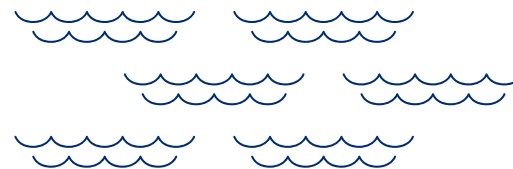
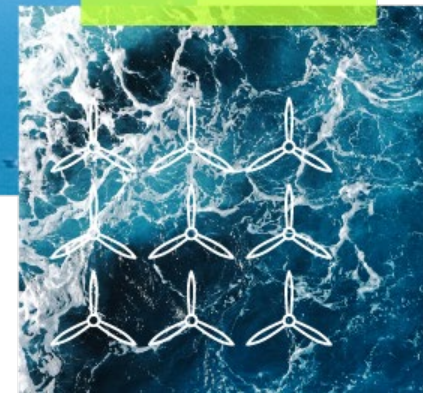


July 2025

Energy overview

Your monthly report featuring market updates
and weather review





Monthly Report – July 2025

Market Update: Power

Review

July began with high temperatures, but the heatwave risk gradually diminished, and demand fell as the month progressed. Above average wind and rainfall kept a lid on the Clean Spark Spread, while solar output continues to break records across North-West Europe.

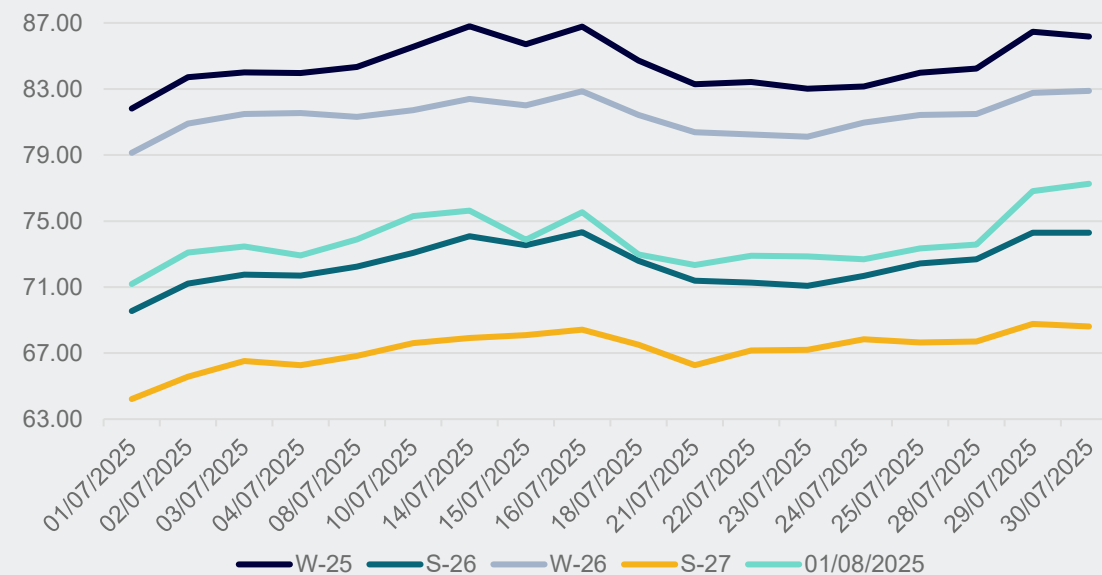
The UK Government scrapped the plan to introduce zonal pricing following a two-year consultation under the Review of Electricity Market Arrangements (REMA). A combination of a long lead time to implementation as well as political and industry risks contributed to the rejection of the proposed change, which will now likely see transmission charging reform and grid upgrades as the preferred route to improving the power system.

Outlook

July's weather pattern is set to continue into August, with above average wind output forecast for the UK.

