

Energy Market Update

8th July 2025

FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT

07 July 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	2.98	↓ -5%	↓ -14%	↑ 3%
Oct-25 24m	2.89	↓ -1%	↓ -9%	↑ 5%
Oct-25 36m	2.76	↔ 0%	↓ -8%	↑ 4%
Apr-26 12m	2.94	↑ 1%	↓ -8%	↑ 7%
Apr-26 24m	2.72	↑ 2%	↓ -6%	↑ 5%

Wholesale Power Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Oct-25 12m	7.78	↓ -2%	↓ -2%	↑ 4%
Oct-25 24m	7.59	↑ 2%	↑ 1%	↑ 4%
Oct-25 36m	7.37	↑ 3%	↑ 1%	↑ 3%
Apr-26 12m	7.65	↑ 3%	↑ 3%	↑ 7%
Apr-26 24m	7.37	↑ 4%	↔ 1%	↑ 4%

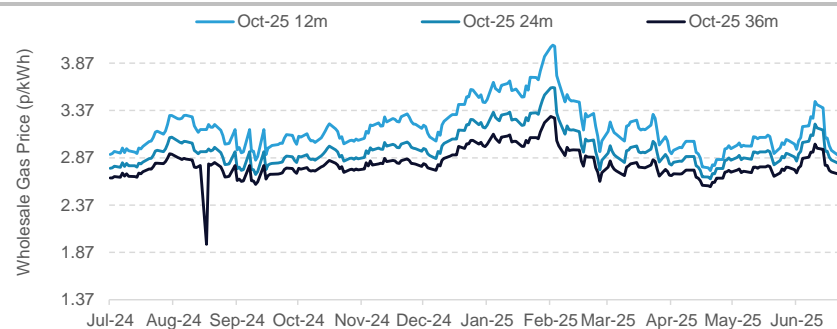
Wider Energy Complex	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Brent (\$/bbl.)	68.80	↑ 7%	↓ -9%	↓ -10%
Coal (\$/t)	108.00	↓ -6%	↓ -9%	↓ -8%
UK Carbon (£/t)	48.50	↑ 14%	↑ 10%	↑ 26%
EU Carbon (£/t)	72.06	↑ 15%	↓ -5%	↑ 16%
€/£	0.86	↓ -32%	↑ 4%	↑ 3%

UK NBP Gas

Wholesale Market Drivers

Bearish (Falling)	<p>Asian spot LNG prices eased from a four-month high as the Iran-Israel ceasefire lowered supply risk, refocusing market attention on weak demand in China and South Korea.</p> <p>The Israel-Iran ceasefire appears to be holding and Iranian rhetoric surrounding their nuclear programme appears to favour a return to nuclear oversight which could help to maintain the peace arrangement.</p>
Bullish (Rising)	<p>Energy futures remain supported as first indirect Hamas-Israel ceasefire talks in Doha ended without progress, sustaining geopolitical uncertainty and the risk premium in the market.</p> <p>Italy's LNG imports reached record highs, accounting for 35% of Apr-25 gas supply, marking a structural shift away from pipeline reliance due to greater import flexibility and concerns over North African supplies.</p>

