



The background image shows an industrial setting with large pipes in the foreground and two workers in safety gear in the background. The scene is lit with a warm, golden light, possibly from a low sun, creating a sense of depth and focus on the industrial infrastructure.

Energy Market Update

2nd December 2025

FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT



01 December 2025

Wholesale Market Prices and Trends

Wholesale Gas Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-26 12m	2.46	↓ -10%	↓ -17%	↓ -16%
Apr-26 24m	2.39	↓ -10%	↓ -14%	↓ -13%
Apr-26 36m	2.33	↓ -9%	↓ -12%	↓ -12%
Oct-26 12m	2.38	↓ -10%	↓ -14%	↓ -12%
Oct-26 24m	2.29	↓ -9%	↓ -11%	↓ -11%

Wholesale Power Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-26 12m	7.21	↓ -4%	↓ -6%	↑ 2%
Apr-26 24m	7.03	↓ -4%	↓ -4%	↑ 2%
Apr-26 36m	6.94	↓ -4%	↓ -3%	↑ 1%
Oct-26 12m	7.00	↓ -4%	↓ -4%	↑ 2%
Oct-26 24m	6.79	↓ -5%	↓ -4%	↓ -1%

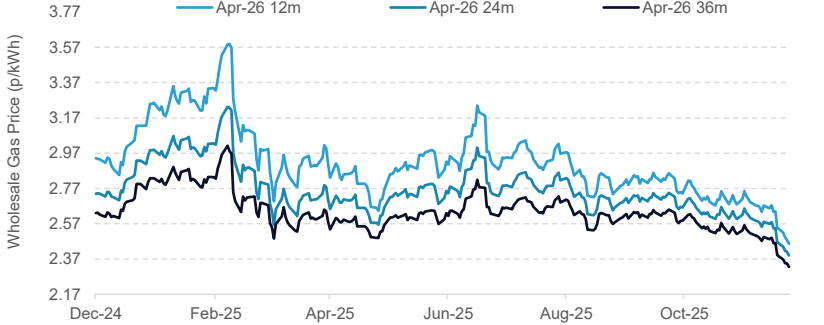
Wider Energy Complex	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Brent (\$/bbl.)	63.20	↓ -7%	↓ -8%	↓ -9%
Coal (\$/t)	101.01	↓ -4%	↓ -5%	↓ -17%
UK Carbon (£/t)	58.28	↑ 7%	↑ 14%	↑ 50%
EU Carbon (€/t)	83.26	↑ 13%	↑ 17%	↑ 21%
€/£	0.88	↓ -35%	↔ 1%	↑ 5%

UK NBP Gas

Wholesale Market Drivers

Bearish (Falling)	<p>Warmer temperature forecasts for the UK and Northwest Europe, along with seasonal wind, for December and into January are improving sentiment around European storage exiting the winter in a better position.</p> <p>Record investment into new pipeline infrastructure in the US Permian basin and Gulf Coast are addressing choke points in the US LNG export expansion.</p>
Bullish (Rising)	<p>New US gas wells are coming at three times the cost, raising concerns that European gas prices are going to have to remain elevated for it to remain profitable for US LNG exporters.</p> <p>Australia, the world's third largest exporter of LNG, is facing local gas shortages as demand rises and regulatory hurdles limit new production. This could tighten global LNG markets.</p>

