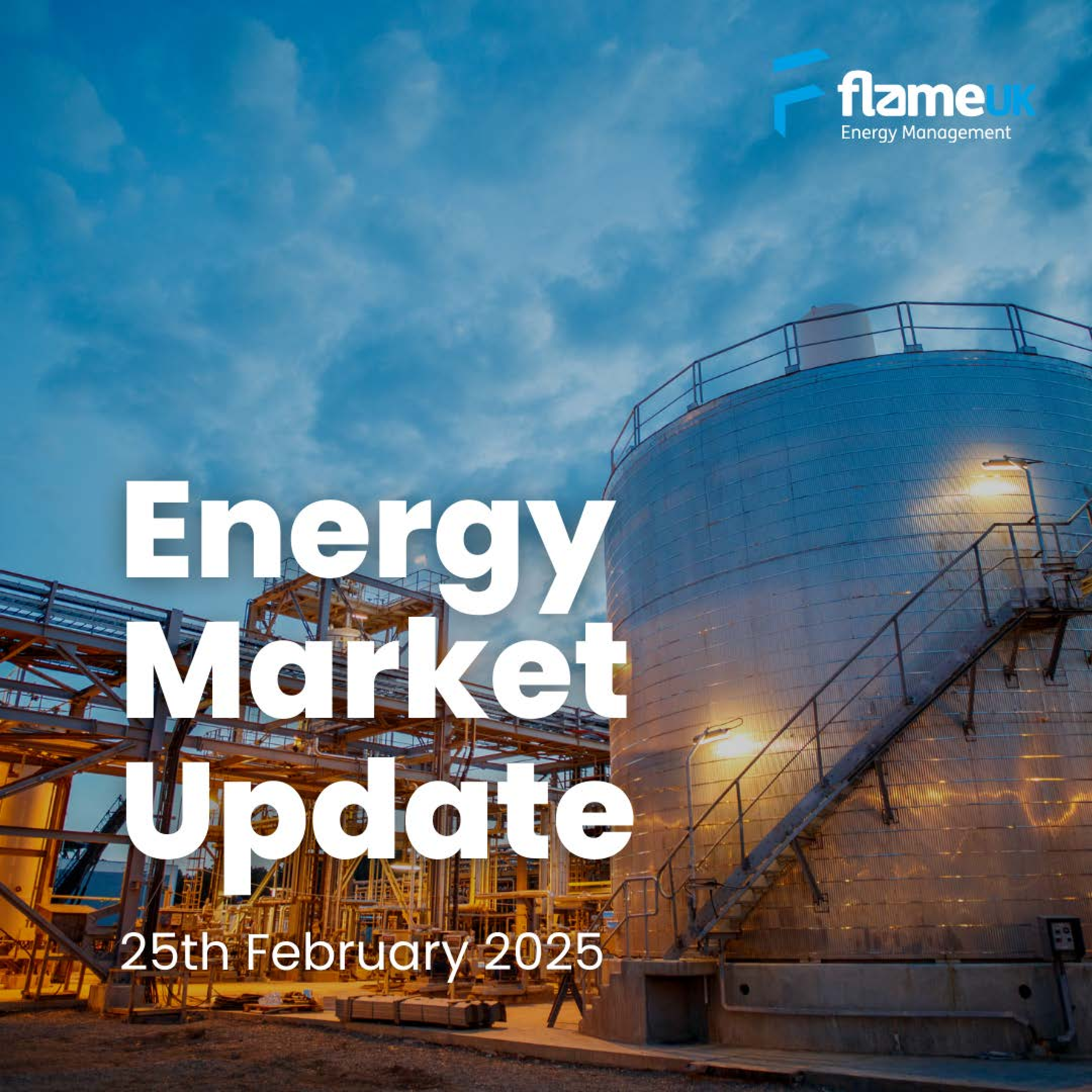


flameUK
Energy Management

Energy Market Update

25th February 2025

FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT

24 February 2025

flameUK Energy Management

Wholesale Market Prices and Trends

Wholesale Gas Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-25 12m	3.88	↑ 5%	↑ 10%	↑ 50%
Apr-25 24m	3.49	↑ 5%	↑ 8%	↑ 37%
Apr-25 36m	3.22	↑ 5%	↑ 7%	↑ 29%
Oct-25 12m	3.47	↑ 7%	↑ 8%	↑ 37%
Oct-25 24m	3.08	↑ 5%	↑ 7%	↑ 24%

