

# Energy Market Update

18th March 2025

# FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT

17 March 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	3.50	↓ -7%	↑ 1%	↑ 8%
Apr-25 24m	3.17	↓ -9%	↔ 1%	↑ 5%
Apr-25 36m	2.94	↓ -9%	↔ 0%	↑ 3%
Oct-25 12m	3.12	↓ -10%	↑ 1%	↑ 4%
Oct-25 24m	2.81	↓ -10%	↔ -1%	↑ 1%

Wholesale Power Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-25 12m	8.58	↓ -2%	↑ 4%	↑ 4%
Apr-25 24m	7.97	↓ -1%	↑ 4%	↑ 2%
Apr-25 36m	7.55	↓ -1%	↑ 1%	↓ -2%
Oct-25 12m	7.87	↓ -2%	↑ 5%	↔ 1%
Oct-25 24m	7.42	↓ -3%	↔ 1%	↓ -3%

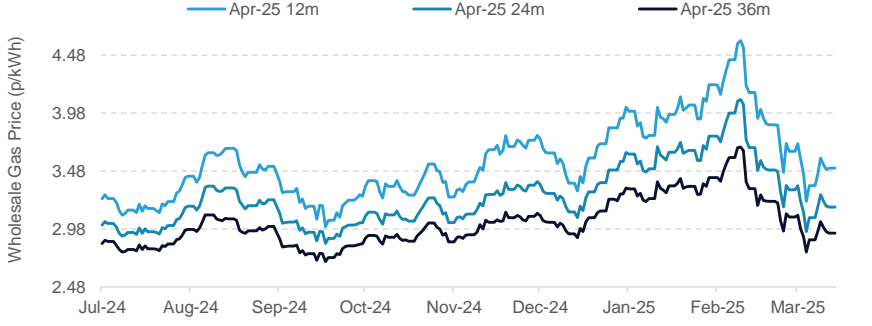
Wider Energy Complex	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Brent (\$/bbl.)	70.58	↓ -5%	↓ -3%	↓ -18%
Coal (\$/t)	103.37	↓ -19%	↓ -16%	↓ -6%
UK Carbon (£/t)	44.29	↑ 26%	↑ 11%	↓ -9%
EU Carbon (€/t)	70.99	↓ -3%	↑ 8%	↑ 1%
€/£	0.84	↑ 2%	↔ 0%	↔ -1%

## UK NBP Gas

### Wholesale Market Drivers

<b>Bearish (Falling)</b>	<p>A draft proposal by a number of EU countries is further pushing for more flexible storage targets. This involves making the 90% deadline a variable target between Oct 1-Dec 1 and making intermediate targets voluntary, in hopes to ease market distortions.</p> <p>The US's ongoing tariff wars have raised concerns about stifling economic activity and in turn potentially reducing overall energy consumption.</p>
<b>Bullish (Rising)</b>	<p>Strong interest in Greece's Revithoussa LNG terminal, with capacity booked until 2030, signals sustained EU demand and provides ongoing indications of LNG demand along the curve.</p> <p>Several US LNG exporters are seeking to renegotiate higher prices with buyers, due to rising costs, which could weaken the competitive edge of US LNG and increase LNG import fees.</p>