Wholesale Price Graphs

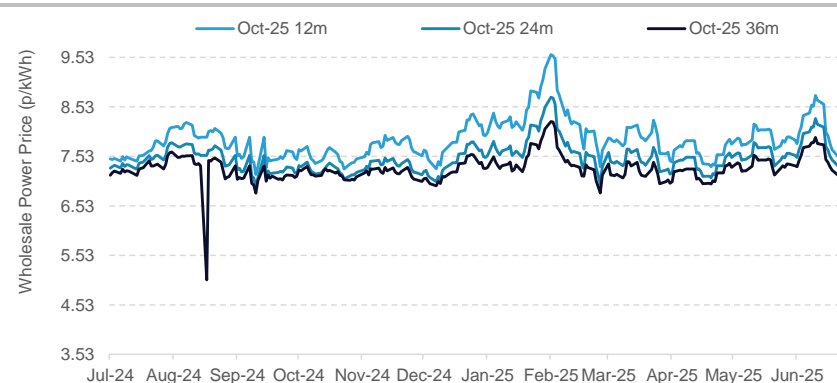


UK Baseload Power

Market Drivers

Bearish (Falling)	<p>20 of EDF's 1.3GW nuclear reactors have had their lifespans extended past 40 years. This goes some way towards addressing concerns over a potential shortfall in French nuclear output past 2027.</p> <p>Ofgem has provisionally approved a \$33 billion investment plan to upgrade the UK's electricity and gas networks, enhancing grid capacity and resilience to support renewable energy expansion.</p>
Bullish (Rising)	<p>Trump has delayed the implementation of tariffs to 01-Aug, giving time for key trading partners like the EU to make deals. This could address some of the macroeconomic concerns and worries around economic contraction.</p> <p>Summer wind generation in Europe has declined over the past decade in combination with more instances of heatwaves, driving greater intraday volatility as peak demand increasingly mismatches renewable output.</p>

Wholesale Price Graphs



Energy Market News:

US moves closer to new trade deals as Trump postpones tariff hike. President Donald Trump signalled that the United States is close to finalising several trade agreements, temporarily deferring planned tariff increases until 01-Aug. This extension from an original deadline of 09-Jul offers countries an additional three weeks to complete negotiations before higher duties come into effect. The administration is set to notify trading partners formally from today, emphasising a tougher stance towards countries linked to BRICS, which now face an additional 10% tariff amid rising geopolitical tensions. Treasury Secretary, Scott Bessent, indicated substantial progress in trade discussions with major partners, particularly highlighting the EU and India, although he noted displeasure at delays caused by several countries. Concurrently, economic advisers hinted at potential flexibility around the tariff deadlines, provided that negotiations demonstrate meaningful progress. Ongoing uncertainty surrounding tariffs may continue to unsettle global markets and complicate international trade relations.

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Market Prices and Trends

Gas (p/therm)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	78.00	78.65	0.8%	-11%
Aug-25	79.59	79.97	0.5%	-14%
Sep-25	82.95	83.21	0.3%	-12%
Oct-25	84.62	84.85	0.3%	-10%
Nov-25	91.51	91.52	0.0%	-8%
Q4-25	90.45	90.50	0.1%	-8%
Q1-26	94.22	94.13	-0.1%	-5%
Winter-25	92.31	92.28	0.0%	-7%
Summer-26	82.75	82.81	0.1%	0%
Winter-26	89.92	89.98	0.1%	2%
Summer-27	74.10	73.49	-0.8%	4%
Winter-27	80.09	81.25	1.4%	3%
Summer-28	66.30	66.90	0.9%	2%

Baseload (£/MWh)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	60.75	73.50	21.0%	-30%
Aug-25	72.45	73.05	0.8%	-4%
Sep-25	77.85	78.50	0.8%	-3%
Oct-25	78.80	77.00	-2.3%	-5%
Nov-25	83.35	83.35	0.0%	-1%
Q4-25	82.58	84.00	1.7%	-2%
Q1-26	84.87	86.45	1.9%	1%
Winter-25	83.71	84.00	0.3%	0%
Summer-26	71.09	72.50	2.0%	5%
Winter-26	80.98	81.75	1.0%	5%
Summer-27	65.83	65.83	0.0%	7%
Winter-27	75.29	75.29	0.0%	7%
Summer-28	63.02	63.02	0.0%	4%

Wider Energy Complex	Close	Current Offer	% Change	3-Month Variance
Brent (\$/bbl)	68.30	68.49	0.3%	6%
Coal (\$/t)	108.00	108.00	0.0%	-6%
UK Carbon (£/t)	47.96	47.90	-0.1%	14%
EU Carbon (€/t)	71.92	71.28	-0.9%	14%
€/£	0.863	0.863	0.1%	1%
€/€	1.178	1.173	-0.4%	8%