*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-Jul-25	31-Jul-25	Change	% Change	High	Low	Average
Aug-25	71.19	77.26	↑ 6.07	↑ 8%	77.26	71.19	73.87
Winter 25	81.81	86.17	↑ 4.36	↑ 5%	86.80	81.81	84.51
Summer 26	69.55	74.29	↑ 4.74	↑ 6%	74.32	69.55	72.40
Winter 26	79.13	82.88	↑ 3.75	↑ 5%	82.88	79.13	81.39
Summer 27	64.22	68.61	↑ 4.40	↑ 6%	68.77	64.22	67.23



Market Update: Gas

Review

The high market volatility experienced over recent months eased during July, though not before further potential escalation of Donald Trump's tariff agenda.

A bipartisan group of US Senators introduced the Sanctioning of Russia Act of 2025 bill in April, proposing a 500% tariff on imports from countries that continue to buy Russian oil, gas and petrochemicals. This would target countries including India, China, South Korea and Turkey. Though not yet passed into law, the President has maintained that unless Russia comes to the negotiating table to end conflict with Ukraine, the Act will be implemented.

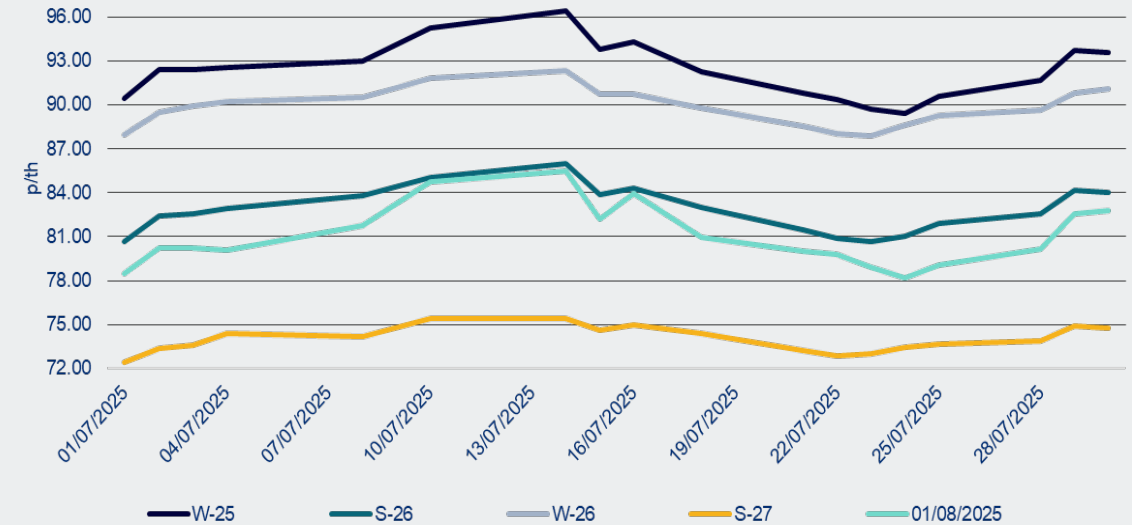
As the month progressed, heatwaves in both Europe and Asia eased, reducing gas demand, before temperatures in the Far East began rising towards the month end.

European supply remains robust, with the Norwegian maintenance season now over, and EU storage injections remain stable, as inventories continue to build ahead of the 1 November mandated target level of 90%.

Outlook

The market will continue to be focussed on the implications of secondary tariffs and sanctions should Russia not come to the negotiating table by the end of Trump's newly imposed deadline.

NBP Gas



Gas NBP (p/th)	1-Jul-25	31-Jul-25	Change	% Change	High	Low	Average
Aug-25	78.45	82.78	↑ 4.33	↑ 5%	85.50	78.20	81.09
Winter 25	90.40	93.60	↑ 3.20	↑ 3%	96.40	89.45	92.37
Summer 26	80.70	84.05	↑ 3.35	↑ 4%	86.00	80.65	82.86
Winter 26	87.95	91.10	↑ 3.15	↑ 3%	92.30	87.90	89.85
Summer 27	72.45	74.80	↑ 2.35	↑ 3%	75.45	72.45	74.04



Monthly Report – July 2025

Market Update: Oil

Review

Ongoing geopolitical tensions, shifting supply dynamics and mixed economic signals continued to drive the oil market during July.

