flameUK
Energy Management

Energy Market Update

4th March 2025

FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT

03 March 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	3.65	↓	-3%	↑	11%	↑	38%
Apr-25 24m	3.32	↓	-1%	↑	9%	↑	28%
Apr-25 36m	3.08	→	0%	↑	9%	↑	21%
Oct-25 12m	3.30	→	0%	↑	9%	↑	28%
Oct-25 24m	2.96	↑	1%	↑	9%	↑	17%

Wholesale Power Element (p/kWh)	Indicative Price		3-Month Variance		6-Month Variance		12 Month Variance
Apr-25 12m	8.76	↑	2%	↑	8%	↑	25%
Apr-25 24m	8.08	↑	2%	↑	5%	↑	18%
Apr-25 36m	7.66	↑	2%	↑	4%	↑	9%
Oct-25 12m	8.03	↑	2%	↑	4%	↑	17%
Oct-25 24m	7.59	↑	2%	↑	4%	↑	8%

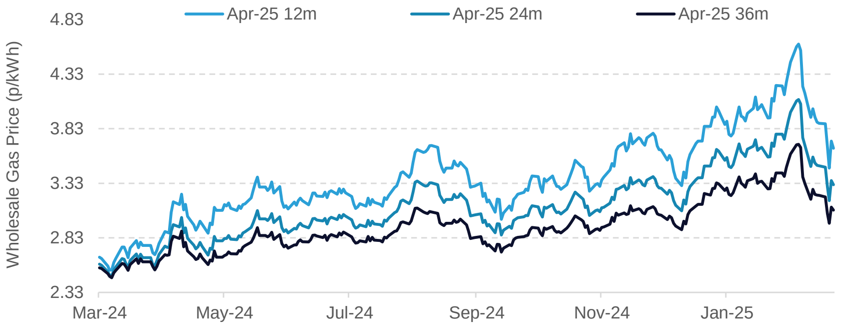
Wider Energy Complex	Indicative Price		3-Month Variance		6-Month Variance		12 Month Variance
Brent ($/bbl.)	73.18	→	0%	↓	-10%	↓	-12%
Coal ($/t)	101.81	↓	-21%	↓	-20%	↓	-3%
UK Carbon (£/t)	42.87	↑	10%	↑	2%	↑	17%
EU Carbon (€/t)	71.00	↘	-1%	↓	-3%	↓	-4%
€/£	0.82	↓	-1%	↓	-3%	↓	-2%

UK NBP Gas

Wholesale Market Drivers

Bearish (Falling)	The European Commission has again reaffirmed that they will introduce dynamic storage refilling targets. No specific details have been released yet, but it has been suggested Germany's 01-Nov target could be reduce from 90% to 80%. Ofgem have announced the domestic price cap will rise 6.4% in Apr-25, potentially contributing to demand suppression. High energy prices are also leading to industrial demand destruction in the UK and the Continent.
Bullish (Rising)	Uncertainty around Ukraine-Russia peace talks is lending support on the back of a further souring of relations between the US and Ukraine after talks on Friday in Washington. Speculators continue to exacerbate upwards trends in UK and European energy markets. The EU's Afforadble Energy Action Plan, released Wednesday, has not introduced any policy to change this.