Wholesale Power Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-25 12m	9.05	↑ 5%	↑ 4%	↑ 34%
Apr-25 24m	8.26	↑ 4%	↑ 2%	↑ 23%
Apr-25 36m	7.76	↑ 2%	↘ 0%	↑ 15%
Oct-25 12m	8.23	↑ 5%	↑ 2%	↑ 24%
Oct-25 24m	7.70	↑ 2%	↗ 0%	↑ 13%

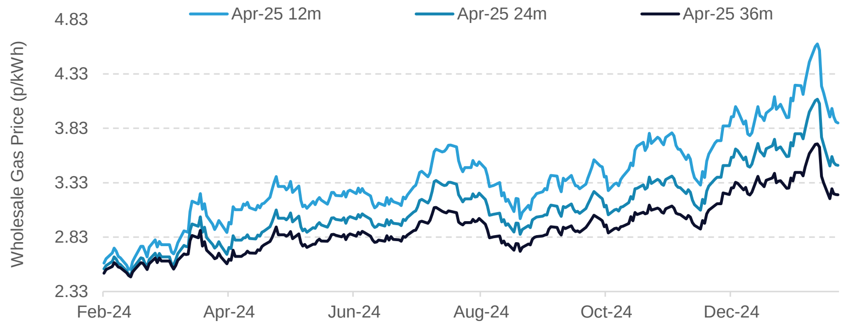
Wider Energy Complex	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Brent ($/bbl.)	74.43	↑ 4%	↓ -4%	↓ -10%
Coal ($/t)	106.00	↓ -12%	↓ -20%	→ 0%
UK Carbon (£/t)	40.66	↑ 3%	↓ -5%	↑ 10%
EU Carbon (€/t)	73.90	↑ 6%	↓ -2%	↘ -1%
€/£	0.83	→ 0%	↓ -3%	↓ -2%

UK NBP Gas

Wholesale Market Drivers

Bearish (Falling)	The European Commission is expected to announce coordinated and flexible gas storage filling targets on Wednesday, helping to ease buying pressure while ensuring energy security and market stability. Positive developments in US LNG exports continue as Venture Global's Plaquemine's facility receives approval to increase export capacity by 13%, enhancing shipment availability.
Bullish (Rising)	Following a tenfold increase in imports during February, Ukraine is expected to continue to importing gas throughout March. Beyond March, import volumes remain unclear, due to ongoing Russian missile attacks on energy infrastructure impacting the level of local production. European energy markets are expected to remain challenged throughout the year amid heightened geopolitical and economic uncertainty, emerging from winter with lower-than-average gas storage levels. Global gas markets are unlikely to see significant easing until well into 2026.