### Wholesale Price Graphs

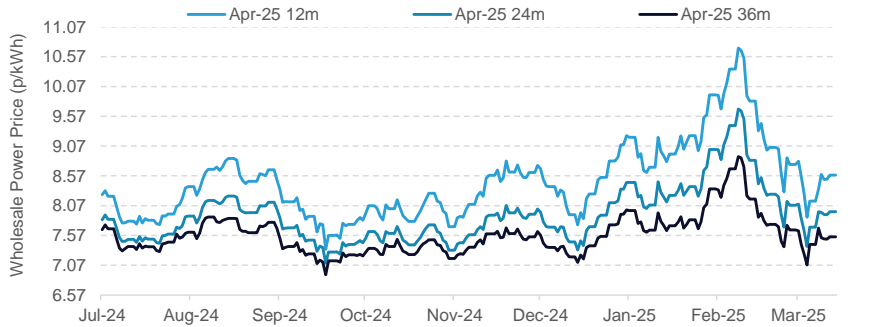


## UK Baseload Power

### Market Drivers

<b>Bearish (Falling)</b>	<p>UK's Planning and Infrastructure Bill is expected to accelerate grid connections and renewables, reducing reliance on gas-fired generation.</p> <p>Meteorologists have forecasted that the La Nina weather pattern will transition to neutral conditions in the coming months and will persist throughout the summer over the Northern Hemisphere, improving renewable output prospects.</p>
<b>Bullish (Rising)</b>	<p>Trump's tariffs on EU steel and aluminium pose consequential risks to the EU's energy sector, by undercutting local production and impacting renewable buildout.</p> <p>News reaffirming a linkage between the UK ETS and the more expensive EU ETS scheme continue to offer bullish signals.</p>

### Wholesale Price Graphs



## Energy Market News:

**EU suggestions of tighter regulations on speculators face push back from industry bodies.** European futures prices have followed a volatile but overall bullish pattern since the second half of last year, driven by fundamentals and geopolitical risk, but exacerbated by a significant increase in speculative interest in the market. The EU has been considering tighter regulations to address the impact of speculators, but this has faced some push back from industry bodies. They have reiterated the role that speculators play, improving liquidity in the market and facilitate hedging for physical traders by taking positions in longer-dated futures markets (ensuring energy producers can sell their produced volumes) before selling the volume closer to the point of delivery. Investment funds have decreased their long positions in recent weeks, partially on improved fundamentals, but also likely on concerns about this regulation. The direction the EU chooses to follow remains uncertain at the moment but is likely to have a strong influence on market dynamics and prices.

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## Market Prices and Trends

Gas (p/therm)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	104.91	103.50	↓ -1.3%	↑ 8%
Apr-25	103.89	101.99	↓ -1.8%	↑ 5%
May-25	102.58	100.66	↓ -1.9%	↑ 6%
Jun-25	102.86	101.15	↓ -1.7%	↑ 7%
Jul-25	101.56	100.14	↓ -1.4%	↑ 7%
Q2-25	103.10	101.24	↓ -1.8%	↑ 6%
Q3-25	102.42	100.93	↓ -1.5%	↑ 7%
Summer-25	102.76	101.09	↓ -1.6%	↑ 7%
Winter-25	102.63	101.59	↓ -1.0%	↑ 5%
Summer-26	80.20	79.95	↓ -0.3%	↓ -1%
Winter-26	86.00	86.30	↑ 0.3%	↓ 0%
Summer-27	69.06	77.55	↑ 12.3%	↓ -3%
Winter-27	77.17	77.17	→ 0.0%	↓ -2%

Baseload (£/MWh)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	99.00	93.50	↓ -5.6%	↑ 17%
Apr-25	87.10	86.50	↓ -0.7%	↑ 15%
May-25	81.15	82.00	↑ 1.0%	↑ 8%
Jun-25	80.90	80.90	→ 0.0%	↑ 8%
Jul-25	83.80	83.80	→ 0.0%	↑ 16%
Q2-25	83.03	83.03	→ 0.0%	↑ 10%
Q3-25	84.55	86.25	↑ 2.0%	↑ 15%
Summer-25	83.80	86.00	↑ 2.6%	↑ 13%
Winter-25	87.85	88.50	↑ 0.7%	↑ 9%
Summer-26	69.50	70.00	↑ 0.7%	↑ 7%
Winter-26	77.64	78.00	↑ 0.5%	↑ 6%
Summer-27	62.08	63.00	↑ 1.5%	↓ 0%
Winter-27	71.85	74.00	↑ 3.0%	↓ 0%

Wider Energy Complex	Close	Current Offer	% Change	3-Month Variance
Brent (\$/bbl)	70.58	71.31	↑ 1.0%	↓ -5%
Coal (\$/t)	103.37	103.37	→ 0.0%	↓ -16%
UK Carbon (£/t)	44.54	44.65	↑ 0.2%	↑ 26%
EU Carbon (€/t)	71.24	70.75	↓ -0.7%	↑ 9%
€/£	0.841	0.841	→ 0.1%	↑ 1%
€/€/\$	1.088	1.091	↑ 0.3%	↑ 4%