Wholesale Price Graphs

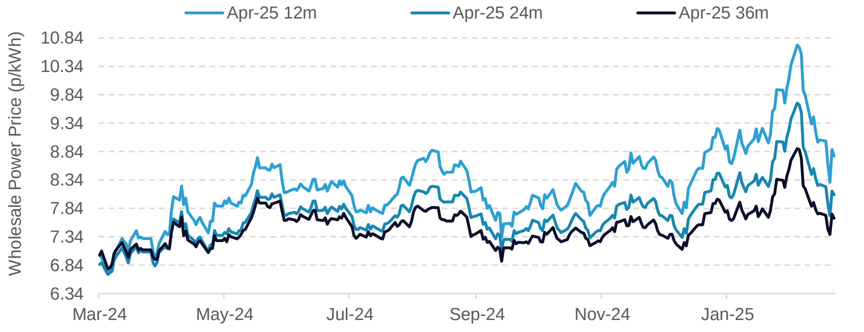


UK Baseload Power

Market Drivers

Bearish (Falling)	The EU may delay the introduction of their Carbon Border Adjustment Mechanism (CBAM) to 2027, potentially signalling downside to carbon and power markets. EU's Affordable Energy Action Plan was released on Wednesday, introducing measures to address high energy prices in the block. Lower pricing in Europe could improve the UK's import prospects.
Bullish (Rising)	BP abandons green targets, a potential signal for a slow down in green investments within the industry. Trump's climate policy is likely having some influence as well. Datacentres remain at the forefront for long-term demand signals, with 100GW of grid access requests being placed in Spain. This could undermine decarbonisation effort.

Wholesale Price Graphs



Energy Market News:

Ukrainian and US relation sour further, with Ukrainian minerals deal off the cards and continued US military support unlikely. Ukrainian President Volodymir Zelensky met with the Trump and his VP, JD Vance, on Friday to discuss continued US military support and a potential minerals deal. The talks did not go well and Trump dismissed Zelensky from the Oval Office, stating afterwards that the minerals deal is off the table. In response, many European leaders have been reaffirming their support for Ukraine and distancing themselves from the increasingly more pro-Russian stance that the US have held under Trump. This is raising some concerns over a Russia-Ukraine peace deal as mediator US may try to strong arm Ukraine into a deal more favourable to Russia, something that other key backers like the UK and EU appear to be opposed to. Some European leaders are pushing for the US to continue their military support for another month whilst talks are ongoing, but in the mean time it remains a supportive element to energy markets.

Get In Touch

FLAME UK ENERGY MANAGEMENT - DAILY MARKET INSIGHT

03 March 2025

Market Prices and Trends

Gas (p/therm)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	107.50	110.50	2.8%	-11%
Apr-25	104.83	109.78	4.7%	-10%
May-25	104.86	109.50	4.4%	-8%
Jun-25	105.32	109.88	4.3%	-6%
Jul-25	104.32	109.05	4.5%	-6%
Q2-25	105.00	109.72	4.5%	-8%
Q3-25	105.30	109.75	4.2%	-5%
Summer-25	105.15	109.72	4.3%	-7%
Winter-25	108.85	112.85	3.7%	-1%
Summer-26	84.72	87.50	3.3%	-1%
Winter-26	90.20	91.00	0.9%	1%
Summer-27	73.25	73.50	0.3%	3%
Winter-27	80.19	82.00	2.3%	1%

Baseload (£/MWh)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	94.25	95.50	1.3%	-18%
Apr-25	85.90	91.00	5.9%	-2%
May-25	81.15	87.00	7.2%	-6%
Jun-25	80.80	80.80	0.0%	-5%
Jul-25	84.45	84.45	0.0%	2%
Q2-25	82.60	82.60	0.0%	-4%
Q3-25	85.14	85.14	0.0%	1%
Summer-25	83.88	86.00	2.5%	-2%
Winter-25	91.33	98.00	7.3%	2%
Summer-26	69.17	70.00	1.2%	0%
Winter-26	78.70	80.75	2.6%	3%
Summer-27	63.02	65.00	3.1%	-1%
Winter-27	73.69	74.75	1.4%	-1%

Wider Energy Complex	Close	Current Offer	% Change	3-Month Variance
Brent ($/bbl)	72.81	72.55	-0.4%	1%
Coal ($/t)	101.81	101.81	0.0%	-16%
UK Carbon (£/t)	43.12	42.59	-1.2%	10%
EU Carbon (€/t)	71.25	72.32	1.5%	0%
€/£	0.825	0.826	0.2%	-1%
€/$	1.038	1.041	0.3%	-1%

Get in Touch

Current Market Drivers

Day-ahead energy contracts are pointing up in morning trading despite wind and power showing a recovery into tomorrow. Strong storage injection demand is raising gas demand, and by extension gas-fired premiums.

