

Energy Market Update

18th February 2025

FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT

17 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	4.16	↑ 13%	↑ 20%	↑ 69%
Apr-25 24m	3.68	↑ 12%	↑ 16%	↑ 51%
Apr-25 36m	3.33	↑ 10%	↑ 12%	↑ 38%
Oct-25 12m	3.66	↑ 14%	↑ 16%	↑ 50%
Oct-25 24m	3.14	↑ 9%	↑ 10%	↑ 30%

Wholesale Power Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-25 12m	9.82	↑ 15%	↑ 16%	↑ 51%
Apr-25 24m	8.83	↑ 12%	↑ 11%	↑ 35%
Apr-25 36m	8.18	↑ 8%	↑ 7%	↑ 24%
Oct-25 12m	8.77	↑ 12%	↑ 11%	↑ 34%
Oct-25 24m	7.96	↑ 6%	↑ 6%	↑ 19%

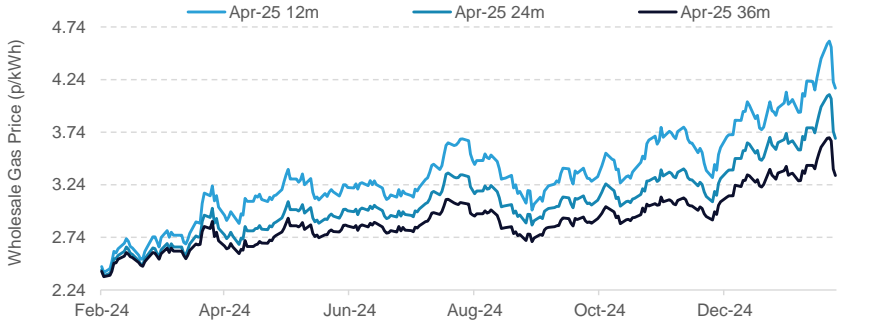
Wider Energy Complex	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Brent (\$/bbl.)	74.74	↓ 0%	↓ -9%	↓ -11%
Coal (\$/t)	109.25	↓ -11%	↓ -14%	↑ 19%
UK Carbon (£/t)	46.71	↑ 16%	↑ 15%	↑ 32%
EU Carbon (€/t)	79.75	↑ 19%	↑ 6%	↑ 33%
€/£	0.83	↓ -1%	↓ -3%	↓ -2%

UK NBP Gas

Wholesale Market Drivers

Bearish (Falling)	<p>The US has begun initiating peace talks with Russia to end the three-year war with Ukraine, signalling a potential shift in diplomatic efforts that could see a return to some Russian gas flows and ease the European balance.</p> <p>President Trump has approved the first LNG export license since former President Biden paused approvals last year. The license, granted to Commonwealth LNG, allows exports to non-free-trade agreement countries, including European nations.</p>
Bullish (Rising)	<p>Asian LNG prices have risen to a one-year high driven by colder weather forecasts in the region. This is increasing competition with Europe for LNG and exacerbating ongoing European storage concerns.</p> <p>European gas market is expected to remain tight throughout 2025, as the loss of Russian flows and ongoing exit from coal generation reduce flexibility to balance the market.</p>