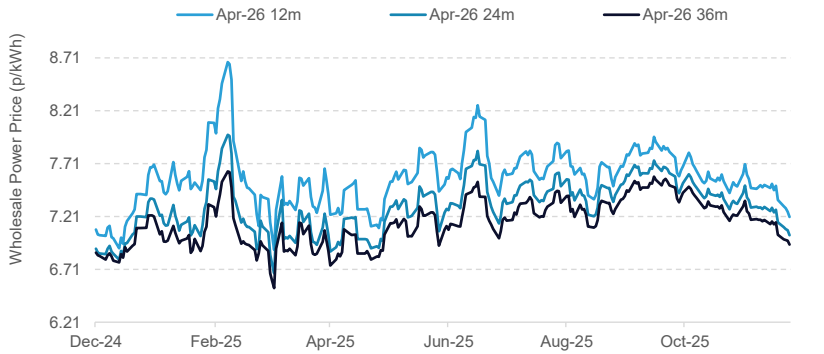
Wholesale Price Graphs



Market Drivers

Bearish (Falling)	<p>The British governments Green Financing Framework has been updated to include nuclear energy in the list of eligible expenditures. This could improve nuclear buildout at a time of ageing nuclear reactors.</p> <p>The British government has announced they will be working with Ofgem and NESO to overhaul the connection process, potentially speeding up the process for new renewable and battery facilities that currently face long wait times.</p>
Bullish (Rising)	<p>Southeast Asia is becoming a key region for wind and solar growth, a factor which could act to raise costs associated with new renewable developments, particularly with them being situated to a key solar panel exporter: China.</p> <p>Shortness in EU carbon markets and strong investor interest in both the UK and EU continue to support carbon and by extension power futures.</p>

Wholesale Price Graphs



Energy Market News:

UK and European energy markets shift down sharply on warmer weather conditions and firm LNG supply. EU storage has shifted below 76%, compared to around 90% this time last year, but UK and European gas futures have continued their downwards trend as warmer forecasts for December and the first half of January offset concerns over significant depletion this winter. Additionally, LNG imports have been strong, with October volumes up 43% and November volumes 38%, with Asian demand weaker on strong stocks, increased Chinese domestic production and stronger Japanese nuclear output. The spread between Asian and European benchmarks began widening last week but a sharp shift down towards the back end of the week narrowed the premium, which alongside higher freight costs to Asia maintained strong import prospects for Europe. The market has opened bearish today but scope for further downside could be limited as European markets approach levels which decrease US LNG export profitability.

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01 December 2025

Market Prices and Trends

Gas (p/therm)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	75.00	75.75	↑ 1.0%	↓ -5%
Jan-26	76.47	76.33	↔ -0.2%	↓ -15%
Feb-26	76.08	75.99	↔ -0.1%	↓ -15%
Mar-26	72.78	72.73	↔ -0.1%	↓ -15%
Apr-26	69.89	69.92	↔ 0.0%	↓ -14%
Q1-26	75.08	75.02	↔ -0.1%	↓ -15%
Q2-26	68.60	68.46	↔ -0.2%	↓ -13%
Summer-26	68.51	68.39	↔ -0.2%	↓ -13%
Winter-26	75.50	75.33	↔ -0.2%	↓ -13%
Summer-27	63.92	64.25	↔ 0.5%	↓ -12%
Winter-27	72.26	72.50	↔ 0.3%	↓ -10%
Summer-28	59.80	59.50	↔ -0.5%	↓ -12%
Winter-28	68.95	68.95	↔ 0.0%	↓ -9%

Base-load (£/MWh)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	64.75	77.00	↑ 18.9%	↓ -2%
Jan-26	84.38	85.95	↑ 1.9%	↓ -2%
Feb-26	82.16	84.80	↑ 3.2%	↓ -5%
Mar-26	73.06	73.70	↑ 0.9%	↓ -13%
Apr-26	69.76	69.76	↔ 0.0%	↓ -8%
Q1-26	79.79	80.60	↑ 1.0%	↓ -6%
Q2-26	68.67	68.67	↔ 0.0%	↓ -7%
Summer-26	68.10	68.25	↔ 0.2%	↓ -7%
Winter-26	76.02	77.00	↑ 1.3%	↓ -6%
Summer-27	63.89	64.45	↑ 0.9%	↓ -6%
Winter-27	73.29	75.00	↑ 2.3%	↓ -4%
Summer-28	62.76	62.76	↔ 0.0%	↓ -6%
Winter-28	72.58	72.58	↔ 0.0%	↓ -3%