Wholesale Price Graphs

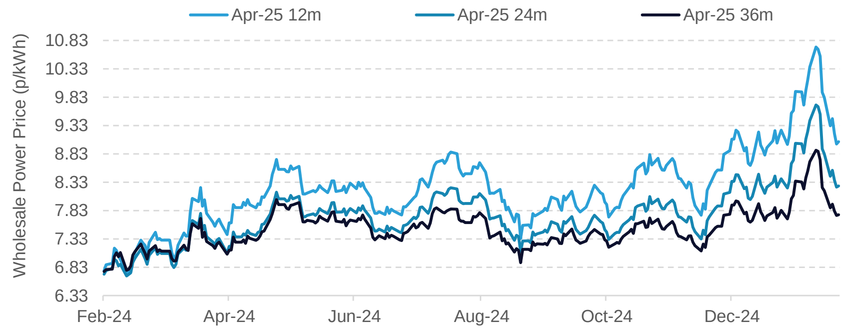


UK Baseload Power

Market Drivers

Bearish (Falling)	The energy price cap is set to raise by an additional 2% in April to 5%, which may curb domestic demand and reduce overall consumption. Set for release on Wednesday, the EU's Affordable Energy Action Plan includes an Energy Union task force to reduce power price differences across the EU, tackle speculative trading, and propose financial instruments to decouple power prices from high gas prices.
Bullish (Rising)	18GW of Ukraine's power generation capacity is under Russian occupation, increasing reliance on imports and alternative power sources in the region. The UK government needs to double its current investment in local distribution networks to £50bn in order to meet it's decarbonisation targets. Failure to do so could risk derailing clean power rollout and stifle economic growth.

Wholesale Price Graphs



Energy Market News:

The EU must reinforce its energy union to reduce prices. In order to bring down electricity prices, the EU Energy Commissioner stated that "the EU need to further integrate energy policy and make better use of cross-border infrastructure". Set for release next Wednesday, the EC Affordable Energy Action Plan includes an energy union taskforce to reduce power price differences across the EU. In the draft, the EC plans to issue guidance to national governments on reducing peak energy demand during price spikes, with options such as incentivising users to cut consumption and grid operators managing demand shifts. The plans also unveil power grid tariffs designed to encourage grid users to take advantage of the cheapest power sources available. In order to ease price spikes from grid bottlenecks, the draft recommends temporarily increasing cross-border trading capacity. The plan aims to keep the EU competitive while also decarbonising in line with climate commitments.

Get In Touch

FLAME UK ENERGY MANAGEMENT - DAILY MARKET INSIGHT

24 February 2025

Market Prices and Trends

Gas (p/therm)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	109.50	110.00	0.5%	-8%
Mar-25	112.33	108.38	-3.5%	-6%
Apr-25	112.54	108.14	-3.9%	-3%
May-25	112.60	108.19	-3.9%	-1%
Jun-25	113.11	108.69	-3.9%	1%
Q2-25	112.75	108.35	-3.9%	-1%
Q3-25	112.74	108.48	-3.8%	2%
Summer-25	112.75	108.42	-3.8%	1%
Winter-25	114.61	110.84	-3.3%	6%
Summer-26	89.01	86.24	-3.1%	5%
Winter-26	92.74	91.14	-1.7%	4%
Summer-27	74.75	83.00	11.0%	5%
Winter-27	82.13	89.00	8.4%	3%

Baseload (£/MWh)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	73.00	98.00	34.2%	-35%
Mar-25	91.50	92.50	1.1%	-6%
Apr-25	88.60	89.00	0.5%	0%
May-25	85.25	85.00	-0.3%	-1%
Jun-25	83.30	84.00	0.8%	-3%
Q2-25	85.71	83.00	-3.2%	-1%
Q3-25	87.79	91.90	4.7%	3%
Summer-25	86.76	88.00	1.4%	1%
Winter-25	94.16	91.25	-3.1%	6%
Summer-26	70.48	71.00	0.7%	2%
Winter-26	79.07	79.50	0.5%	3%
Summer-27	61.34	61.15	-0.3%	-5%
Winter-27	73.51	72.90	-0.8%	-2%

Wider Energy Complex	Close	Current Offer	% Change	3-Month Variance
Brent ($/bbl)	74.43	74.60	0.2%	2%
Coal ($/t)	106.00	106.00	0.0%	-17%
UK Carbon (£/t)	40.91	40.40	-1.2%	3%
EU Carbon (€/t)	74.15	72.67	-2.0%	3%
€/£	0.828	0.829	0.1%	-1%
€/$	1.046	1.047	0.1%	0%

Get in Touch

Current Market Drivers

A sharp decline in wind generation into tomorrow is pushing up day-ahead baseload prices on increased gas-for-power demand. However, above seasonal temperatures are limiting further upside on limited heating demand.