President Trump's threat of sanctions on Russia over the Ukraine ceasefire talks sparked bullish sentiment, despite weak demand forecasts.

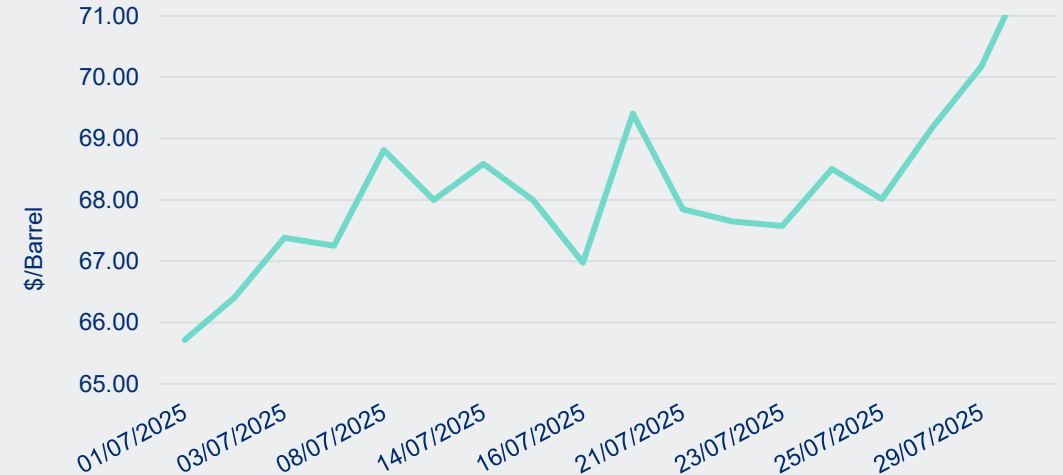
OPEC+ announced a 500k bbl/d increase for September as it attempts to increase market share.

The EU acquiesced to the US to strike a trade agreement, avoiding a feared 30% tariff on c.€800bn of trade, instead settling on 15% tariffs including commitments to buy \$250bn worth of US oil, natural gas and nuclear technologies for each of the next three years.

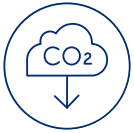
Outlook

The oil market awaits the deadline imposed by Donald Trump for Russia to join Ukraine peace talks.

Front Month Brent



Brent (\$/Barrel)	1-Jul-25	31-Jul-25	Change	% Change	High	Low	Average
Front Month	65.71	71.91	↑ 6.19	↑ 9%	71.91	65.71	68.19



