flameUK
Energy Management

Energy Market Update

11th March 2025

FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT

10 March 2025

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Wholesale Market Prices and Trends

Wholesale Gas Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-25 12m	3.35	-16%	1%	5%
Apr-25 24m	3.08	-15%	0%	4%
Apr-25 36m	2.89	-13%	-1%	3%
Oct-25 12m	3.05	-15%	0%	4%
Oct-25 24m	2.78	-12%	-1%	2%

Wholesale Power Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-25 12m	8.15	-12%	4%	0%
Apr-25 24m	7.71	-9%	4%	0%
Apr-25 36m	7.42	-7%	2%	-2%
Oct-25 12m	7.65	-9%	4%	-1%
Oct-25 24m	7.33	-7%	1%	-2%

Wider Energy Complex	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Brent ($/bbl.)	70.36	-4%	-7%	-17%
Coal ($/t)	102.16	-21%	-19%	-6%
UK Carbon (£/t)	39.06	7%	-5%	-18%
EU Carbon (€/t)	68.63	-1%	-1%	-3%
€/£	0.84	1%	1%	-1%

UK NBP Gas

Wholesale Market Drivers

Bearish (Falling)

The European Commission have confirmed that LNG storage can be included in European storage targets and under exceptional cirumstances the 90% target could be delayed until 1st December, offering flexibility and easing some concerns.

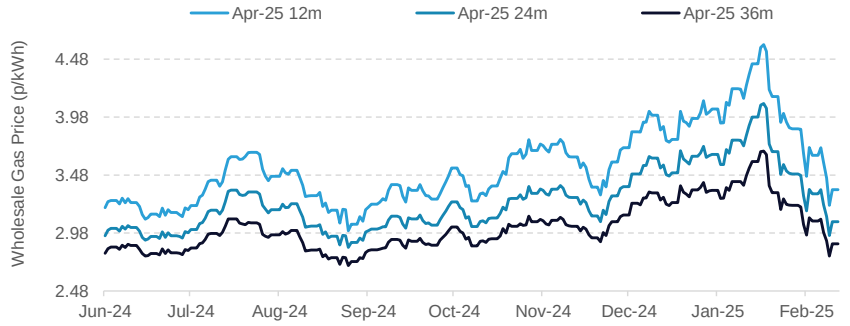
US LNG operator Venture Global has increased its export expectations for 2025, and combined with weak Chinese demand and tariffs, this could signal an increase in US LNG imports by Europe.

Bullish (Rising)

Ukrainian storage levels have fallen to 4.7%. To ensure adequate winter supply, Ukraine will need to import a minimum of 3-5 bcm of gas. News of ongoing Russian attacks on Ukrainian gas facilities and advances into key gas pipeline territory adds to the uncertainty.

Possible extensions to the EU gas storage regulations until the end of 2027 could fuel expectations of sustained demand for gas storage amid ongoing market tightness.

Wholesale Price Graphs



UK Baseload Power

Market Drivers

Bearish (Falling)

Located in the UK, Europe's largest battery energy storage solution (BESS) have begun operations, with a capacity of 200MW, which is expected to increase to 300MW by 2026. This provides power to 3.1 million homes for two hours.

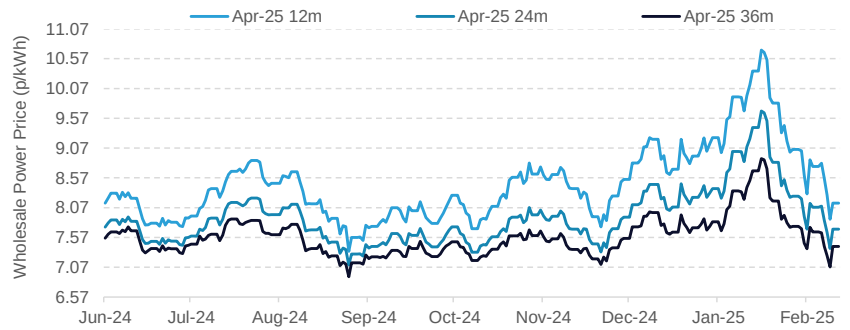
Solar PV generated more electricity than coal in the EU last year, with the ongoing increases in renewable capacity improving both the UK and European low carbon electricity generation prospects.

Bullish (Rising)

The UK Treasury is developing plans to cut funding to GB Energy in June's spending review, potentially impacting the UK's renewable energy rollout and decarbonisation goals.

Concerns have been revived over ageing French nuclear facilities, and ongoing the modulation (ramping up and down) of reactors, and its impact on interconnector availibilty.

Wholesale Price Graphs



Energy Market News:

European Commission proposes extending gas storage targets to 2027. On Wednesday the European Commission (EC) put forward extending the EU gas storage regulations until the end of 2027. However, it urged member states to implement flexibility measure during the storage refilling period ahead of winter to avoid distortions to and reduce stress on the markets. Under the proposal, the EC would retain the mandatory requirement to fill underground storage to 90% capacity by 01-Nov for both 2026 and 2027. Intermediary targets leading up to this date would be non-binding. In recent weeks, the EC's storage targets have faced criticism, with some arguing that the rules have distorted the market, driving summer prices to a premium over winter. Due to recent market volatility in 2025, the EC have introduced more flexibility, with LNG storage now included in overall targets. Additionally, if member states face considerable technical and market constraints, the filling deadline can be pushed to 01-Dec. These changes ease buying pressure along the curve, but extending targets may support 2026+ contracts.

