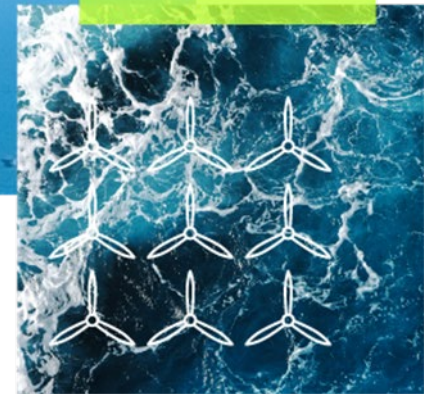
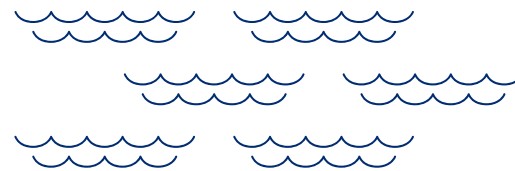


February 2025

Energy overview

Your monthly report featuring market updates
and weather review





Monthly Report – February 2025

Market Update: Power

Review

The clean spark spread outturned across February at c.- £5.30, reflecting improved renewable performance over the course of the month. In contrast with the previous month the spread of daily prices was less volatile, with a low of -£39/MWh and a high of £12/MWh.

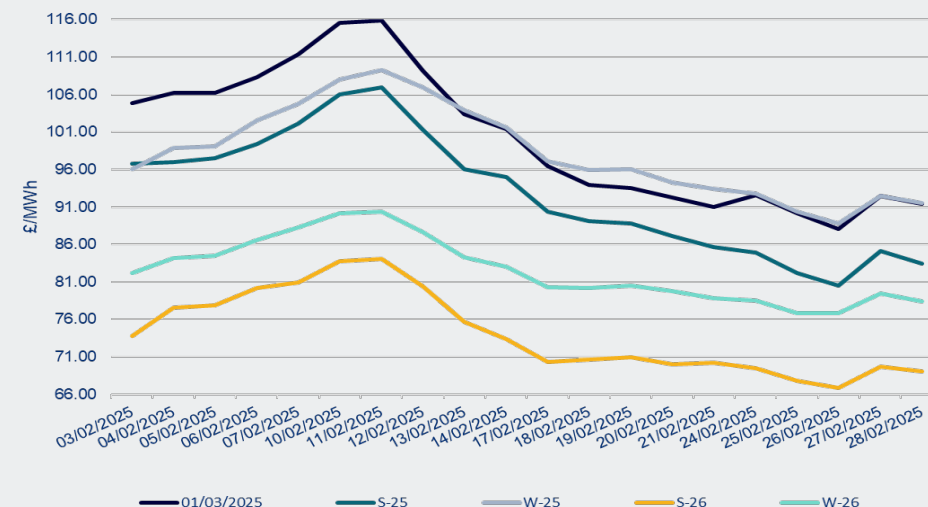
As we enter spring, the impact of increased solar PV output is already being felt, with installed capacity in Europe now close to 340GW. While last year saw a slowing down of growth, a record 65GW of new capacity was installed by year end. UK, French and German solar output have already been seen at their highest level since last September, with France recording its highest ever March output.

Outlook

The short-term outlook is for slightly below average wind output in the UK, with above average solar.

*Clean spark spread: the margin for gas-fired power plants accounting for the difference between power price, the cost generation and the necessary emissions allowances required to produce it.

Baseload Power



Power Bld (£/MWh)	1-Feb-25	28-Feb-25	Change	% Change	High	Low	Average
Feb-25	103.08	91.38	↓ -11.70	↓ -13%	115.94	88.08	100.22
Summer 25	96.83	83.38	↓ -13.44	↓ -16%	106.93	80.53	92.77
Winter 25	96.01	91.47	↓ -4.54	↓ -5%	109.31	88.84	98.19
Summer 26	73.72	69.00	↓ -4.72	↓ -7%	84.11	66.89	74.13
Winter 26	82.25	78.41	↓ -3.84	↓ -5%	90.42	76.78	82.54



Market Update: Gas

Review

February was the proverbial month of two halves, which began with prices continuing to rise as concerns about dwindling storage levels and cold weather persisted.