UK gas futures are pointing sharply up this morning, continuing the trend seen late last week. Concerns over Ukrainian peace talks remain at the forefront and are being exacerbated by technical signals.

EU and UK carbon are showing divergent price action this morning. The potential delay to the EU Carbon Border Adjustment Mechanism (CBAM) could be contributing to this breakdown in correlation.

Wind and temperature forecasts have been revised downwards as La Nina continues to drive cold and less windy weather, providing support to 2025 gas futures on concerns over further strain to European storage.

The current Northern Hemisphere weather pattern is showing a 66% (up from 60%) likelihood of moving from La Nina to neutral conditions in Mar- to May-25, though downside is limited by geopolitical concerns.

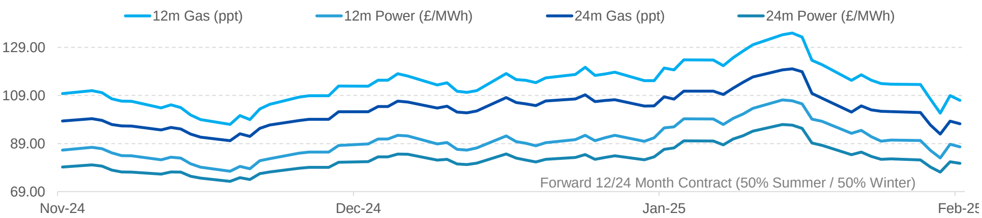
Market Focus

Ukrainian and US relation sour further, with Ukrainian minerals deal off the cards and continued US military support unlikely. Ukrainian President Volodymyr Zelensky met with the Trump and his VP, JD Vance, on Friday to discuss continued US military support and a potential minerals deal. The talks did not go well and Trump dismissed Zelensky from the Oval Office, stating afterwards that the minerals deal is off the table. In response, many European leaders have been reaffirming their support for Ukraine and distancing themselves from the increasingly more pro-Russian stance that the US have held under Trump. This is raising some concerns over a Russia-Ukraine peace deal as mediator US may try to strong arm Ukraine into a deal more favourable to Russia, something that other key backers like the UK and EU appear to be opposed to. Some European leaders are pushing for the US to continue their military support for another month whilst talks are ongoing, but in the mean time it remains a supportive element to energy markets.

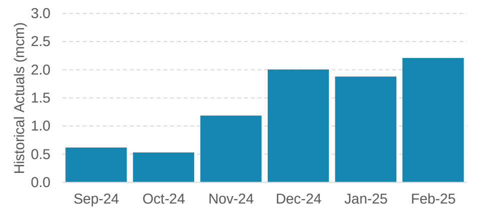
Speculators may rebuild long positions as concerns over changes to EU regulation ease. The EU had highlighted speculators as a key driver of European energy markets since the energy crisis. This contributed to market volatility, exacerbating trends through increased buying/selling pressure. The EU suggested they may regulate this in their new Omnibus package, which in conjunction with markets reaching highs in early Feb-25 and encouraging profit taking, led to a decline in long positions later in the month. This had exacerbated the bearish trend stemming from positive developments in Russia-Ukraine peace deals and saw markets drop to the lowest levels this year, levels that somewhat ignored the still tight fundamental picture. However, the Omnibus package released on Wednesday has shown no changes to regulation around speculative buying and may encourage speculators to start rebuilding their long positions. This could be contributing to the change in the market trend, which in turn has encouraged further buying on technical signals.