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FLAME UK ENERGY MANAGEMENT - DAILY MARKET INSIGHT

10 March 2025

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Market Prices and Trends

Gas (p/therm)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	95.50	100.50	5.2%	-14%
Apr-25	97.70	99.93	2.3%	-9%
May-25	96.35	98.63	2.4%	-9%
Jun-25	96.71	99.20	2.6%	-7%
Jul-25	95.81	98.17	2.5%	-7%
Q2-25	96.91	99.31	2.5%	-8%
Q3-25	96.93	99.43	2.6%	-6%
Summer-25	96.92	99.20	2.4%	-7%
Winter-25	99.70	101.88	2.2%	-4%
Summer-26	79.06	81.25	2.8%	-5%
Winter-26	85.16	87.76	3.1%	-3%
Summer-27	69.50	72.00	3.6%	-1%
Winter-27	77.17	86.00	11.4%	-1%

Baseload (£/MWh)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	89.09	91.25	2.4%	-21%
Apr-25	81.65	84.25	3.2%	-1%
May-25	76.30	85.00	11.4%	-5%
Jun-25	76.50	76.50	0.0%	-3%
Jul-25	78.25	82.00	4.8%	1%
Q2-25	78.13	78.13	0.0%	-3%
Q3-25	79.01	84.00	6.3%	0%
Summer-25	78.57	81.00	3.1%	-1%
Winter-25	84.39	86.25	2.2%	0%
Summer-26	68.62	69.00	0.6%	4%
Winter-26	76.86	76.50	-0.5%	3%
Summer-27	63.21	62.00	-1.9%	4%
Winter-27	73.40	72.50	-1.2%	1%

Wider Energy Complex	Close	Current Offer	% Change	3-Month Variance
Brent ($/bbl)	70.36	70.49	0.2%	-2%
Coal ($/t)	102.16	102.16	0.0%	-17%
UK Carbon (£/t)	39.31	40.04	1.9%	7%
EU Carbon (€/t)	68.88	70.09	1.8%	0%
€/£	0.839	0.841	0.2%	1%
€/$	1.083	1.086	0.3%	3%

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Current Market Drivers

EU LNG prices hit a 5-month low amid strong supply. Europe remains well-stocked, with storage refilling expected to keep prices above Asia's for most of the year, though summer restocking in Asia may tighten markets.
Slowing seasonal gas withdrawals, increased LNG supply, and an unwinding of long positions due to storage target speculation, driven by rising US output and weak Chinese demand, is limiting the upside along the curve.
Temperatures have been forecast colder throughout the week, alongside declining wind output to below seasonal levels, offering support to day-ahead contracts on increased gas-for-power and heating demand.
Prompt contracts are receiving bullish pressure from declining Norwegian flows to the UK as maintenance impacts supply, combined with lower LNG sendout and storage injections tightening supply.
UK gas futures are bullish this morning, with news of ongoing Russian attacks on Ukrainian gas facilities and a Russian advance into key Ukrainian gas pipeline territory spurring upside.

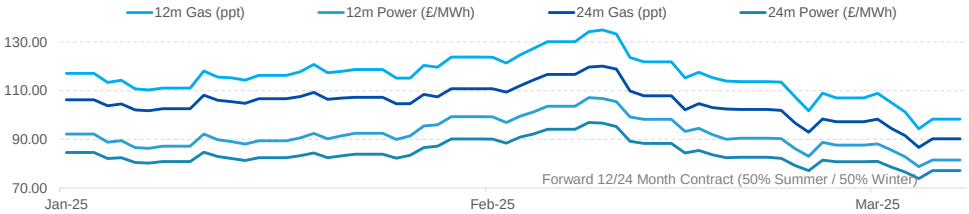
Market Focus

NATO calls for increased investment into European energy infrastructure security. A NATO official has suggested that Europe must adopt a "wartime" mindset to strengthen its energy infrastructure and increase investments from both states and energy companies to better prepare against threats. The ongoing war in Ukraine and the US's recent suspension of military aid to Ukraine has heightened security concerns, but last week the EU unveiled a defence package allocating nearly €800 billion in funding. By July, the European Commission plans to publish its analysis of the EU's energy security rules. Russia's invasion of Ukraine in 2022 pushed NATO to defend critical undersea infrastructure, with recent Baltic Sea cable attacks leading to increased military presence and tighter ship inspections. The NATO official suggests that as a "major regulator" the EU could send key signals to the market "highlighting the importance of resilience". Stressing stronger coordination between governments will be the key to mitigating risks and ensuring long-term energy security.