It ended with geopolitics front and centre, and, on the surface at least, a positive chance of peace negotiations between the US and Russia, which sent prices tumbling. However, any deal to end the conflict in Ukraine would not necessarily mean gas from Russia would start flowing back into Europe any time soon, with governments wary of security of supply and the political implications of such a move.

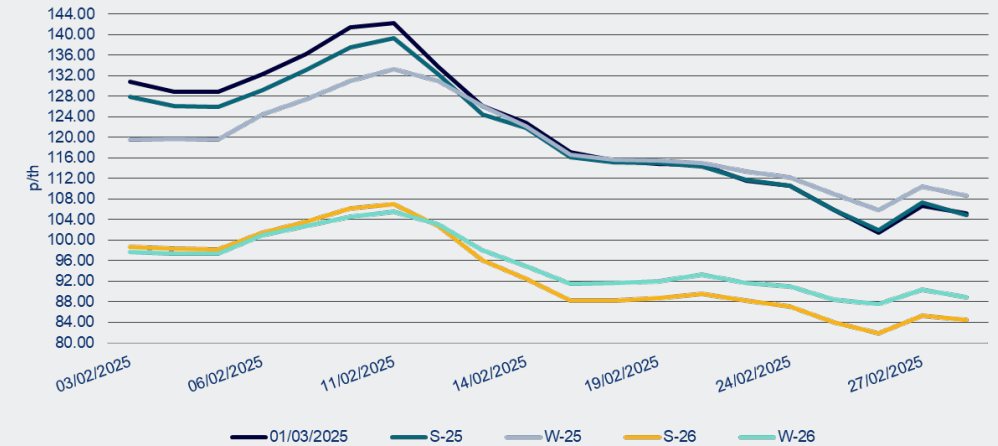
Further bearish impetus came with calls from within the EU, notably from France and Germany, to relax mandated storage targets. Discussions remain ongoing. By month end front month gas price had fallen 25% month on month.

Despite milder temperatures slowing withdrawals, as meteorological winter ended, EU gas storage sat at 38% full (see [EU Gas Storage Watch](#)).

Outlook

Uncertainty around the potential Ukraine peace process and EU storage mandates seems set to drive the market in the near term.

NBP Gas



Gas NBP (p/th)	1-Feb-25	28-Feb-25	Change	% Change	High	Low	Average
Feb-25	130.86	105.18	↓ -25.68	↓ -24%	142.28	101.40	121.33
Summer 25	127.87	104.83	↓ -23.04	↓ -22%	139.24	101.90	120.01
Winter 25	119.63	108.64	↓ -10.99	↓ -10%	133.24	105.80	118.80
Summer 26	98.65	84.47	↓ -14.18	↓ -17%	107.04	81.90	93.50
Winter 26	97.63	88.86	↓ -8.77	↓ -10%	105.54	87.50	95.39



Market Update: Oil

Review

Sanctions on Russian and Iranian oil continue to squeeze global supply, with the IEA revising its global surplus forecast down to 450kbb/d, down from 950kbb/d two months ago.