Wholesale Price Graphs

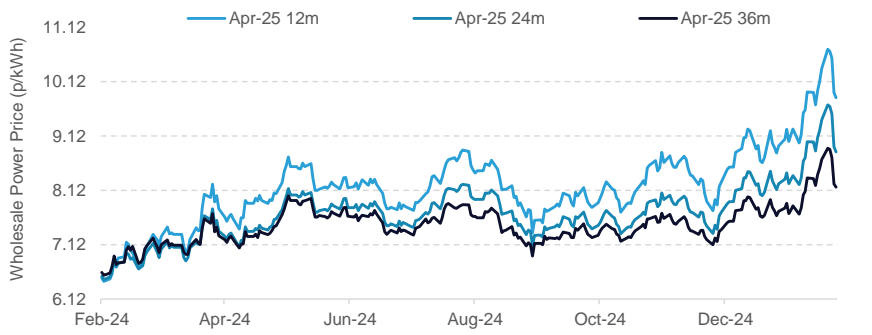


UK Baseload Power

Market Drivers

Bearish (Falling)	<p>The UK government has launched the "Clean Industry Bonus" incentive scheme encouraging investment to ensure the necessary infrastructure is in place to scale up offshore wind.</p> <p>The IEA has suggested that a recovery in EU power will be delayed until at least 2027, signalling a prolonged period of subdued demand growth.</p>
Bullish (Rising)	<p>European energy companies are at risk of a Uranium supply crunch as metal used to power reactors face shortages amid rising nuclear power demand.</p> <p>Growing concerns over Chinese dominance in renewable technologies could disrupt supply chains and slow the shift away from fossil fuels, with M15 investigating China's growing role in the UK's energy system.</p>

Wholesale Price Graphs



Energy Market News:

US officials arrive in Saudi Arabia for peace talks with Russia. Following a recent phone call between President Trump and Russian President Putin, who expressed desire for peace, Trump has directed top officials to begin negotiations to end the conflict. The US Secretary of State, Marco Rubio, has since arrived in Saudi Arabia to begin talks with Russian officials to end Russia's three-year war with Ukraine. A Russian newspaper reported that the talks will take place in the Saudi capital Riyadh on Tuesday, according to unnamed sources. These will be among the first high-level in-person talks between US and Russian officials in years, with the aim to pave the way for meetings between both presidents. Ukraine's President Zelenskyy is also in the region, however he has stated that there are currently no plans to meet with any US or Russian officials. European leaders are scrambling to respond to recent US moves on the conflict, fearing being sidelined in peace talks. The upcoming talks will prove pivotal for US-Russia relation and will reveal whether Putin is serious about pursuing peace.

Get In Touch



Market Prices and Trends

Gas (p/therm)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	125.80	125.00	↓ -0.6%	↑ 6%
Mar-25	122.26	122.15	↓ -0.1%	↑ 4%
Apr-25	122.24	122.14	↓ -0.1%	↑ 7%
May-25	121.68	121.66	↓ 0.0%	↑ 9%
Jun-25	121.78	121.80	↑ 0.0%	↑ 11%
Q2-25	121.90	121.84	↓ 0.0%	↑ 9%
Q3-25	121.09	121.10	↑ 0.0%	↑ 11%
Summer-25	121.49	121.43	↓ 0.0%	↑ 10%
Winter-25	122.18	121.64	↓ -0.4%	↑ 14%
Summer-26	92.58	92.80	↑ 0.2%	↑ 12%
Winter-26	95.30	96.48	↑ 1.2%	↑ 8%
Summer-27	73.76	77.00	↑ 4.4%	↑ 4%
Winter-27	80.00	84.00	↑ 5.0%	↑ 1%

Baseload (£/MWh)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	115.00	107.75	↓ -6.3%	↑ 13%
Mar-25	100.95	99.50	↓ -1.4%	↑ 5%
Apr-25	98.85	98.50	↓ -0.4%	↑ 14%
May-25	92.95	92.95	0.0%	↑ 10%
Jun-25	92.15	92.15	0.0%	↑ 10%
Q2-25	94.63	94.63	0.0%	↑ 11%
Q3-25	94.66	94.66	0.0%	↑ 12%
Summer-25	94.65	94.65	0.0%	↑ 12%
Winter-25	101.83	101.83	0.0%	↑ 15%
Summer-26	73.49	75.95	↑ 3.3%	↑ 8%
Winter-26	83.19	84.00	↑ 1.0%	↑ 9%
Summer-27	62.98	65.00	↑ 3.2%	↓ -3%
Winter-27	74.63	76.00	↑ 1.8%	↓ -1%

Wider Energy Complex	Close	Current Offer	% Change	3-Month Variance
Brent (\$/bbl)	74.74	75.07	↑ 0.4%	↑ 2%
Coal (\$/t)	109.25	109.25	0.0%	↓ -15%
UK Carbon (£/t)	46.96	46.56	↓ -0.9%	↑ 16%
EU Carbon (€/t)	80.00	79.20	↓ -1.0%	↑ 11%
€/£	0.833	0.832	↓ -0.1%	↓ 0%
€/€	1.049	1.049	0.0%	↓ -1%