The UK has secured an additional LNG cargo for Feb- and Mar-25, bringing the totals to 30 and 6, respectively. This continues to provide bearish pressure to the near-curve on maintained positive supply fundamentals.

Ukraine is expected to continue importing gas throughout March, with imports increasing 10-fold during February, offering support to prices along the curve on tighter supply balance in the region.

Asian LNG imports have slumped to a 22-month low amid weak demand and high prices. However, with prices now at parity with European levels, it could signal increased buying competition and limit further downside.

UK gas futures are largely bearish this morning amid optimism over flexible EU storage targets and Russian peace prospects, with the market shaking off any concerns around worsened wind and temperature forecasts.

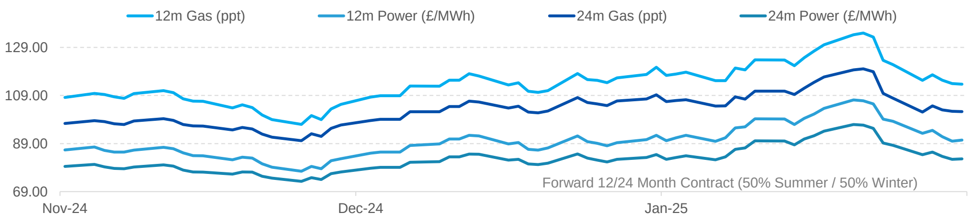
Market Focus

US urges nations to vote against Europe's draft resolution to end Russia-Ukraine war. Today marks the third anniversary of Russia's invasion of Ukraine. The US are urging the UN General Assembly to back its resolution to mark the occasion, reject any amendments and vote against an alternative proposal put forward by Ukraine and its European allies. The US draft resolution introduced last Friday opposes Ukraine's and the EU's proposals, which calls for Russia to withdraw and cease hostilities. The UN has consistently supported Ukraine's sovereignty and territorial integrity within its internationally recognised borders since the war began but the US draft makes no reference to that. The Security Council will vote on the US draft later today, requiring nine votes and no vetoes. This push follows Trump's peace talks with Russia last week which excluded Ukraine and have raised concerns among European allies. The General Assembly will vote on amendments with Russia focusing on the "root cause" and the EU and UK emphasising Ukraine's sovereignty.

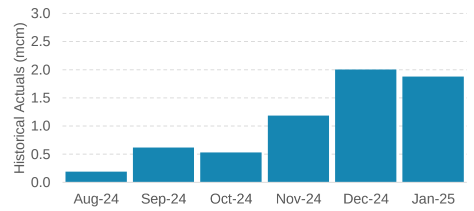
LNG and renewables to replace Russian gas. The EU energy commissioner has said that the EU will seek more LNG, particularly from the US, and expand renewable energy faster to replace Russian flows and reduce overall reliance on the fuel. The EU still commits to ending Russian gas imports by 2027 in response to Russia's invasion of Ukraine and Brussels are preparing changes to permit rules to speed up renewable buildout. Although Russian pipeline deliveries have dropped, EU imports of Russian LNG rose last year. The EU commission does not directly purchase gas, but has drawn up plans to engage with LNG suppliers, potentially investing in export infrastructure abroad in a bid to secure long-term contracts with stable prices. Any gas contracts would have to end by 2049 to meet the blocs target of net-zero emissions by 2050. The EU Commission also aims to tighten gas market controls to prevent prices spikes from speculative trading and will propose financial instruments to decouple power prices from high gas prices.

The EU must reinforce its energy union to reduce prices. In order to bring down electricity prices, the EU Energy Commissioner stated that "the EU need to further integrate energy policy and make better use of cross-border infrastructure". Set for release next Wednesday, the EC Affordable Energy Action Plan includes an energy union taskforce to reduce power price differences across the EU. In the draft, the EC plans to issue guidance to national governments on reducing peak energy demand during price spikes, with options such as incentivising users to cut consumption and grid operators managing demand shifts. The plans also unveil power grid tariffs designed to encourage grid users to take advantage of the cheapest power sources available. In order to ease price spikes from grid bottlenecks, the draft recommends temporarily increasing cross-border trading capacity. The plan aims to keep the EU competitive while also decarbonising in line with climate commitments.