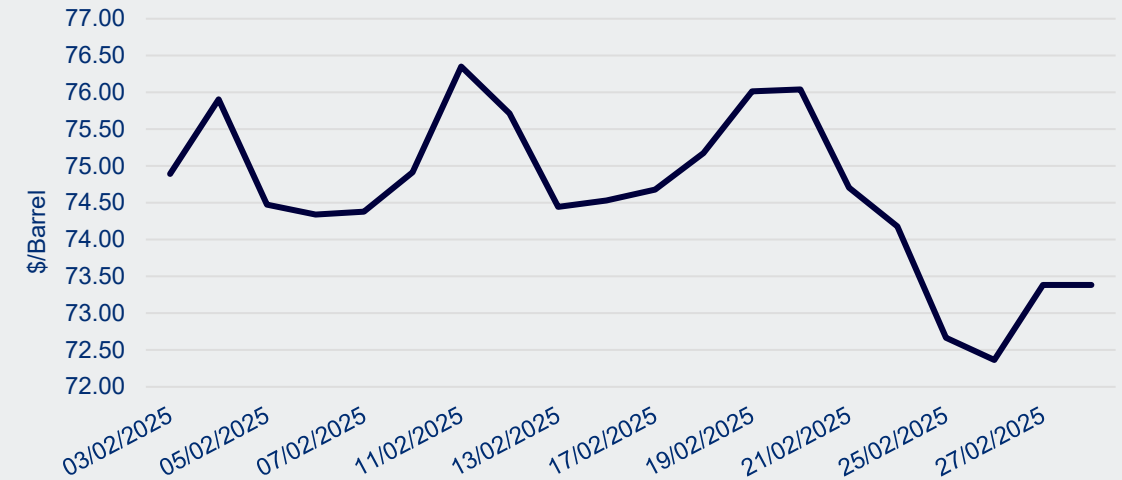
The market has also continued to assess whether OPEC+ will abandon plans to revive production cuts this year, at the fourth time of asking (spoiler: it hasn't, see below).

New data has shown oil consumption in China contracted last year, leading to fears of softening consumption, driven by domestic economic slowdown and EV growth.

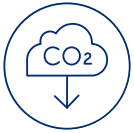
Outlook

There has been breaking news of the introduction of US tariffs, and OPEC+ has confirmed it will increase production in April, to the tune of c. 140,000 bbl/d, which saw the price drop to \$70/bbl.

Front Month Brent



Brent (\$/Barrel)	1-Feb-25	28-Feb-25	Change	% Change	High	Low	Average
Front Month	74.91	73.36	↓ -1.55	↓ -2%	76.35	72.37	74.63



Market Update: Carbon

Review

The start of February saw prices increase, as speculative length in the market began to build, as sentiment continues to lean towards the possible linkage of the UK-EU emissions trading scheme/system (ETS), set to be discussed at a spring summit between the parties.

The UK ETS Authority has launched a consultation, closing in April, for extending the UK ETS beyond the current initial phase ending in 2030. The consultation is proposing to establish an extension of a second phase with three proposed durations under consultation:

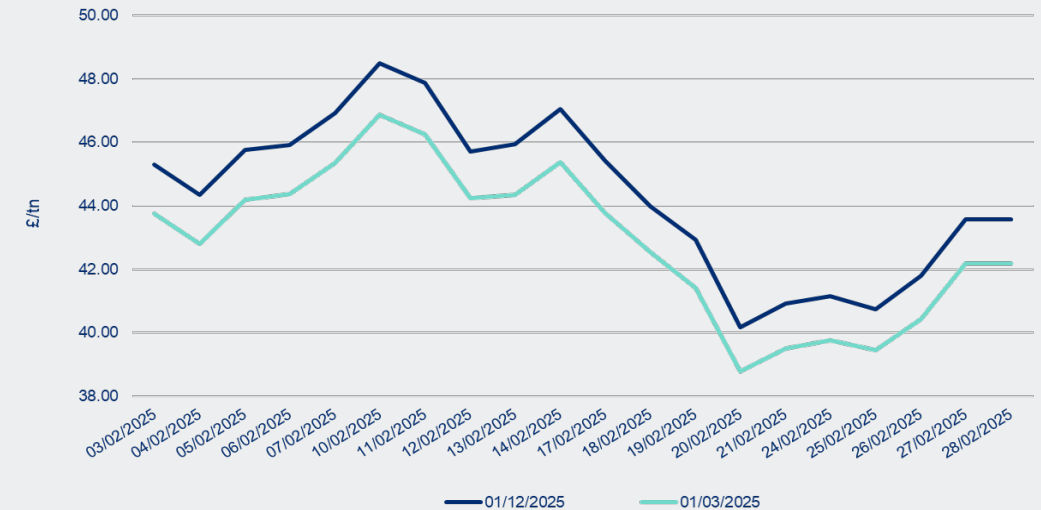
- 2031-2037: aligning with the end of UK Carbon Budget 6, bringing the UK ETS into cycle with the five-year UK-wide carbon budget cycle;
- 2031-2040: continuing the 10-year phases in line with the current cycle; or
- 2031-2042: aligning with the end of UK Carbon Budget 7.