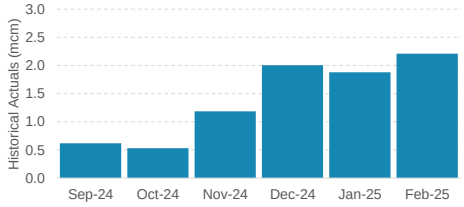
Utilisation of the Turkstream may hinder EU efforts to reduce reliance on Russian gas. The use of the Turkstream pipeline, which delivers Russian gas to Southeastern and Central Europe, could undermine the European Union's goal of reducing reliance on Russian energy sources by 2027. An energy security expert at a Bulgarian think tank said that Southeastern Europe were buying "enormous amounts of Russian pipeline gas" via the Turkstream. The pipeline is currently operating above technical capacity via the interconnector in Bulgaria, with volumes around 55 mcm/d, above the stated 53.5 mcm/d of nameplate capacity. Since the start of the war in Ukraine, flows via the pipeline have risen 30%. The price of Russian gas via this route remains much lower than alternatives, such as LNG, which most of Europe has turned to since the war began. Politics and Russian energy influence still play a key role in the region. Despite hindering Europe's move away from Russian gas, the TurkStream remains vital for energy security in that region.

European Commission proposes extending gas storage targets to 2027. On Wednesday the European Commission (EC) put forward extending the EU gas storage regulations until the end of 2027. However, it urged member states to implement flexibility measure during the storage refilling period ahead of winter to avoid distortions to and reduce stress on the markets. Under the proposal, the EC would retain the mandatory requirement to fill underground storage to 90% capacity by 01-Nov for both 2026 and 2027. Intermediary targets leading up to this date would be non-binding. In recent weeks, the EC's storage targets have faced criticism, with some arguing that the rules have distorted the market, driving summer prices to a premium over winter. Due to recent market volatility in 2025, the EC have introduced more flexibility, with LNG storage now included in overall targets. Additionally, if member states face considerable technical and market constraints, the filling deadline can be pushed to 01-Dec. These changes ease buying pressure along the curve, but extending targets may support 2026+ contracts.

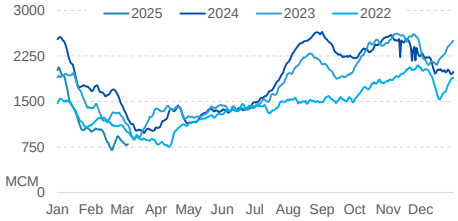
Forward Curve Price Action



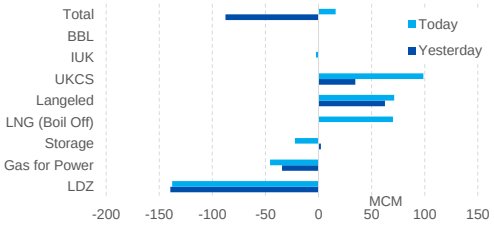
Historical Monthly LNG Supply



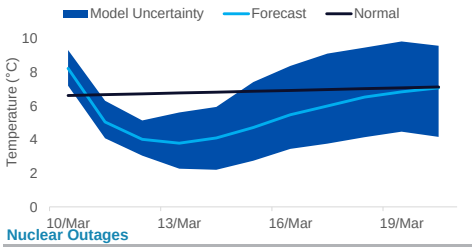
UK Gas Storage Level



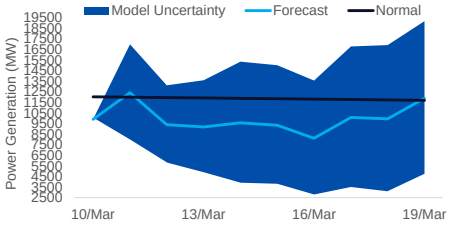
UK Gas Supply/Demand Sources



Temperature Forecast

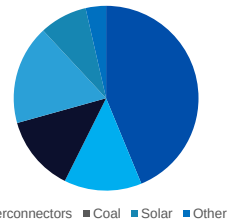


Wind Power Generation Forecast



Power Generation Mix (Last 24 Hours)

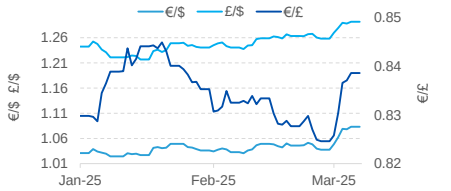
Source	10/03
CCGT	44%
Wind	14%
Nuclear	13%
Interconnectors	17%
Coal	0%
Solar	8%
Other	4%



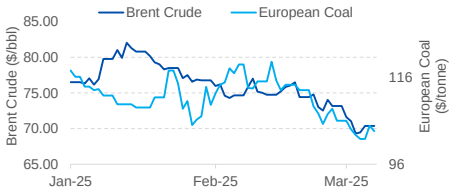
Nuclear Outages

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
Torness 1	595	07/03/25	03/04/25
Current online capacity	4115 MW		63%

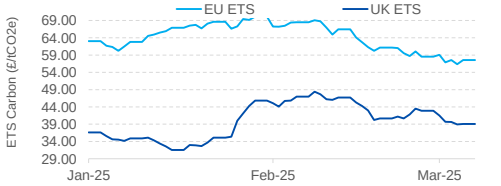
UK, EU and US Currencies



Brent Crude vs European Coal



Emissions Trading Scheme Carbon



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