
# Energy Market Update

11th February 2025

# FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT

10 February 2025

## Wholesale Market Prices and Trends

| Wholesale Gas Element (p/kWh) | Indicative Price | 3-Month Variance | 6-Month Variance | 12 Month Variance |
|---|---|---|---|---|
| Apr-25 12m | 4.44 | ↑ 31% | ↑ 21% | ↑ 77% |
| Apr-25 24m | 3.98 | ↑ 28% | ↑ 19% | ↑ 60% |
| Apr-25 36m | 3.60 | ↑ 23% | ↑ 17% | ↑ 45% |
| Oct-25 12m | 3.94 | ↑ 29% | ↑ 19% | ↑ 58% |
| Oct-25 24m | 3.38 | ↑ 20% | ↑ 16% | ↑ 37% |

| Wholesale Power Element (p/kWh) | Indicative Price | 3-Month Variance | 6-Month Variance | 12 Month Variance |
|---|---|---|---|---|
| Apr-25 12m | 10.36 | ↑ 28% | ↑ 17% | ↑ 54% |
| Apr-25 24m | 9.42 | ↑ 24% | ↑ 14% | ↑ 39% |
| Apr-25 36m | 8.69 | ↑ 18% | ↑ 11% | ↑ 27% |
| Oct-25 12m | 9.30 | ↑ 24% | ↑ 13% | ↑ 37% |
| Oct-25 24m | 8.45 | ↑ 15% | ↑ 10% | ↑ 22% |

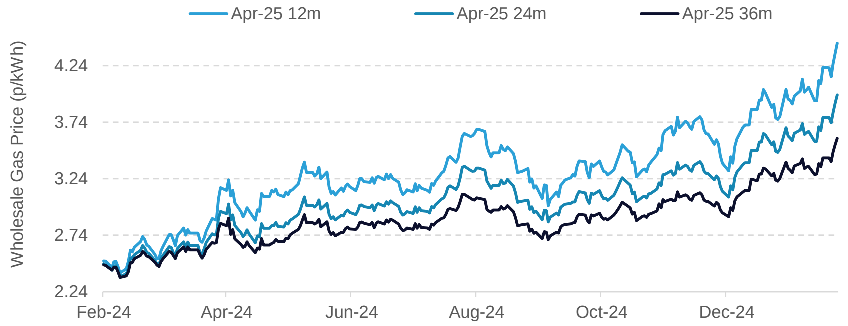
| Wider Energy Complex | Indicative Price | 3-Month Variance | 6-Month Variance | 12 Month Variance |
|---|---|---|---|---|
| Brent ($/bbl.) | 74.66 | ↑ 5% | ↓ -2% | ↓ -9% |
| Coal ($/t) | 114.25 | ↓ -8% | ↓ -5% | ↑ 28% |
| UK Carbon (£/t) | 46.97 | ↑ 16% | ↑ 15% | ↑ 29% |
| EU Carbon (€/t) | 82.28 | ↑ 20% | ↑ 16% | ↑ 31% |
| €/£ | 0.83 | → 0% | ↓ -3% | ↓ -2% |

## UK NBP Gas

### Wholesale Market Drivers

| | |
|---|---|
| **Bearish (Falling)** | Slovakia's SPP has resumed receiving supplies from Gazprom via TurkStream, with volumes set to double in April, potentially stabilising regional supplies and improving Europe's supply security.<br><br>Increasing LNG tanker supply, lower shipping costs and US cargo diversions, are enhancing European LNG availability. |
| **Bullish (Rising)** | Europe's LNG demand is set to rise 20% this summer, requiring 230 additional cargoes to replenish storage, while rigid EU targets may further drive seasonal demand. Meanwhile, Egypt's status as a net LNG importer further tightens global supply, intensifying competition with Europe.<br>Geopolitics contiues to provide support, with Ukraine becoming a net gas importer due to declining storage levels and sustained Russian attacks on energy infrastructure, alongside Trump's recent Middle Eastern policies provoking some concerns of further instability in the region. |

