

# Energy Market Update

28th May 2025

# FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT

27 May 2025



## Wholesale Market Prices and Trends

| Wholesale Gas Element (p/kWh) | Indicative Price | 3-Month Variance | 6-Month Variance | 12 Month Variance |
|-------------------------------|------------------|------------------|------------------|-------------------|
| Oct-25 12m                    | 3.07             | ↓ -12%           | ↓ -5%            | ↑ 2%              |
| Oct-25 24m                    | 2.92             | ↓ -8%            | ↓ -2%            | ↑ 4%              |
| Oct-25 36m                    | 2.76             | ↓ -7%            | ↓ -2%            | ↑ 2%              |
| Apr-26 12m                    | 2.95             | ↓ -5%            | ↔ 1%             | ↑ 8%              |
| Apr-26 24m                    | 2.70             | ↓ -4%            | ↔ 0%             | ↑ 3%              |

| Wholesale Power Element (p/kWh) | Indicative Price | 3-Month Variance | 6-Month Variance | 12 Month Variance |
|---------------------------------|------------------|------------------|------------------|-------------------|
| Oct-25 12m                      | 8.05             | ↓ -2%            | ↑ 4%             | ↑ 1%              |
| Oct-25 24m                      | 7.70             | ↑ 1%             | ↑ 5%             | ↔ 0%              |
| Oct-25 36m                      | 7.45             | ↑ 1%             | ↑ 4%             | ↓ -3%             |
| Apr-26 12m                      | 7.77             | ↑ 4%             | ↑ 8%             | ↑ 4%              |
| Apr-26 24m                      | 7.37             | ↑ 2%             | ↑ 4%             | ↓ -1%             |

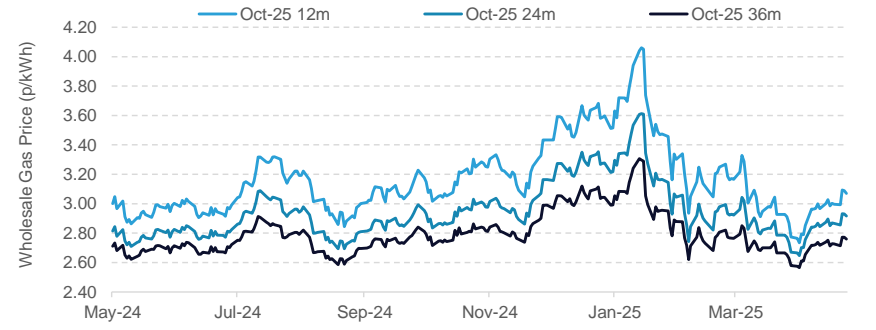
| Wider Energy Complex | Indicative Price | 3-Month Variance | 6-Month Variance | 12 Month Variance |
|----------------------|------------------|------------------|------------------|-------------------|
| Brent (\$/bbl.)      | 64.44            | ↓ -12%           | ↓ -16%           | ↓ -18%            |
| Coal (\$/t)          | 105.64           | ↓ -4%            | ↓ -15%           | ↓ -8%             |
| UK Carbon (£/t)      | 52.95            | ↑ 27%            | ↑ 53%            | ↑ 21%             |
| EU Carbon (€/t)      | 72.15            | ↔ 1%             | ↓ -3%            | ↓ -2%             |
| €/£                  | 0.84             | ↓ -34%           | ↑ 1%             | ↔ 0%              |

## UK NBP Gas

### Wholesale Market Drivers

|                          |  |
|--------------------------|--|
| <b>Bearish (Falling)</b> | <p>US LNG exporters are going ahead with Final Investment Decisions (FIDs) despite the uncertainty from tariffs. Some forecasts suggest export capacity may triple by 2030.</p> <p>Macroeconomic uncertainty persists, with the US-EU 90-day tariff pause and US-China 90-day tariff reduction in place, but few concrete agreements have been made.</p> |
| <b>Bullish (Rising)</b>  | <p>After announcing plans to place a 50% tariff on the EU from next month on Friday, the Trump administration has dropped the threat, improving the macroeconomic outlook.</p> <p>Geopolitics remains an overall supportive factor amid diminished RUS-UKR peace prospects and heightened tensions between Israel and Iran in the Middle East.</p>       |