Wider Energy Complex	Close	Current Offer	% Change	3-Month Variance
Brent (\$/bbl)	62.38	63.16	↑ 1.3%	↓ -7%
Coal (\$/t)	101.01	101.01	↔ 0.0%	↓ -4%
UK Carbon (£/t)	58.53	58.21	↔ -0.5%	↑ 7%
EU Carbon (€/t)	83.51	83.23	↔ -0.3%	↑ 13%
€/£	0.876	0.879	↔ 0.3%	↑ 1%
€/€	1.160	1.163	↔ 0.3%	↓ -1%

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Current Market Drivers

Day-ahead energy contracts have opened bearish this morning despite declining wind and temperatures into tomorrow, with the return of Torness 2, improving domestic gas production and LNG sendout. UK gas futures are continuing their downwards shift in today's trading, with warmer revisions to temperature forecasts and an improved wind outlook, alongside weaker Asian LNG pricing. UK and EU carbon markets have opened neutral-bearish this morning, giving back some of the gains seen on Friday. The improved weather outlook for Europe and the UK could act to limit carbon demand. Despite declining prices, investment funds positions in European (TTF) gas futures rose last week, potentially indicating bullish speculative sentiment. However, fundamentals remain bearish. New pipeline capacity, necessary for the US LNG export expansion, is set for its biggest one-year expansion since 2008. This provides bearish signals along the curve on greater export prospects.

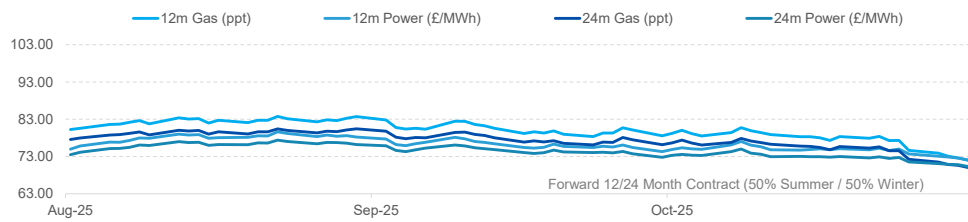
Market Focus

UK and European energy markets shift down sharply on warmer weather conditions and firm LNG supply. EU storage has shifted below 76%, compared to around 90% this time last year, but UK and European gas futures have continued their downwards trend as warmer forecasts for December and the first half of January offset concerns over significant depletion this winter. Additionally, LNG imports have been strong, with October volumes up 43% and November volumes 38%, with Asian demand weaker on strong stocks, increased Chinese domestic production and stronger Japanese nuclear output. The spread between Asian and European benchmarks began widening last week but a sharp shift down towards the back end of the week narrowed the premium, which alongside higher freight costs to Asia maintained strong import prospects for Europe. The market has opened bearish today but scope for further downside could be limited as European markets approach levels which decrease US LNG export profitability.

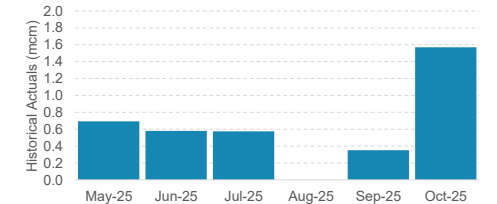
US and Ukrainian officials make progress in Sunday's talks, but more work needed for a peace arrangement. Ukrainian officials met with the US Secretary of State, Marco Rubio, in Florida on Sunday to discuss a Russia-Ukraine peace arrangement. A full deal remains to be agreed but Rubio expressed optimism around progress being made, with Sunday's meeting focused on the Ukrainian counter-offer proposed in previous meetings in Geneva. A lot of uncertainty remains around a peace deal, with the initial offer seen as being equivalent to capitulation to Russia by European leaders and Russia demonstrating in previous negotiations an opposition to Ukrainian counter-offers. Crude oil markets, which are likely to shift down sharply if a peace deal looks promising on potential for the lifting of Russian sanctions, have largely been unresponsive given the high level of uncertainty that is persisting. Despite ongoing Russian strikes against Ukrainian energy infrastructure, Zelenskiy pledged to the Ukrainian people not to agree to any bad deal.