The consultation is also seeking responses on a proposal to allow inter phase banking.

Outlook

The carbon market has been tracking movements in the gas market, a trend likely to continue.

Carbon UKA



Carbon (£/ton)	1-Feb-25	28-Feb-25	Change	% Change	High	Low	Average
Mar-25	43.80	42.15	↓ -1.64	↓ -4%	46.88	38.78	42.88
Dec-25	45.39	43.55	↓ -1.85	↓ -4%	48.52	40.16	44.38



Weather review

Review

February saw frequent high pressure in Northern Europe, with settled and drier weather for much of the region (see monthly pressure and wind speed anomaly maps opposite). The UK saw some influence from Atlantic low-pressure systems, with near normal wind.

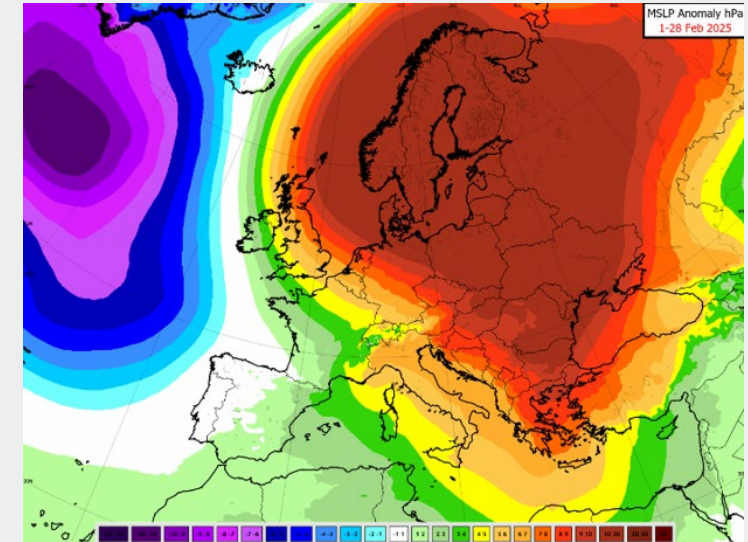
A windy and wet spell early in the month, as fronts pushed in over the UK, gave way to a calmer, cooler, more settled period as high pressure became more influential, and the jet stream weakened. The high centre began shifting into Scandinavia around mid-month which allowed weather fronts to push into England and Wales, on the southern edge of the high, although the jet stream remained weak, and we were kept in a cooler air mass.

Eventually, the jet stream gained strength again, and with high pressure remaining in Northern Europe, this formed a stronger pressure gradient allowing an increase in winds for the British Isles and Northwest Europe by the third week of the month, as well as bringing in the milder Atlantic air. Finally, the month ended with the current high-pressure system pushing its way in, leading to particularly warm, sunny and settled weather.