### Wholesale Price Graphs

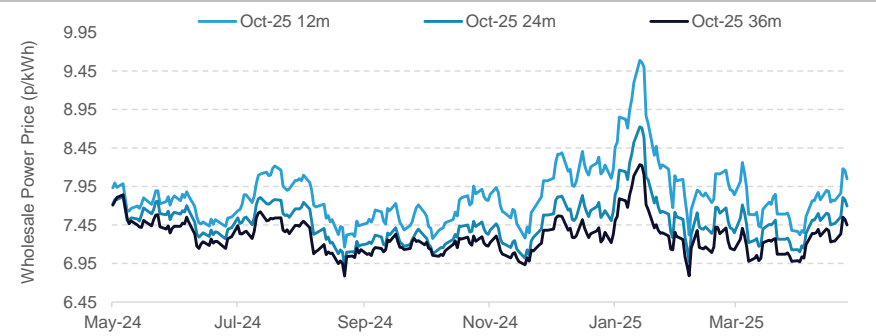


## UK Baseload Power

### Market Drivers

|                          |  |
|--------------------------|--|
| <b>Bearish (Falling)</b> | <p>The UK is discussing reintegrating into the EU's internal energy market. This could improve the efficiency of importing and exporting to the EU, incentivising renewable investment and cutting wholesale power costs.</p> <p>UK and EU are looking to align their Carbon Border Adjustment Mechanism's (CBAMs) which could serve as a boon to the UK renewable industry.</p> |
| <b>Bullish (Rising)</b>  | <p>The UK and EU have affirmed they are working towards linking their respective carbon schemes. With EU carbon trading at a premium to the UK, this lends supports to UK carbon, and by extension UK power.</p> <p>Macroeconomic uncertainty, grid constraints and high development costs for renewables remain concerns for renewable expansion.</p>                           |

### Wholesale Price Graphs



## Energy Market News:

**Tariffs fail to slow momentum in US LNG export growth.** Despite the ongoing impact of tariffs on steel and imported goods, US LNG developers are pressing ahead with final investment decisions (FIDs) on new export projects in 2025. Leading firms such as Sempra, Cheniere, and Energy Transfer are mitigating tariff-related costs through domestic steel sourcing, use of foreign trade zones, and infrastructure partnerships. This progress has been accelerated by backing from the Trump administration, Congress, and state officials. Projects like Woodside's Louisiana LNG and Cheniere's Corpus Christi expansion are set to significantly increase US export capacity by the end of the decade, with some estimates that US LNG export capacity could triple by 2030. To reduce investment risk, developers are securing long-term offtake agreements and selling equity stakes to infrastructure funds. Although macroeconomic uncertainty remains, industry confidence is strong, supported by regulatory approval, providing bearish signals to long-term European power on improved supply fundamentals.

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27 May 2025

Market Prices and Trends

| Gas (p/therm) | Close | Indicative Price* | % Change | 3-Month Variance |
|---------------|-------|-------------------|----------|------------------|
| Day-Ahead     | 87.50 | 88.90             | ↑ 1.6%   | ↓ -17%           |
| Jun-25        | 87.15 | 88.79             | ↑ 1.9%   | ↓ -18%           |
| Jul-25        | 86.02 | 87.59             | ↑ 1.8%   | ↓ -18%           |
| Aug-25        | 87.00 | 88.61             | ↑ 1.9%   | ↓ -18%           |
| Sep-25        | 89.50 | 91.11             | ↑ 1.8%   | ↓ -17%           |
| Q3-25         | 87.48 | 89.08             | ↑ 1.8%   | ↓ -18%           |
| Q4-25         | 95.29 | 96.72             | ↑ 1.5%   | ↓ -13%           |
| Winter-25     | 96.81 | 98.11             | ↑ 1.3%   | ↓ -11%           |
| Summer-26     | 84.10 | 85.00             | ↑ 1.1%   | ↑ 0%             |
| Winter-26     | 90.19 | 90.95             | ↑ 0.8%   | ↑ 2%             |
| Summer-27     | 72.70 | 73.00             | ↑ 0.4%   | ↑ 2%             |
| Winter-27     | 79.80 | 80.00             | ↑ 0.3%   | ↑ 1%             |
| Summer-28     | 64.30 | 65.00             | ↑ 1.1%   | ↓ -5%            |

| Baseload (£/MWh) | Close | Indicative Price* | % Change | 3-Month Variance |
|------------------|-------|-------------------|----------|------------------|
| Day-Ahead        | 68.50 | 76.25             | ↑ 11.3%  | ↓ -34%           |
| Jun-25           | 77.80 | 76.80             | ↓ -1.3%  | ↓ -2%            |
| Jul-25           | 78.20 | 78.20             | → 0.0%   | ↓ -5%            |
| Aug-25           | 78.25 | 78.25             | → 0.0%   | ↓ -6%            |
| Sep-25           | 84.05 | 84.05             | → 0.0%   | → 0%             |
| Q3-25            | 80.12 | 81.00             | ↑ 1.1%   | ↓ -4%            |
| Q4-25            | 87.19 | 88.00             | ↑ 0.9%   | ↓ -3%            |
| Winter-25        | 87.53 | 88.75             | ↑ 1.4%   | ↓ -3%            |
| Summer-26        | 73.81 | 73.81             | → 0.0%   | ↑ 9%             |
| Winter-26        | 81.96 | 82.75             | ↑ 1.0%   | ↑ 7%             |
| Summer-27        | 64.96 | 65.50             | ↑ 0.8%   | ↑ 8%             |
| Winter-27        | 75.75 | 77.00             | ↑ 1.7%   | ↑ 6%             |
| Summer-28        | 63.39 | 65.00             | ↑ 2.5%   | ↑ 2%             |