Get in Touch



Current Market Drivers

Asian LNG prices have surged to a one-year high amid forecasts of colder weather in the region, limiting downside along the curve on increasing competition amid persistent European storage concerns. The UK has secured an additional 4 LNG cargoes for Feb-25 and 3 for Mar-25, bringing the totals to 25 and 4, respectively. February-25 imports are up 83% year-on-year, providing bearish pressure to near-curve contracts. Day-ahead baseload contracts are trading down this morning on increased wind generation into tomorrow reducing gas-for-power demand. Temperatures are also recovering but still below seasonal norms. US officials, led by Secretary of State Marco Rubio, have arrived in Saudi Arabia for high-level peace talks with Russia. Market sentiment surrounding the talks is providing bearish signals for UK gas futures. The Summer-25 premium over Winter-25 has faded, reflecting a shift in market sentiment. This decline has been driven by growing support for relaxing EU gas storage targets, which in turn suggests easing buying pressure.

Market Focus

US officials arrive in Saudi Arabia for peace talks with Russia.

Following a recent phone call between President Trump and Russian President Putin, who expressed desire for peace, Trump has directed top officials to begin negotiations to end the conflict. The US Secretary of State, Marco Rubio, has since arrived in Saudi Arabia to begin talks with Russian officials to end Russia's three-year war with Ukraine. A Russian newspaper reported that the talks will take place in the Saudi capital Riyadh on Tuesday, according to unnamed sources. These will be among the first high-level in-person talks between US and Russian officials in years, with the aim to pave the way for meetings between both presidents. Ukraine's President Zelenskyy is also in the region, however he has stated that there are currently no plans to meet with any US or Russian officials. European leaders are scrambling to respond to recent US moves on the conflict, fearing being sidelined in peace talks. The upcoming talks will prove pivotal for US-Russia relation and will reveal whether Putin is serious about pursuing peace.

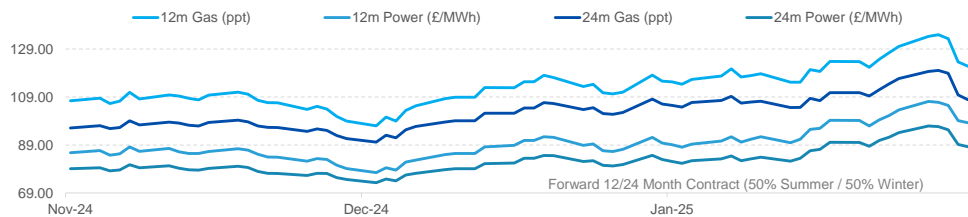
Arab nations look for alternative to Trump's Gaza plan.

Trump's plan to displace Palestinians from Gaza and conduct reconstruction efforts under US control have faced condemnation from Arab nations in the region, particularly Saudi Arabia. Saudi Arabia, Egypt, Jordan and the UAE have been looking for an alternative solution to propose to the US which would see Hamas removed from any leadership role in Gaza to placate US and Israeli interests. These Arab nations are also looking for assurances that if they fund the reconstruction, as they have in the past, that this time they wouldn't see the region reduced to rubble once again. Some commentators believe that Trump's plan lacks genuine sincerity and is a tool to encourage actors in the region to move towards a quick solution, a tactic he had used in his first term. Saudi have said that they wouldn't normalise relations with Israel under Trump's plan, potentially encouraging Israel to agree to an alternative as they look for allies against Iran. An alternative could stabilise the region and provide some bearish direction to markets.

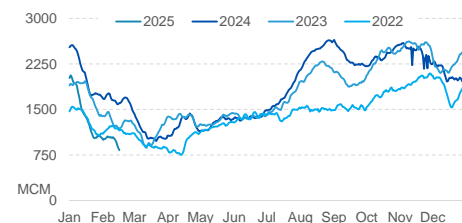
EU considers temporary price cap, senior official dismisses this.

This week, European gas prices hit a two-year high, in part due to poor weather fundamentals, with low temperatures and a lack of wind hampering renewable energy production. This has raised concerns with Brussels, who are weighing new powers to temporarily cap EU gas prices. They are currently between three to four times higher than in the US, imposing a significant disadvantage to European companies. As part of its "clean industrial deal" the EU Commission are considering a price cap as part of its discussions next month. The EU's strategy paper aims to support heavy industries amid challenges like US trade measures and the EU's green transition. Despite discussions being in the early stages they have face backlash from industry groups. Eleven organisation have wrote to the EU's President warning that such measure undermine trust in the European market. A senior EU official has since come out and dismissed talks of a price cap, potentially alleviating any market impact.