## Current Market Drivers

Prompt contracts could show some mixed price action this week, with temperatures recovering around midweek after declining near the start and wind output volatile but mostly below the seasonal norms. A draft EU document proposes flexible gas storage targets, making intermediate goals voluntary and the 90% target a variable range (Oct 1-Dec 1) to ease buying pressure along the curve and prevent market distortion. Uncertainty over whether US President Trump will leverage LNG as a political tool against Europe is raising concerns around Europe's reliance on US energy and could lend some support along the curve. Asian spot LNG prices have hit a 3-month low amid persistent muted demand in the region. This could provide some bearish signals to near-curve prices on reduced competition for the UK and Europe to secure cargoes. ICE Futures Europe has announced that trading in Dutch TTF Natural Gas Futures and Options contracts will be temporarily halted. The suspension could disrupt market liquidity, price discovery, and hedging strategies.

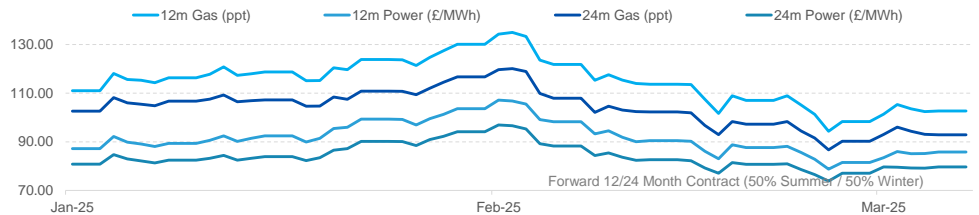
## Market Focus

**Trump set talk with Putin to discuss ending the Russia-Ukraine war.** After positive talks between US and Russian officials in Moscow, Trump has told reporters he plans to speak to Putin on Tuesday about ending the war in Ukraine. Trump is seeking Putin's backing for a 30-day ceasefire proposal that Ukraine agreed to last week. Meanwhile, over the weekend both parties have continued exchanging intense aerial strikes. This comes as Russia advances closer to pushing Ukrainian forces out of their long-held position in the Russian Kursk region. Ukrainian President Zelenskyy has expressed hope for ending the war but has reiterated that Ukraine's sovereignty and territorial integrity are non-negotiable. However, Russia demands "ironclad" guarantees that Ukraine will not join NATO and will remain neutral in any peace deal. The onus is on Russia to cede to Trump's ceasefire proposal, testing his more favourable view of Putin. European and British allies are preparing to support Ukraine if a ceasefire occurs, with Britain finalising defence plans next week.

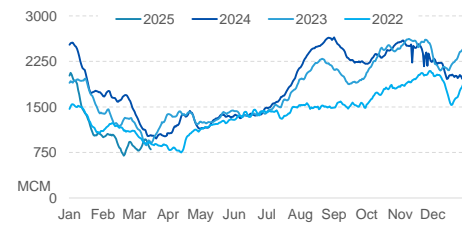
**EU suggestions of tighter regulations on speculators face push back from industry bodies.** European futures prices have followed a volatile but overall bullish pattern since the second half of last year, driven by fundamentals and geopolitical risk, but exacerbated by a significant increase in speculative interest in the market. The EU has been considering tighter regulations to address the impact of speculators, but this has faced some push back from industry bodies. They have reiterated the role that speculators play, improving liquidity in the market and facilitate hedging for physical traders by taking positions in longer-dated futures markets (ensuring energy producers can sell their produced volumes) before selling the volume closer to the point of delivery. Investment funds have decreased their long positions in recent weeks, partially on improved fundamentals, but also likely on concerns about this regulation. The direction the EU chooses to follow remains uncertain at the moment but is likely to have a strong influence on market dynamics and prices.