| Wider Energy Complex | Close  | Current Offer | % Change | 3-Month Variance |
|----------------------|--------|---------------|----------|------------------|
| Brent (\$/bbl)       | 64.74  | 64.69         | → -0.1%  | ↓ -11%           |
| Coal (\$/t)          | 105.64 | 105.64        | → 0.0%   | ↓ -4%            |
| UK Carbon (£/t)      | 51.94  | 52.65         | ↑ 1.4%   | ↑ 27%            |
| EU Carbon (€/t)      | 71.81  | 72.56         | ↑ 1.0%   | → 0%             |
| €/£                  | 0.839  | 0.839         | → -0.1%  | ↑ 1%             |
| €/€                  | 1.139  | 1.135         | → -0.3%  | ↑ 8%             |

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Current Market Drivers

Day-ahead baseload is pointing sharply up this morning on the back of a sharp drop in wind generation into tomorrow and weaker solar due to more cloud cover. Upside to UK carbon also lends support. The prompt UK gas contract is bullish this morning on the back of reduced Norwegian gas flows, with Troll offline for planned maintenance. Firm LNG sendout is limiting the bullish pressure. UK gas futures are climbing in morning trading amid concerns over Norwegian gas flows due to unplanned maintenance at the Troll gas field and diminishing macroeconomic concerns as Trump drops EU tariff threat. The UK and EU carbon benchmarks have opened bullish this morning, trending in line with equity markets that have recovered from Friday after Trump dropped his threat of a 50% tariff of the EU. The UK has secured a 6th LNG cargo for May delivery and its first for June delivery. Import volumes have slowed down due to high LNG stocks but may pick up in June due to Norwegian maintenance.

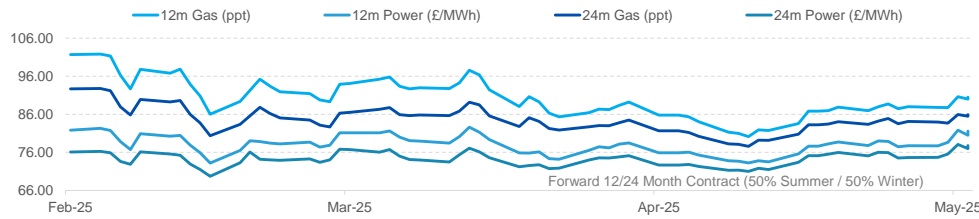
Market Focus

**EU-US trade negotiations have gained fresh momentum as President Trump withdraws threat of 50% tariffs on European imports.** According to the European Commission chief, the decision came following a constructive phone call, setting 09-Jul as the deadline for reaching an agreement. Following the news, European shares promptly recovered earlier losses, and the euro reached its highest level since late April. However, uncertainty persists among EU businesses, particularly within Italy's automotive industry, which continues to find planning challenging due to unpredictable US trade policies. German manufacturing group LAPP also expressed frustration, highlighting concerns over deteriorating relations between Europe and the US, built over decades. Currently, the EU faces tariffs of 25% on steel, aluminium, and cars, and 10% tariffs on nearly all other goods. These rates could rise further if negotiations fail. Analysts warn that tariff suspension may offer only short-term relief, with unresolved issues keeping focus on upcoming talks and prospects for a lasting resolution.

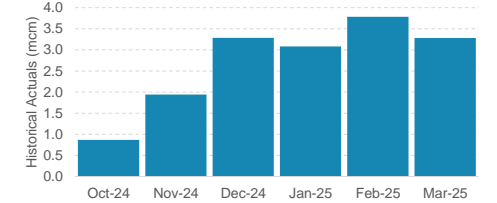
**Tariffs fail to slow momentum in US LNG export growth.** Despite the ongoing impact of tariffs on steel and imported goods, US LNG developers are pressing ahead with final investment decisions (FIDs) on new export projects in 2025. Leading firms such as Sempra, Cheniere, and Energy Transfer are mitigating tariff-related costs through domestic steel sourcing, use of foreign trade zones, and infrastructure partnerships. This has progress has been accelerated by backing from the Trump administration, Congress, and state officials. Projects like Woodside's Louisiana LNG and Cheniere's Corpus Christi expansion are set to significantly increase US export capacity by the end of the decade, with some estimates that US LNG export capacity could triple by 2030. To reduce investment risk, developers are securing long-term offtake agreements and selling equity stakes to infrastructure funds. Although macroeconomic uncertainty remains, industry confidence is strong, supported by regulatory approval, providing bearish signals to long-term European power on improved supply fundamentals.