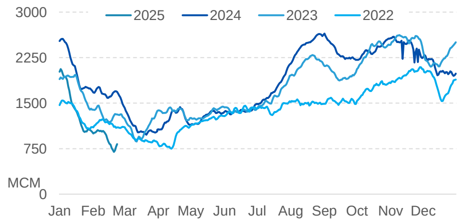
Forward Curve Price Action



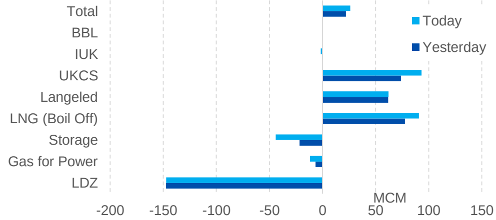
Historical Monthly LNG Supply



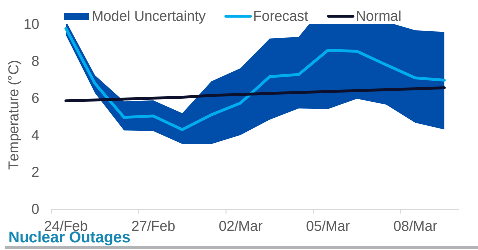
UK Gas Storage Level



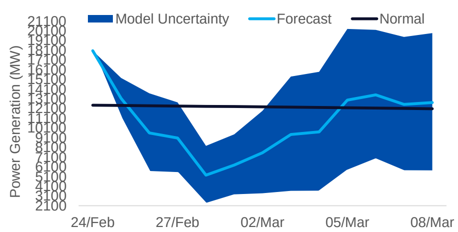
UK Gas Supply/Demand Sources



Temperature Forecast

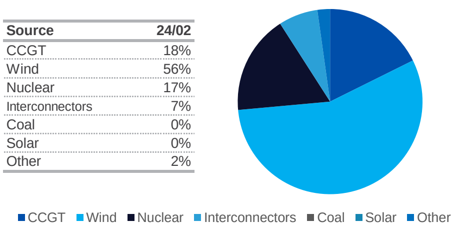


Wind Power Generation Forecast



Power Generation Mix (Last 24 Hours)

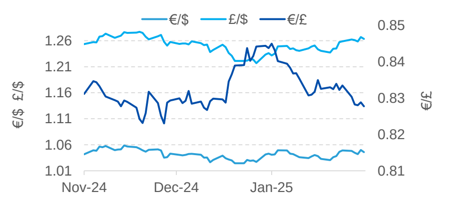
Source	24/02
CCGT	18%
Wind	56%
Nuclear	17%
Interconnectors	7%
Coal	0%
Solar	0%
Other	2%



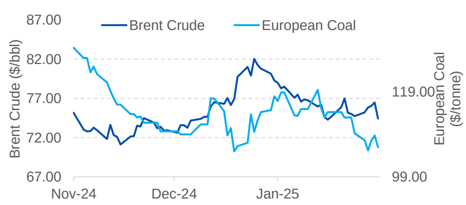
Nuclear Outages

Facility	Capacity (MW)	Start Date	End Date
Heysham 2-7	615	13/01/25	08/04/25
Heysham 1-1	580	30/01/25	23/03/25
Current online capacity	5305 MW	82%	

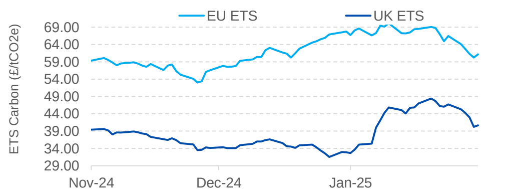
UK, EU and US Currencies



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.