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Current Market Drivers

The day-ahead power contract is bullish amid a sharp decline in wind generation and strong demand on the Continent due to warm weather, limited by strong solar generation; prompt gas is neutral-bullish. UK gas futures are trading neutral this morning on an uncertainty global macroeconomic picture, with the US postponing tariff hikes and information on deals scarce despite the looming 09-Jul deadline. UK has secured an additional LNG cargo for Jul-25, bringing the total to two. This could signal improving LNG supply conditions and provide bearish pressure to near-curve gas as US and Qatari maintenance ends. First indirect Hamas-Israel ceasefire talks in Doha ended without progress, providing some support to energy futures on maintained geopolitical uncertainty and a sustained risk premium. EUA prices are forecast to rise 10% year-on-year in Q3 driven by speculative interest, a tighter supply outlook, and increased fossil-fuelled generation amid weak renewable output and grid strain.

Market Focus

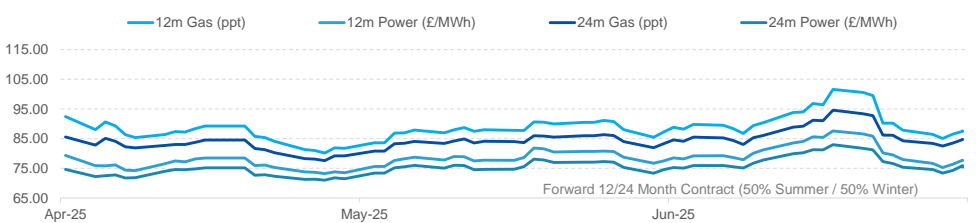
US moves closer to new trade deals as Trump postpones tariff hike. President Donald Trump signalled that the United States is close to finalising several trade agreements, temporarily deferring planned tariff increases until 01-Aug. This extension from an original deadline of 09-Jul offers countries an additional three weeks to complete negotiations before higher duties come into effect. The administration is set to notify trading partners formally from today, emphasising a tougher stance towards countries linked to BRICS, which now face an additional 10% tariff amid rising geopolitical tensions. Treasury Secretary, Scott Bessent, indicated substantial progress in trade discussions with major partners, particularly highlighting the EU and India, although he noted displeasure at delays caused by several countries. Concurrently, economic advisers hinted at potential flexibility around the tariff deadlines, provided that negotiations demonstrate meaningful progress. Ongoing uncertainty surrounding tariffs may continue to unsettle global markets and complicate international trade relations.

France clears path for EDF's nuclear fleet to operate beyond 40 years. France's nuclear regulator, ASN, has approved the continued operation of EDF's 20 1.3GW reactors beyond their original 40-year design life. The approval follows an extensive safety review, with added regulatory measures and reactor-specific assessments alongside public consultation for transparency. This milestone aligns with EDF's broader ambition to extend reactor lifespans and maintain output as the fleet, averaging 38 years in age, nears retirement thresholds. However, ongoing concerns around corrosion persist, particularly at the Civaux and Cattenom sites. Recent studies highlight France's newer 1.3 and 1.5 GW reactors, including Civaux 2 and Cattenom 3, were among the most frequently modulated in 2024, potentially exposing them to higher stress. While no direct correlation between modulation and corrosion has been established, EDF and ASN continue investigations into structural vulnerabilities. The findings will be critical as France weighs extending nuclear lifespans beyond 60 years.

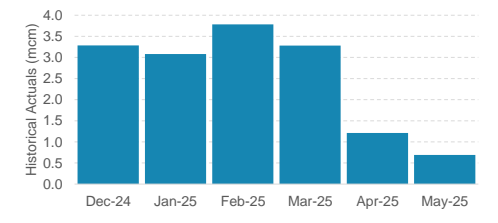
European wind output is set to decline amid rising heatwave frequency.