### Wholesale Price Graphs

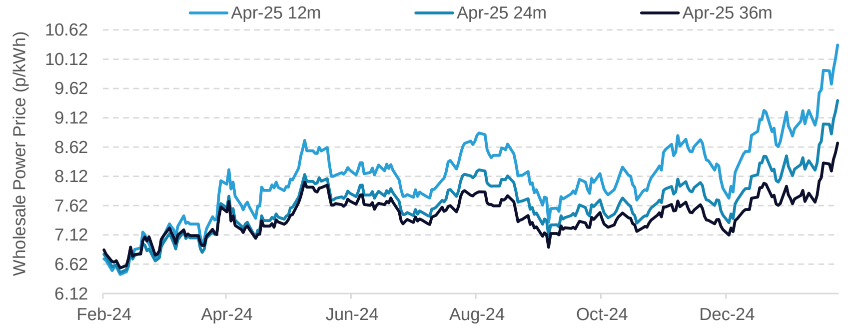



## UK Baseload Power

### Market Drivers

| | |
|---|---|
| **Bearish (Falling)** | The La Nina weather pattern could potenitally come to an end by April-June, improving weather fundamentals by bringing more stable and milder conditions.<br><br>New UK government nuclear reforms are expected to encourage private investment in Small Modular Reactors (SMRs), which could help speed up nuclear expansion. |
| **Bullish (Rising)** | European power demand is expected to rise by 2% in 2025, driven largely by electrification, including heat pumps, data centres and electric vehicles.<br><br>Potential US tariffs with Europe could threaten the EU's energy transition, by detering investment into clean technologies and causing distruption to supply chains. |

### Wholesale Price Graphs




**Energy Market News:**

**Equinor warns of potential Summer gas price surges in Europe.** Europe's benchmark gas price has hit a 15-month high, spurred largely by the end of the Ukrainian transit deal, tightening market supply, and concerns over Germany's gas storage subsidy mechanism. This has been compounded by colder weather escalating storage depletions. Equinor's executives have cautioned about possible summer gas price surges in Europe as the need to refill depleted storage boosts LNG demand, increasing competition with Asia. The Summer-25 contract continues to trade at a premium over Winter-25, reflecting this bullish sentiment. It is estimated that Europe will need an additional 230 cargoes than last year, around a 20% year-on-year increase. Some have suggested that even a return of Russian gas flows would "make little difference". European storage levels are around 45% full, down 24% compared to last years levels, whilst the UK's are 36% full. Ongoing buying pressure and tighter market balance will continue to keep prices elevated along the curve.

Get In Touch

# FLAME UK ENERGY MANAGEMENT - DAILY MARKET INSIGHT

10 February 2025

## Market Prices and Trends

| Gas (p/therm) | Close | Indicative Price* | % Change | 3-Month Variance |
|---|---|---|---|---|
| Day-Ahead | 138.10 | 147.00 | 6.4% | 25% |
| Mar-25 | 135.75 | 142.06 | 4.6% | 25% |
| Apr-25 | 134.36 | 140.52 | 4.6% | 27% |
| May-25 | 133.41 | 139.47 | 4.5% | 29% |
| Jun-25 | 133.19 | 139.15 | 4.5% | 31% |
| Q2-25 | 133.65 | 139.79 | 4.6% | 29% |
| Q3-25 | 132.25 | 138.08 | 4.4% | 30% |
| Summer-25 | 132.94 | 138.91 | 4.5% | 30% |
| Winter-25 | 127.26 | 132.25 | 3.9% | 28% |
| Summer-26 | 103.68 | 108.25 | 4.4% | 29% |
| Winter-26 | 102.83 | 107.49 | 4.5% | 19% |
| Summer-27 | 80.49 | 80.49 | 0.0% | 15% |
| Winter-27 | 85.36 | 93.00 | 9.0% | 6% |

| Baseload (£/MWh) | Close | Indicative Price* | % Change | 3-Month Variance |
|---|---|---|---|---|
| Day-Ahead | 118.00 | 125.75 | 6.6% | 4% |
| Mar-25 | 111.50 | 111.50 | 0.0% | 24% |
| Apr-25 | 107.45 | 107.45 | 0.0% | 32% |
| May-25 | 101.85 | 101.85 | 0.0% | 28% |
| Jun-25 | 98.70 | 98.70 | 0.0% | 25% |
| Q2-25 | 102.66 | 102.66 | 0.0% | 28% |
| Q3-25 | 102.14 | 102.14 | 0.0% | 27% |
| Summer-25 | 102.40 | 102.40 | 0.0% | 28% |
| Winter-25 | 104.85 | 104.85 | 0.0% | 24% |
| Summer-26 | 81.11 | 85.50 | 5.4% | 23% |
| Winter-26 | 88.24 | 88.24 | 0.0% | 16% |
| Summer-27 | 66.73 | 66.73 | 0.0% | 4% |
| Winter-27 | 78.00 | 78.00 | 0.0% | 2% |

| Wider Energy Complex | Close | Current Offer | % Change | 3-Month Variance |
|---|---|---|---|---|
| Brent ($/bbl) | 74.66 | 75.62 | 1.3% | 4% |
| Coal ($/t) | 114.25 | 114.25 | 0.0% | -5% |
| UK Carbon (£/t) | 47.22 | 48.90 | 3.6% | 16% |
| EU Carbon (€/t) | 82.53 | 83.89 | 1.6% | 18% |
| €/£ | 0.833 | 0.832 | 0.0% | 1% |
| €/$ | 1.033 | 1.033 | 0.0% | -3% |