**Europe still fully immersed in energy crisis from a strategic and political standpoint.** European energy prices rallied in 2022 on the back of the Ukraine War, but prices since have pulled back sharply and stabilised at more normal levels when inflation is taken into account. However, from a political and strategic standpoint, Europe remains deeply influenced by the energy crisis. The European shift away from Russian pipeline flows towards LNG has left markets more exposed to geopolitics and changing energy policy globally, a factor likely to be exacerbated by plans to diversify from remaining Russian flows. Energy policy has become a key political issue across Europe and has moved from a focus on net-zero prior to the crisis, to a focus on energy security in the wake of it. Much of the energy security discussion is still centred around growing renewables, but nuclear and LNG have become more critical. In conclusion, the energy crisis has left Europe's energy landscape changed and these dynamics are going to continue influencing pricing as we move forwards.

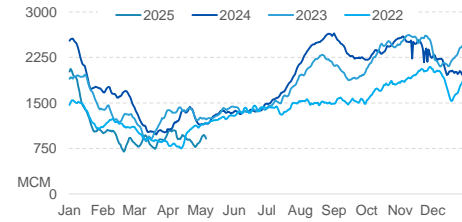
Forward Curve Price Action



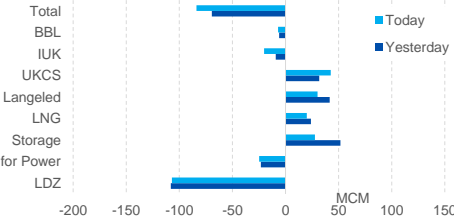
Historical Monthly LNG Supply



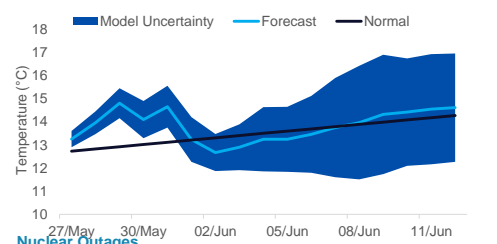
UK Gas Storage Level



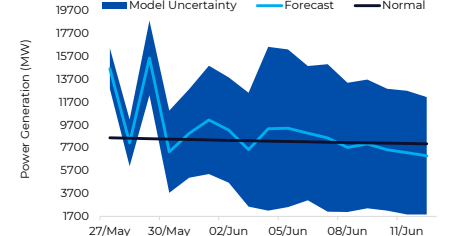
UK Gas Supply/Demand Sources



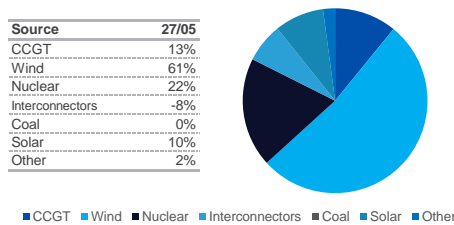
Temperature Forecast



Wind Power Generation Forecast



Power Generation Mix (Last 24 Hours)

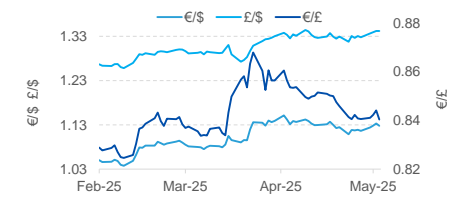


Nuclear Outages

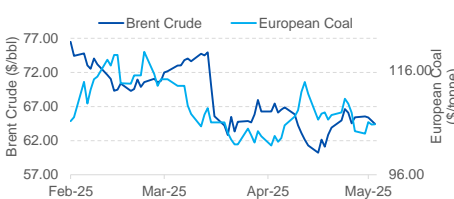
| Facility     | Capacity (MW) | Start Date | End Date |
|--------------|---------------|------------|----------|
| Hartlepool 1 | 595           | 28/04/25   | 11/07/25 |
| Heysham 1-2  | 580           | 22/05/25   | 15/06/25 |

Current online capacity: 5325 MW (82%)

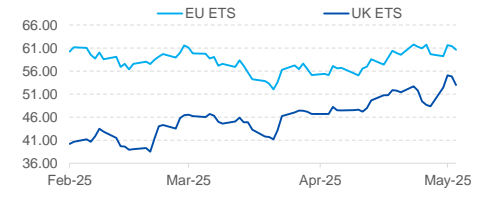
UK, EU and US Currencies



Brent Crude vs European Coal



Emissions Trading Scheme Carbon



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