



Energy Market Update

16th December 2025

FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT

15 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	2.26	↓ -19%	↓ -30%	↓ -22%
Apr-26 24m	2.22	↓ -18%	↓ -26%	↓ -19%
Apr-26 36m	2.18	↓ -16%	↓ -23%	↓ -17%
Oct-26 12m	2.20	↓ -18%	↓ -26%	↓ -19%
Oct-26 24m	2.15	↓ -16%	↓ -21%	↓ -17%

Wholesale Power Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-26 12m	6.91	↓ -11%	↓ -16%	↔ -1%
Apr-26 24m	6.85	↓ -10%	↓ -13%	↔ 0%
Apr-26 36m	6.81	↓ -9%	↓ -10%	↔ 0%
Oct-26 12m	6.76	↓ -11%	↓ -14%	↔ 0%
Oct-26 24m	6.60	↓ -10%	↓ -11%	↓ -4%

Wider Energy Complex	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Brent (\$/bbl.)	61.12	↓ -9%	↓ -17%	↓ -15%
Coal (\$/t)	96.68	↓ -13%	↓ -6%	↓ -21%
UK Carbon (£/t)	55.90	↓ -2%	↑ 8%	↑ 20%
EU Carbon (€/t)	83.79	↑ 9%	↑ 15%	↑ 14%
€/£	0.88	↓ -35%	↑ 2%	↑ 5%

UK NBP Gas

Wholesale Market Drivers

Bearish (Falling)

Progress in Ukraine peace talks, including Kyiv's willingness to drop its NATO bid, has lifted expectations of de-escalation, adding bearish pressure to near- and mid-term gas contracts on reduced geopolitical risk.

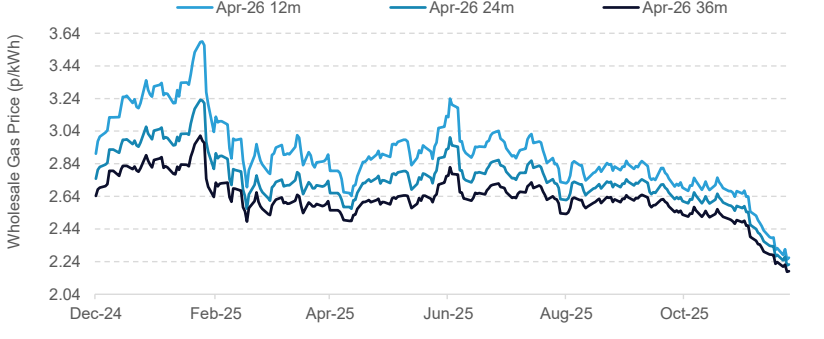
Roughly 50 bcm, about 60%, of Europe's gas demand lost since 2021 is gone for good because energy-intensive industries have relocated outside the EU, making the drop structural rather than temporary.

Bullish (Rising)

The Brent Crude benchmark traded bearish last week, despite the IEA revising up demand growth expectation and down their supply forecasts for next year in their latest report, narrowing the estimated supply surplus into 2026.

US Henry Hub prices, hit a 3-year high last Wednesday, TTF spread has narrowed to about \$4.70/mmbtu, the smallest gap since April 2021 sharply reducing the profit margins available to US LNG exporters, a trend that could deepen along the curve.

Wholesale Price Graphs



Market Drivers

Bearish (Falling)

Poland has received state aid from the EU for its first nuclear plant, a clear sign of changing sentiment surrounding nuclear across the EU. The changing sentiment could influence later-dated seasonal baseload contracts.

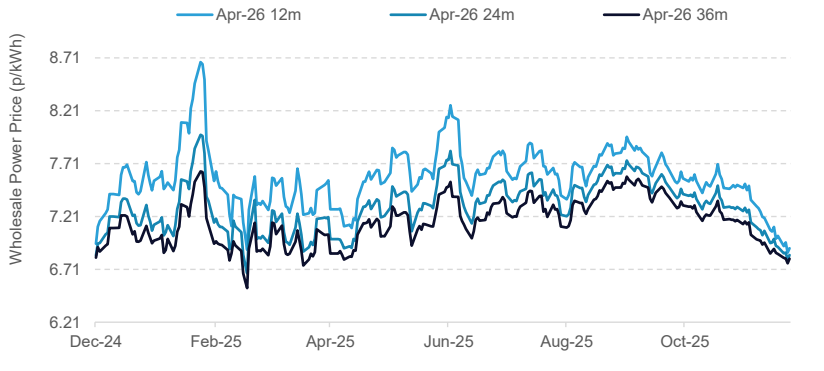
UK GDP unexpectedly contracted by 0.1% in the three months to October, reinforcing weak macro momentum and boosting rate-cut expectations, which could weigh on near-to-mid-term energy demand and cap upside.