## Get in Touch

## Current Market Drivers

The UK has secured an additional LNG cargo for Feb-25 bringing the total to 17, with 1 cargo secured for Mar-25. This is limiting upside to near-curve gas contracts as the UK continues to attract cargoes.

Last week, Ukraine sharply increased gas imports amid worryingly low storage levels and ongoing Russian attacks on its energy infrastructure. This is providing bullish pressure along the curve due to a tighter supply balance.

Europe's front-month LNG prices have hit a two-month high on colder weather forecasts and declining storage levels, compounded by growing Chinese LNG competition in Asia amid the US tariff dispute.

UK gas futures continue to rally to the upside, as colder Feb- and Mar-25 forecasts heighten storage concerns. Rigid EU storage targets may further drive seasonal demand, disrupt markets, and sustain high energy prices.

Prompt energy contracts are receiving support from unfavourable weather fundamentals, which are driving up gas-for-power and heating demand, along with reduced Norwegian flows and gains in the UK carbon benchmark.

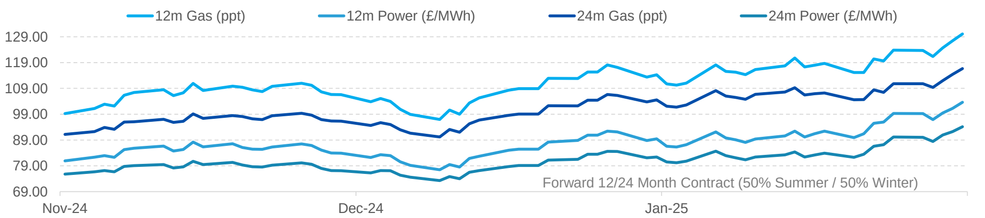
## Market Focus

**Europe should seek longer-term LNG deals with Trump, urges TotalEnergies.** Patrick Pouyanne, the CEO of TotalEnergies, the largest exporter of energy from the US, has stated that he is "ready" to assist in increasing US LNG exports to Europe. However, he has emphasised that Europe need to establish longer-term LNG contracts to ensure energy security. Longer-term agreements would provide European companies with a more favourable licensing regime helping to satisfy Trump's desire for Europe to buy more US gas and oil. At the same time, it could safeguard Europe against future price hikes Pouyanne suggests. Currently, export licenses for Europe require regular renegotiations, whereas countries with trade agreements with the US benefit from automatic, long-term approvals. The EU's Green Deal and climate targets could limit any long-term LNG deals, and the EU's need to balance decarbonisation goals with reliable energy supplies amid trade tensions and tariffs could provide ongoing market uncertainty.

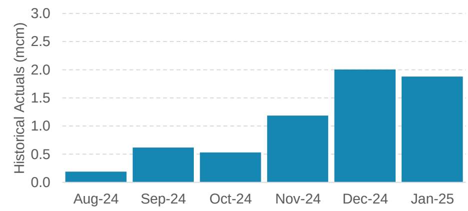
**The UK commits to launching new sites for small nuclear power plants.** In the UK governments push to decarbonise the power sector, they're seeking to attract private investment into Small Modular Reactors (SMRs), by making more sites available for nuclear energy development. No new nuclear power plants have been built since 1995, and only one is currently under construction, Hinkley Point C, which has been plagued by delays and funding issues. This has caused the UK to fall behind in the global race to adopt cleaner, more cost-effective energy. Current nuclear development is restricted to 8 sites, but new reforms include "scrapping the set list of 8 sites, removing the expiry date on nuclear planning rules and setting up a Nuclear Regulatory Taskforce". These new plans are expected to encourage development for SMRs and could see them located by energy intensive AI data centres. A more efficient planning system will give certainty to investors, the supply chain and communities, helping to speed up nuclear expansion for a clean more secure power system.