New gas wells in Haynesville, Louisiana twice as productive, but come at three times the cost. US natural gas production ramped up sharply from the early 2000s, driven by the shale gas boom, but as the easiest-to-access sites are already utilised, further expansion relies on more difficult sites. New shale gas wells in Haynesville, Louisiana, have started to gain attention from energy companies, but whilst they may be twice as productive, these sites have also been shown to have triple the drilling and completion (D&C) costs. This results in a break even price to sell the gas 45% higher than traditional wells in the same region. This highlights the ongoing challenge to increasing US natural gas production which is necessary to continue powering the datacentre and export boom in the region. If the US increasingly becomes reliant on these more expensive sites, this could result in higher delivered costs for European and Asian LNG markets, supporting gas futures across the curve and compounding the challenges of higher liquefaction costs associated with new LNG export facilities.

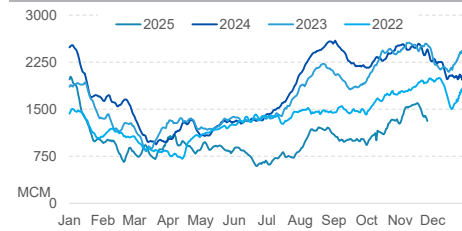
Forward Curve Price Action



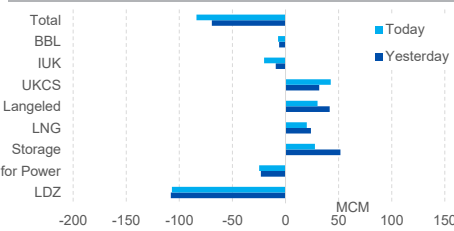
Historical Monthly LNG Supply



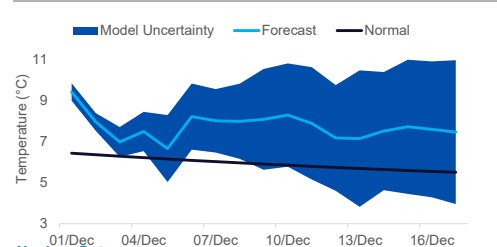
UK Gas Storage Level



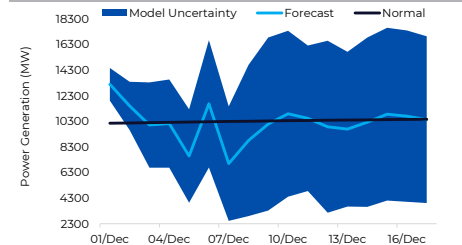
UK Gas Supply/Demand Sources



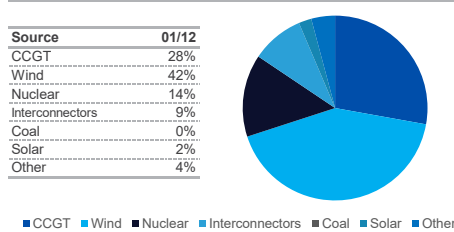
Temperature Forecast



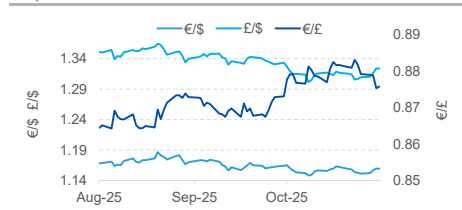
Wind Power Generation Forecast



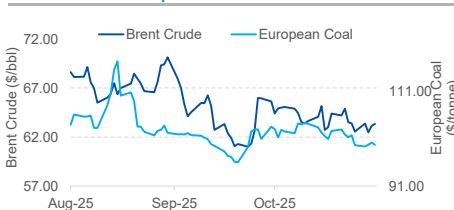
Power Generation Mix (Last 24 Hours)



UK, EU and US Currencies



Brent Crude vs European Coal



Nuclear Outages

Facility	Capacity (MW)	Start Date	End Date
Hartlepool 2	595	04/06/25	21/12/25
Heysham 1-2	580	22/09/25	13/12/25
Hartlepool 1	595	31/10/25	16/12/25

Current online capacity: 4730 MW (73%)

Emissions Trading Scheme Carbon