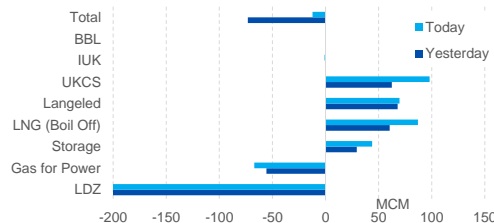
Forward Curve Price Action



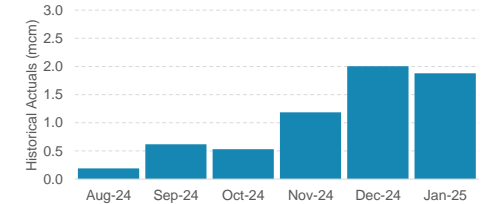
UK Gas Storage Level



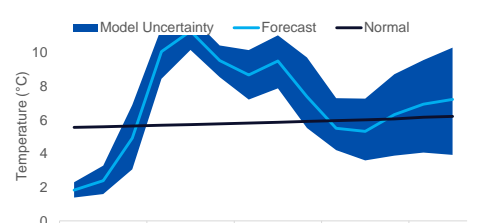
UK Gas Supply/Demand Sources



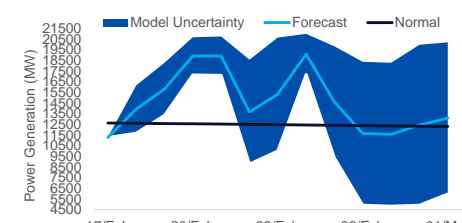
Historical Monthly LNG Supply



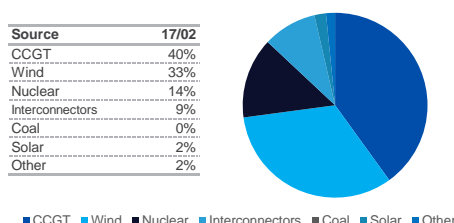
Temperature Forecast



Wind Power Generation Forecast



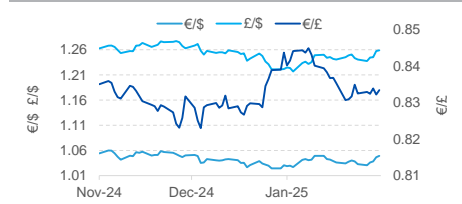
Power Generation Mix (Last 24 Hours)



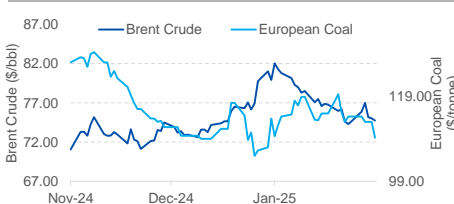
Nuclear Outages

Facility	Capacity (MW)	Start Date	End Date
Hartlepool 1	595	09/01/25	17/02/25
Heysham 2-7	615	13/01/25	08/04/25
Heysham 1-1	580	30/01/25	23/03/25

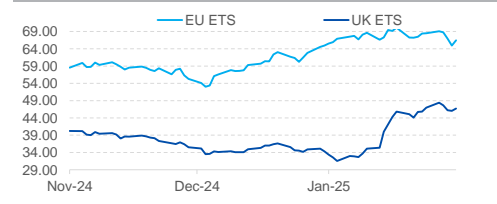
UK, EU and US Currencies



Brent Crude vs European Coal



Emissions Trading Scheme Carbon



The information in this market review is intended for Flame UK Energy Management subscribers only. Unauthorised onward transmission or copying is strictly forbidden. The contents are intended for informational purposes only and are not to be used or considered as an invitation to trade or an offer in respect of any of the products or services mentioned. Flame UK Energy Management does not represent or endorse the accuracy or reliability of any of the information or content. Under no circumstances will Flame UK Energy Management have any liability for any loss or damage caused by reliance on any information contained herein. *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.