**European Commission to present roadmap to diversify from Russian supplies "very soon", whilst Putin looks for lifting of sanctions.** The European Commission (EC), which had previously been looking to diversify from Russian energy by 2027, is set to release a roadmap highlighting how they would reduce reliance on Russian energy supplies. At the forefront of this are LNG and imports of Russian nuclear fuel. At the same time, Putin has been expressing his desire for a lifting of sanctions on the Russian LNG industry as part of the ongoing peace talks with the US and Ukraine. Current sanctions allow LNG to be imported into Europe, but block "transshipments" i.e., swapping goods over from one ship to another in European ports. The EC plan could mean that the European appetite for Russian imports is diminished, but the lifting of sanctions could allow for export globally. Currently around 70% of Russian LNG shipments go to European destinations. The result could then be that global supply increases, reducing competition for cargoes from other key exporters.

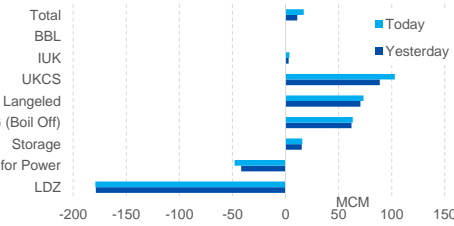
## Forward Curve Price Action



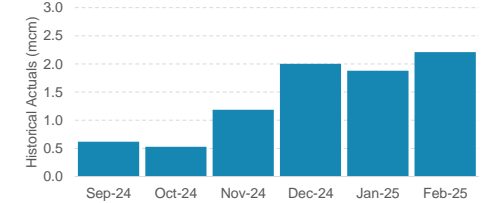
## UK Gas Storage Level



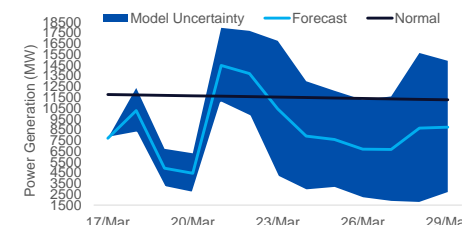
## UK Gas Supply/Demand Sources



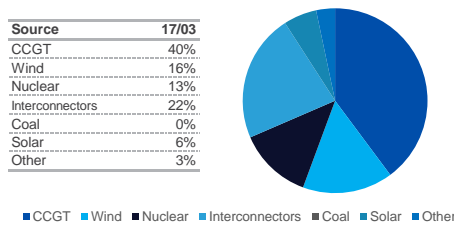
## Historical Monthly LNG Supply



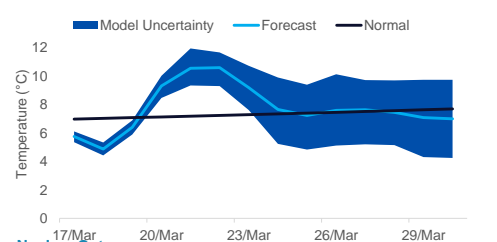
## Wind Power Generation Forecast



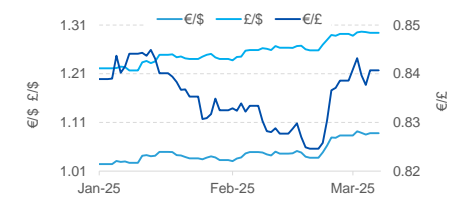
## Power Generation Mix (Last 24 Hours)



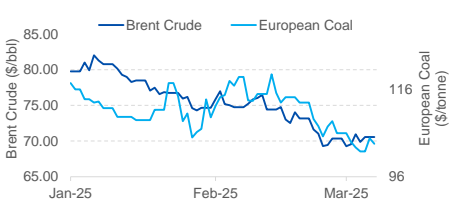
## Temperature Forecast



## UK, EU and US Currencies



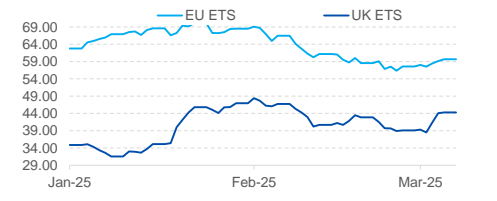
## Brent Crude vs European Coal



## 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	19/03/25
Torness 1	595	07/03/25	03/04/25

## Emissions Trading Scheme Carbon



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