Bullish (Rising)

Later-dated baseload contracts could receive support from concerns the UK is set to miss 2030 wind targets. Upside could be limited by amendments to the CfDs auctions which make the UK more favourable for new capacity.

Ukraine continues to rely on power imports, tightening regional market conditions, imports in Nov-25 hit their yearly highest level and exports collapsed, ceasing on 11th Nov.

Wholesale Price Graphs



Energy Market News:

Hamas warns Gaza ceasefire at risk after Israeli killing. Hamas said Israel's killing of senior commander Raed Saed threatens the viability of the Gaza ceasefire, calling on the United States to pressure Israel to adhere to the truce agreed in October. The assassination, the highest profile since the ceasefire began, prompted large funeral rallies in Gaza and renewed accusations of ceasefire violations. While Israeli forces continue to control eastern Gaza and Hamas retains authority in the west, talks on the next phase remain deadlocked over disarmament, governance and the deployment of an international stabilisation force. Renewed instability risks reigniting broader regional tensions, keeping geopolitical risk elevated for energy markets, particularly given the Middle East's role in global oil and LNG supply and the sensitivity of prices to any escalation that could disrupt flows or shipping routes.



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15 December 2025

Market Prices and Trends

Gas (p/therm)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	70.80	72.50	↑ 2.4%	↓ -9%
Jan-26	73.24	72.94	↓ -0.4%	↓ -18%
Feb-26	71.60	70.90	↓ -1.0%	↓ -20%
Mar-26	68.75	68.03	↓ -1.0%	↓ -19%
Apr-26	66.32	65.72	↓ -0.9%	↓ -18%
Q1-26	71.18	70.62	↓ -0.8%	↓ -19%
Q2-26	65.38	64.70	↓ -1.0%	↓ -17%
Summer-26	65.22	64.51	↓ -1.1%	↓ -17%
Winter-26	71.01	70.55	↓ -0.6%	↓ -17%
Summer-27	60.49	60.24	↓ -0.4%	↓ -16%
Winter-27	69.10	69.49	↑ 0.6%	↓ -14%
Summer-28	57.00	57.00	0.0%	↓ -15%
Winter-28	66.61	66.61	0.0%	↓ -11%

Baseload (£/MWh)	Close	Indicative Price*	% Change	3-Month Variance
Day-Ahead	75.50	86.50	↑ 14.6%	↑ 153%
Jan-26	82.00	81.50	↓ -0.6%	↓ -5%
Feb-26	78.28	79.65	↑ 1.8%	↓ -9%
Mar-26	70.46	72.65	↑ 3.1%	↓ -16%
Apr-26	68.04	68.04	0.0%	↓ -12%
Q1-26	76.87	76.87	0.0%	↓ -10%
Q2-26	67.42	67.50	↑ 0.1%	↓ -10%
Summer-26	66.94	67.25	↑ 0.5%	↓ -10%
Winter-26	73.57	74.00	↑ 0.6%	↓ -10%
Summer-27	63.24	64.50	↑ 2.0%	↓ -9%
Winter-27	73.45	74.50	↑ 1.4%	↓ -7%
Summer-28	62.85	64.00	↑ 1.8%	↓ -7%
Winter-28	72.51	72.51	0.0%	↓ -5%

Wider Energy Complex	Close	Current Offer	% Change	3-Month Variance
Brent (\$/bbl)	61.12	61.24	↑ 0.2%	↓ -9%
Coal (\$/t)	96.68	96.68	0.0%	↓ -13%
UK Carbon (£/t)	56.15	56.44	↑ 0.5%	↓ -2%
EU Carbon (€/t)	84.04	84.71	↑ 0.8%	↑ 9%
€/£	0.878	0.878	0.0%	↑ 2%
€/€	1.174	1.174	0.0%	⇒ 0%

