating and gas-fired demand. Near curve gas contracts are moving to the downside this morning continuing to respond to positive developments around gas purchases, though storage concerns continue to limit downside. The UK and Northwest Europe are expecting colder weather and weak wind this week, bringing storage concerns back into focus. European storage has fallen 11% in recent weeks, though UK remains above the 4-year average. The restart date for the Torness 2 nuclear reactor (595MW) has been moved forwards from 15-Dec to 12-Dec. This could provide some bearish signals for baseload later in the week.

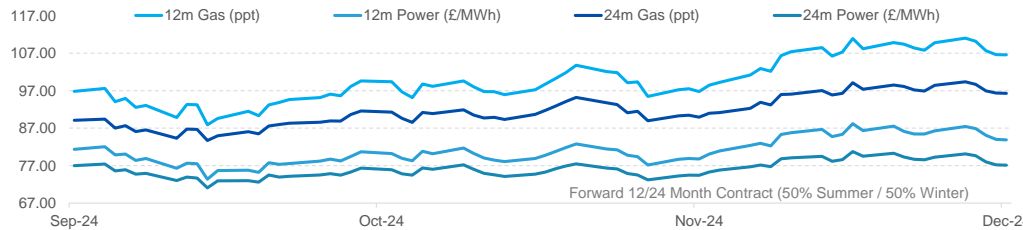
Market Focus

Syrian President Bashar al-Assad overthrown after 13 years of conflict with rebel groups. This weekend, rebel groups inside of Syria captured the capital, Damascus, and the al-Assad family fled to Russia marking the end of 13 years of warfare. The move has spurred some uncertainty around the environment in the Middle East. On the one hand, al-Assad was an ally of Iran and Hezbollah, with the fall of the Assad government expected to make it more difficult for Iran to transport weapons to regional allies like Hezbollah. This could make Hezbollah more amicable to a ceasefire arrangement with Israel and encourage a cooling down in the region. On the other hand, the rebel victory could encourage further instability within the region, particularly with Syria previously being a hotbed for Islamic State activity and the rebel leader being a past member of al-Qaeda. Oil markets have responded bullish, but gas markets have had minimal response.

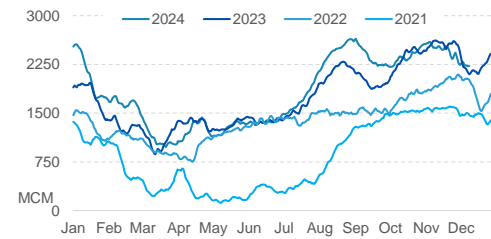
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French government collapse could impact power exports. Regional electricity costs across Europe could soar after the collapse of France's government of Wednesday raised concerns of a fresh energy crisis in Europe. The collapse of the French government amid budget disputes has called into question whether France can sustain its high level of electricity output and exports. EDF, which was nationalised in 2022 after accumulating significant debt, operates the country's nuclear fleet. However, EDF's financial troubles have exacerbated the government's own debt burdens and contributed to its collapse. Any forced cuts to France's power generation due to budget disputes could sharply reduce electricity exports, and no other country can match France's low-cost electricity supplies. France has been crucial in stabilising power supply and costs in Europe, particularly amid the recent energy crisis which saw an acceleration in the electrification of energy consumption.

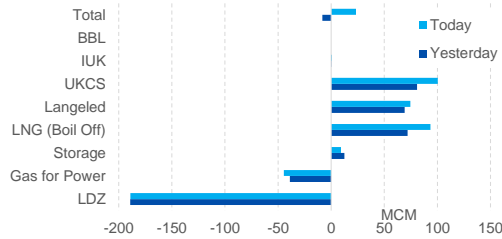
Forward Curve Price Action



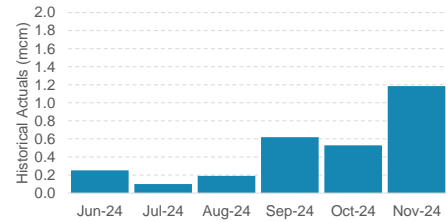
UK Gas Storage Level



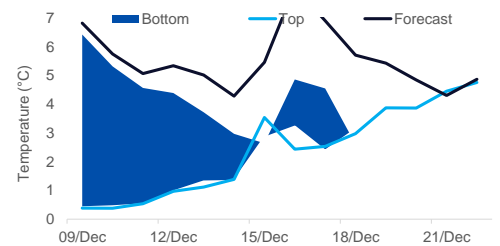
UK Gas Supply/Demand Sources



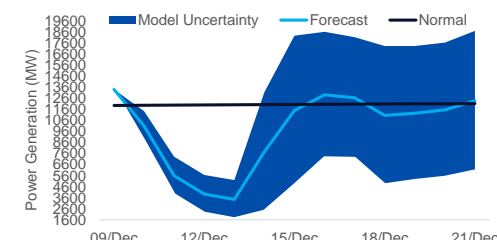
Historical Monthly LNG Supply



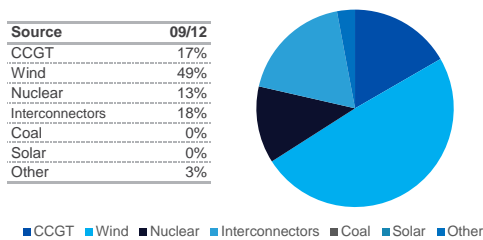
Temperature Forecast



Wind Power Generation Forecast



Power Generation Mix (Last 24 Hours)

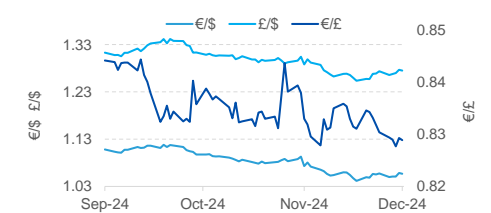


Nuclear Outages

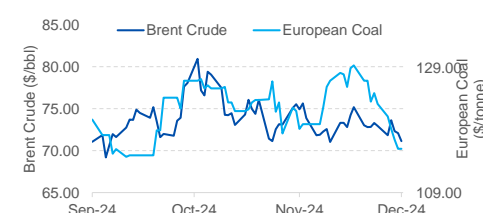
Facility	Capacity (MW)	Start Date	End Date
Heysham 2-8	615	18/11/24	15/12/24
Heysham 1-2	580	25/11/24	13/12/24
Torness 2	595	25/11/24	12/12/24
Hartlepool 1	595	29/11/24	17/12/24

Current online capacity: 4115 MW (63%)

UK, EU and US Currencies



Brent Crude vs European Coal



Emissions Trading Scheme Carbon