**Equinor warns of potential Summer gas price surges in Europe.** Europe's benchmark gas price has hit a 15-month high, spurred largely by the end of the Ukrainian transit deal, tightening market supply, and concerns over Germany's gas storage subsidy mechanism. This has been compounded by colder weather escalating storage depletions. Equinor's executives have cautioned about possible summer gas price surges in Europe as the need to refill depleted storage boosts LNG demand, increasing competition with Asia. The Summer-25 contract continues to trade at a premium over Winter-25, reflecting this bullish sentiment. It is estimated that Europe will need an additional 230 cargoes than last year, around a 20% year-on-year increase. Some have suggested that even a return of Russian gas flows would "make little difference". European storage levels are around 45% full, down 24% compared to last years levels, whilst the UK's are 36% full. Ongoing buying pressure and tighter market balance will continue to keep prices elevated along the curve.

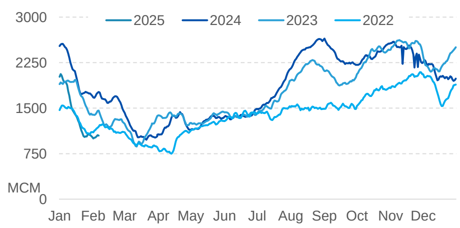
## Forward Curve Price Action



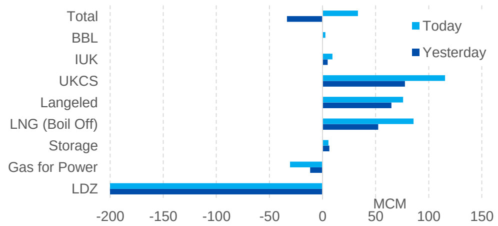

## Historical Monthly LNG Supply



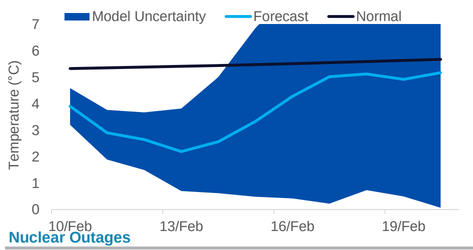

## UK Gas Storage Level



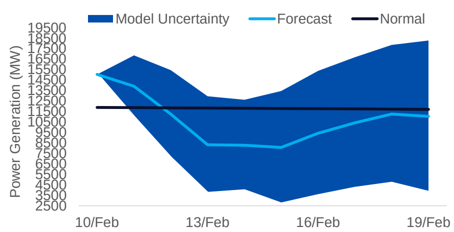

## UK Gas Supply/Demand Sources




## Temperature Forecast

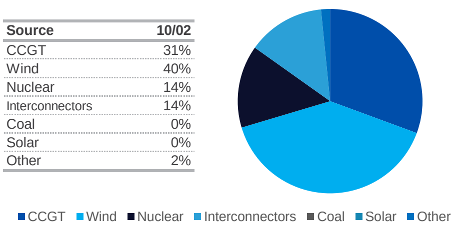



## Wind Power Generation Forecast




## Power Generation Mix (Last 24 Hours)

| Source | 10/02 |
|---|---|
| CCGT | 31% |
| Wind | 40% |
| Nuclear | 14% |
| Interconnectors | 14% |
| Coal | 0% |
| Solar | 0% |
| Other | 2% |

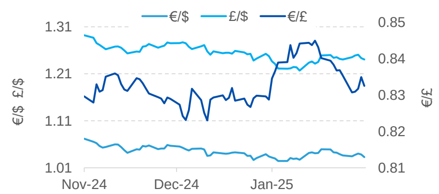



## Nuclear Outages

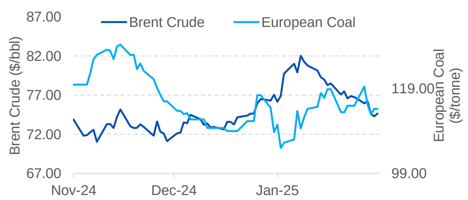
| Facility | Capacity (MW) | Start Date | End Date |
|---|---|---|---|
| Hartlepool 1 | 595 | 09/01/25 | 14/02/25 |
| Heysham 2-7 | 615 | 13/01/25 | 08/04/25 |
| Heysham 1-1 | 580 | 30/01/25 | 17/03/25 |

Current online capacity 4710 MW 72%

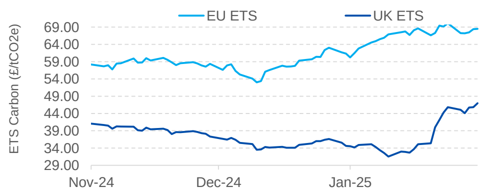
## UK, EU and US Currencies




## Brent Crude vs European Coal




## Emissions Trading Scheme Carbon






*Indicative prices represent the market's view of the contract offer price at time of writing. This price may not be achieved in trading at any time after report publication.