Meteorologists warn that the increasing occurrence of heatwaves across the Continent during summer may signal a long-term trend of reduced wind generation, particularly at a time when power-for-cooling demand is surging, driving up power prices. According to a meteorologist at the Commodity Weather Group, western Europe is currently under a heat ridge, amplified by warm surrounding waters, suppresses wind generation as the jet stream shifts north, leading to below-normal wind output across western and central Europe. US forecaster Atmospheric G2 (AG2) has reported that wind output across Europe has weakened in recent summers, with Eastern Europe experiencing seven consecutive summers and Western Europe seeing five of the last seven summers with below seasonal normal wind generation. This emerging long-term trend is being attributed to climate change and could lead to greater reliance on gas-fired generation during the summer months.

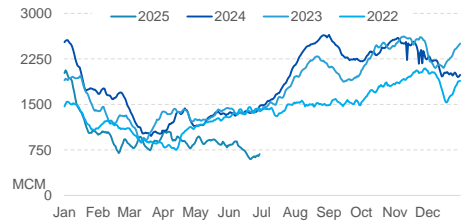
Forward Curve Price Action



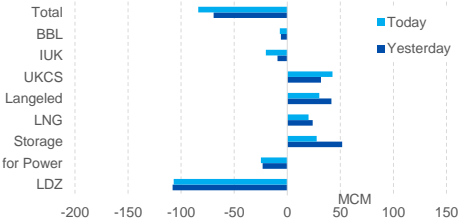
Historical Monthly LNG Supply



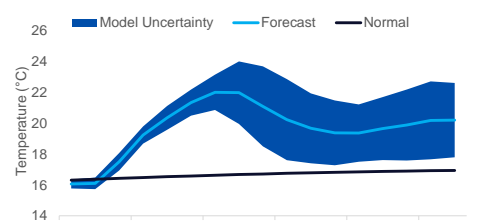
UK Gas Storage Level



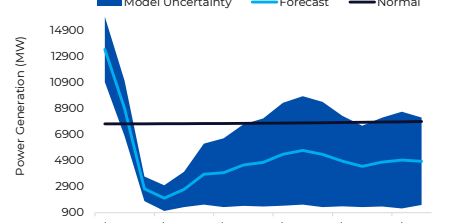
UK Gas Supply/Demand Sources



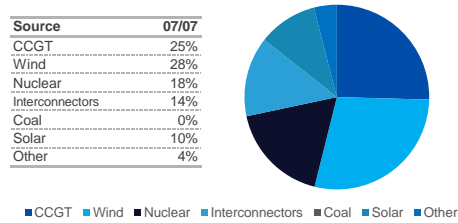
Temperature Forecast



Wind Power Generation Forecast



Power Generation Mix (Last 24 Hours)

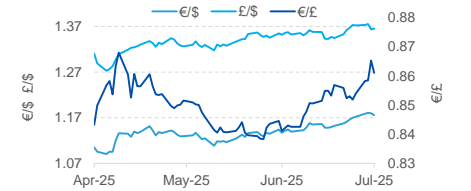


Nuclear Outages

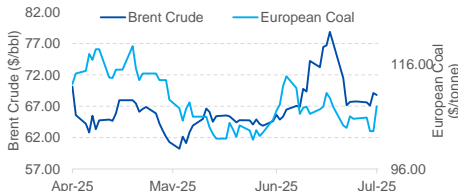
Facility	Capacity (MW)	Start Date	End Date
Hartlepool 1	595	28/04/25	04/08/25
Hartlepool 2	595	04/06/25	14/07/25
Torness 2	595	04/07/25	18/07/25

Current online capacity: 4715 MW (73%)

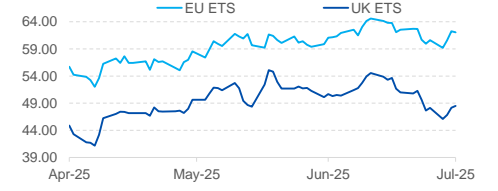
UK, EU and US Currencies



Brent Crude vs European Coal



Emissions Trading Scheme Carbon



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