Get in Touch



Current Market Drivers

Prompt power contracts are bullish this morning amid a sharp drop in wind output across the UK and NWE tomorrow. Meanwhile, UK carbon is strengthening, reinforcing the upwards pressure. China's November slowdown underscores weak industrial demand, reinforcing a softer global growth outlook and adding bearish pressure to gas contracts via reduced Asian energy consumption expectations. Montel-pollé energy analysts forecast EUAs averaging ~EUR 92/t in 2026. This viewpoint from analysts could impact market sentiment and be supportive on increased purchasing. Near-to-mid-term gas contracts are neutral-bearish despite worsening weather forecasts, with Ukraine's willingness to drop NATO ambitions raising expectations of de-escalation and potential easing of geopolitical risk. European power markets face a fragmented winter outlook, with mild weather and ample supply weighing on some, while cold snaps, LNG constraints and low hydro stocks risk sharp, localised price spikes elsewhere.

Market Focus

Hamas warns Gaza ceasefire at risk after Israeli killing. Hamas said Israel's killing of senior commander Raed Saed threatens the viability of the Gaza ceasefire, calling on the United States to pressure Israel to adhere to the truce agreed in October. The assassination, the highest profile since the ceasefire began, prompted large funeral rallies in Gaza and renewed accusations of ceasefire violations. While Israeli forces continue to control eastern Gaza and Hamas retains authority in the west, talks on the next phase remain deadlocked over disarmament, governance and the deployment of an international stabilisation force. Renewed instability risks reigniting broader regional tensions, keeping geopolitical risk elevated for energy markets, particularly given the Middle East's role in global oil and LNG supply and the sensitivity of prices to any escalation that could disrupt flows or shipping routes.

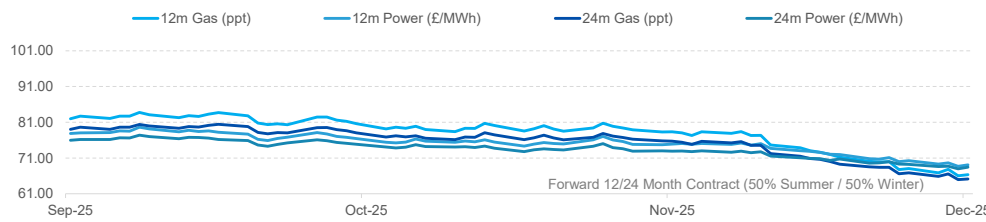
US floats free economic zone in Donbas as Ukraine peace talks stall.

The United States has proposed creating a free economic zone in parts of eastern Ukraine as a compromise in peace talks with Russia, President Volodymyr Zelenskyy said, highlighting how territorial issues remain a major obstacle to ending the war. The proposal would see Ukrainian forces withdraw from parts of Donetsk while Russian troops would not advance, effectively freezing control without a clear governance framework. Kyiv has pushed back, insisting any territorial concessions would require a referendum, as Washington seeks clarity on Ukraine's position before Christmas. Talks have also touched on joint governance of the Russian occupied Zaporizhzhia nuclear power plant, underscoring the central role of energy infrastructure in negotiations. Continued fighting and renewed attacks on Ukraine's power system keep an element geopolitical risk elevated for gas and power markets, with any durable settlement seen as key to easing longer-term supply and security concerns across Europe.

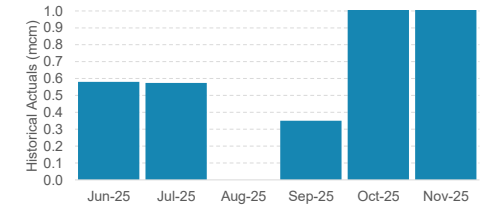
Fed signals pause on rate cuts amid data uncertainty and leadership transition.