Gas storage targets for EU member states to be relaxed. Wednesday was a significant day for EU energy policy, with the announcement of its clean industrial deal and making a statement about relaxing gas storage refilling targets. The current targets contributed to the strong price rise in Q4-24 and early Q1-25. Details were sparse but they have alluded to relaxing when storage targets have to be met to "support refiling at better purchasing conditions" and a lower target of 80% by 01-Nov, rather than 90%, for Germany has been mentioned. Effectively, by removing a fixed date they can reduce the amount that European nations will be competing with each other to secure gas supplies, whilst also allowing countries to avoid purchases when global demand for LNG is leading to high spot pricing. Dynamic storage targets are seen as positive move by European energy markets, contributing to W-25 moving back to a premium over S-25 and driving some of the pullback in European gas prices over this week and last.

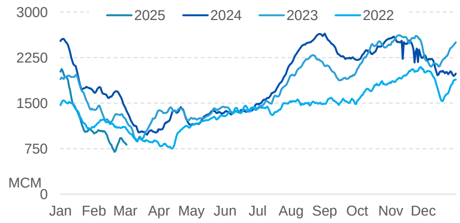
Forward Curve Price Action



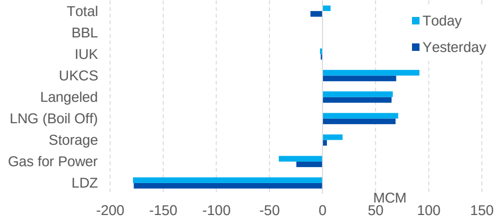
Historical Monthly LNG Supply



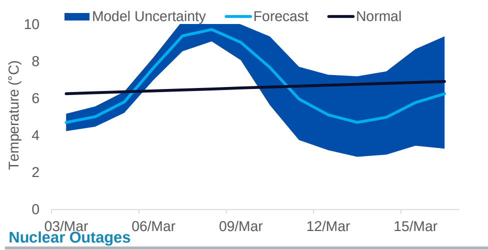
UK Gas Storage Level



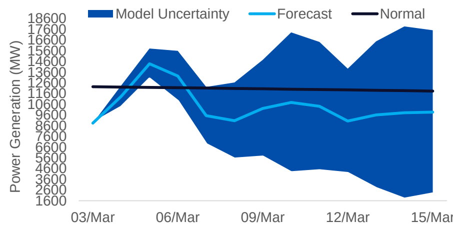
UK Gas Supply/Demand Sources



Temperature Forecast

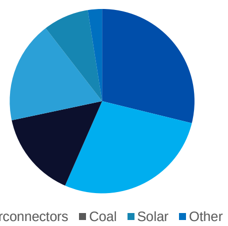


Wind Power Generation Forecast



Power Generation Mix (Last 24 Hours)

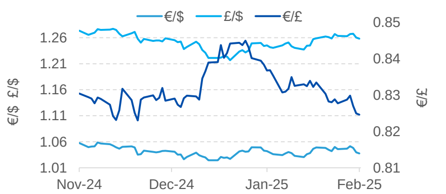
Source	03/03
CCGT	29%
Wind	28%
Nuclear	15%
Interconnectors	18%
Coal	0%
Solar	8%
Other	2%



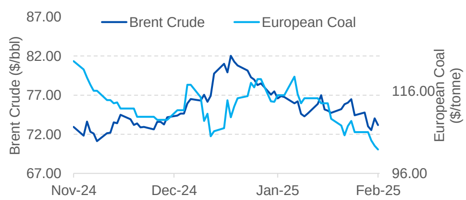
Nuclear Outages

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
Hartlepool 2	595	28/02/25	16/03/25
Current online capacity	4710 MW	72%	

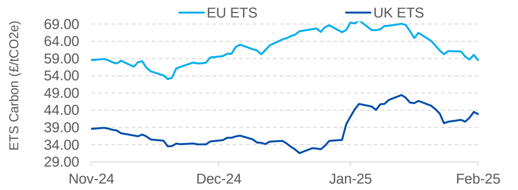
UK, EU and US Currencies



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.