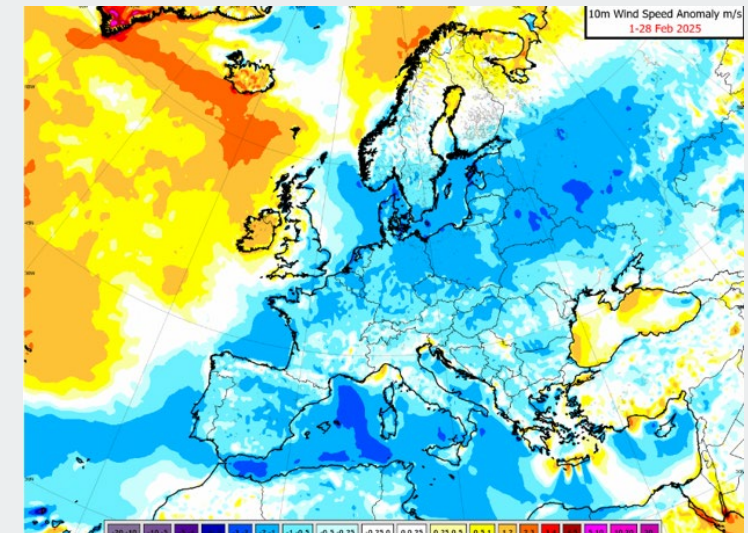
Outlook

March is generally looking like a dry and settled month, thanks again to more frequent high pressure.

To start the month, a strong area of high pressure over Europe should keep much of the continent in a settled weather pattern. Weather fronts are set to bring some higher winds and rain to Ireland and Scotland. As March progresses, winds are set to be below average, as are temperatures for Northwest Europe mid-month as colder air moves in from the North. Indications for later in the month suggest that high pressure will continue to be influential, but that the colder air mass brought in by the Greenland high should make way for warmer Atlantic air. There are also signs that the third week of March could see a ramp up in the jet stream's strength, leading to a wetter and windier spell.



Pressure anomaly



Wind anomaly



Monthly Report – February 2025

EU Gas Storage Watch

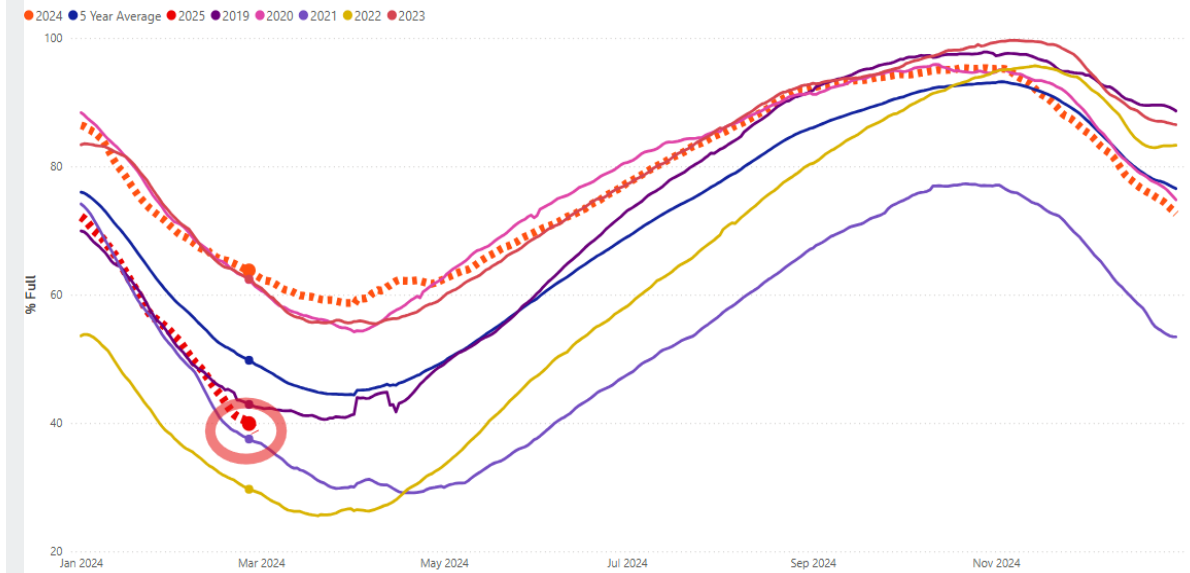
EU gas in store ends winter at 38% full. This compares with between 60% and 63% at this stage in the years covering the conflict in Ukraine.

As we exit winter and head into summer, when injections into storage begin to ramp up to meet next winter's targets, the answers to the following questions will have a major bearing on the direction of prices.

- (i) Will the EU agree to storage mandate reductions?
- (ii) Will Germany subsidise storage injections?

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EU Gas In Store



EU Gas Storage Level – 28 February – 38%

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