The US Federal Reserve signalled a pause in monetary easing after three consecutive rate cuts, underscoring growing uncertainty over inflation, labour market trends, and leadership changes at the central bank. On Wednesday, the Fed reduced rates by 25 basis points to a range of 3.50-3.75%, but policymakers hinted that further cuts are unlikely until clearer data emerges. A divided vote revealed six officials opposed to additional easing this year, reflecting caution amid incomplete economic data following a prolonged government shutdown. Analysts said the data gaps and the upcoming end of Chair Jerome Powell's term in May complicate the outlook. Markets had anticipated deeper cuts through 2026, but the Fed now projects only one reduction next year. With investors navigating mixed signals, strategists urged restraint, noting that financial volatility and political pressure could shape the policy path as the US heads into an election year.

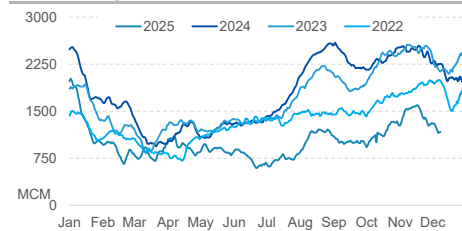
Forward Curve Price Action



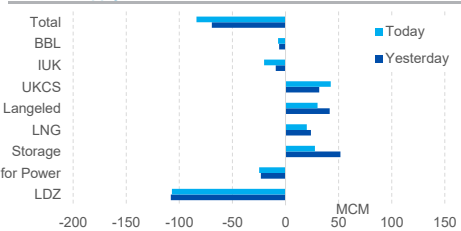
Historical Monthly LNG Supply



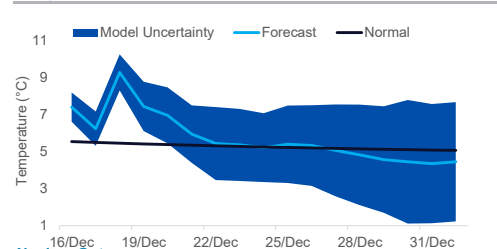
UK Gas Storage Level



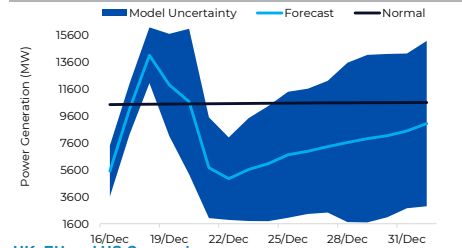
UK Gas Supply/Demand Sources



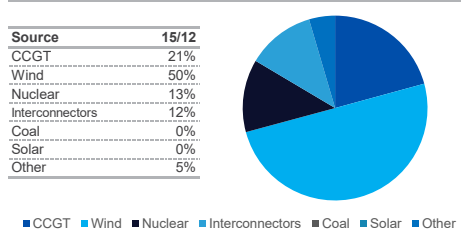
Temperature Forecast



Wind Power Generation Forecast



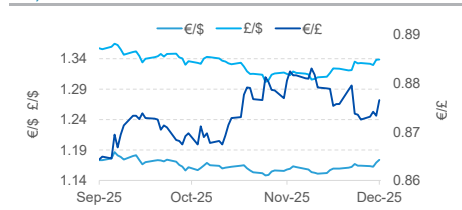
Power Generation Mix (Last 24 Hours)



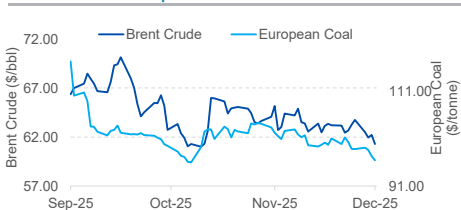
Nuclear Outages

Facility	Capacity (MW)	Start Date	End Date
Hartlepool 2	595	04/06/25	31/12/25
Heysham 1-2	580	22/09/25	20/12/25
Hartlepool 1	595	31/10/25	24/12/25
Torness 1	595	05/12/25	21/12/25

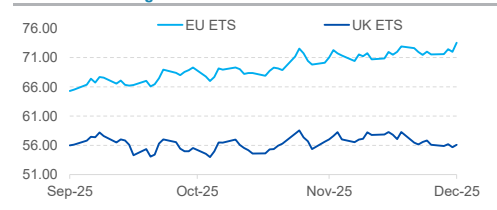
UK, EU and US Currencies



Brent Crude vs European Coal



Emissions Trading Scheme Carbon



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