Market Update: Carbon

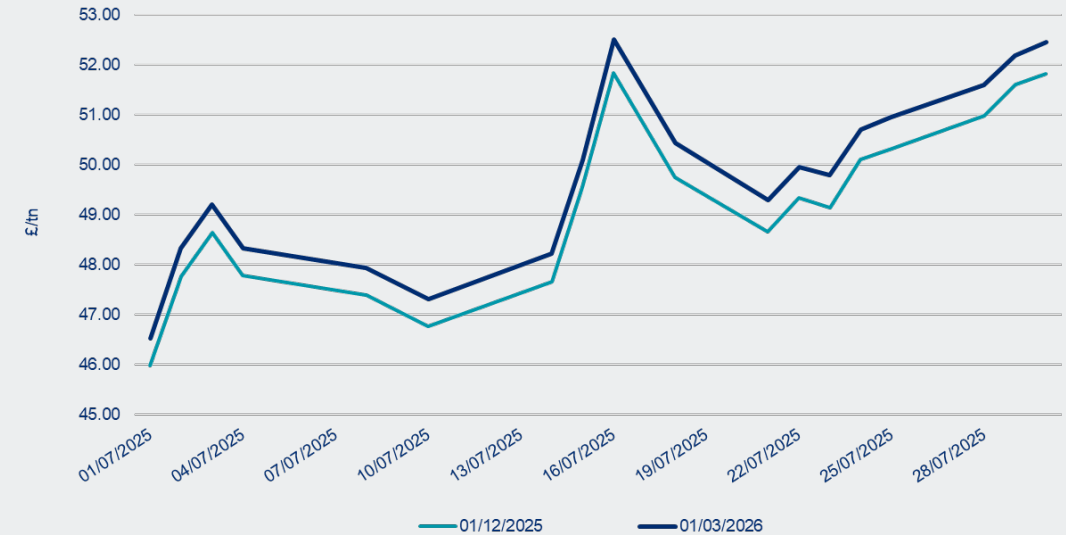
Review

UKA prices lifted following headlines that the European Commission is keen on Emissions Trading Scheme/System (ETS) linkage with the UK, and had asked the Council for the EU for permission to commence negotiations. The consensus is that negotiations will conclude by the middle of next year, with formal linkage to be completed by 2029.

Outlook

The EU's 2040 target to reduce net greenhouse emissions by 90% from 1990 levels has been submitted to the European Parliament and Council for discussion and legislative adoption.

Carbon UKA



Carbon (£/ton)	1-Jul-25	31-Jul-25	Change	% Change	High	Low	Average
Dec-25	45.98	51.83	↑ 5.85	↑ 11%	51.85	45.98	49.18
Mar-26	46.53	52.46	↑ 5.93	↑ 11%	52.51	46.53	49.77



Weather review

July Review

After a hot, sunny June across North-West Europe, July saw a lot more unsettled weather, with wetter, windier, and cooler conditions.

Low pressure systems tended to lurk between Scotland and Iceland or in Scandinavia, providing a lot of rain and cloudiness. Wind directions were more often out of the north-west or north, bringing in a fresher Atlantic air mass, especially in the Continent.

As a result, Europe saw no major heatwaves in July, although the UK did see one from 9th-14th that mainly impacted England.

Sea temperatures around North-West Europe continue to be much warmer than normal, which is helping give temperatures a boost.

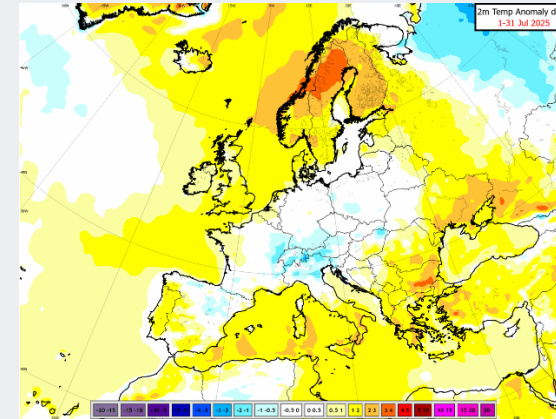
August Outlook

For August and the remainder of meteorological summer, the large-scale weather pattern suggests something similar to July.

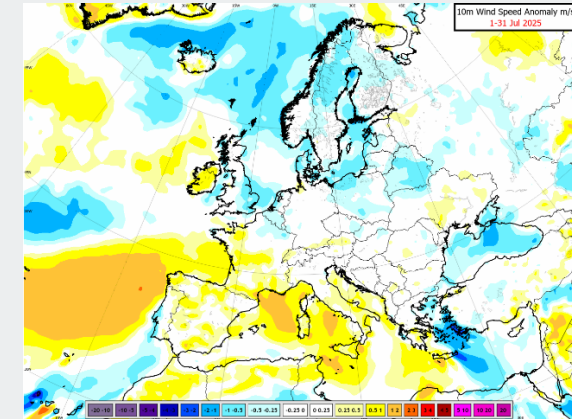
After a blustery start to the month for Scotland with Storm Floris, we should see high pressure dominate in France and the Alps.

Lows and weather fronts will get pushed a little northward, struggling to enter the North Sea and the Continent. This should mean Scotland is notably windier and wetter than other parts of Europe, including England.

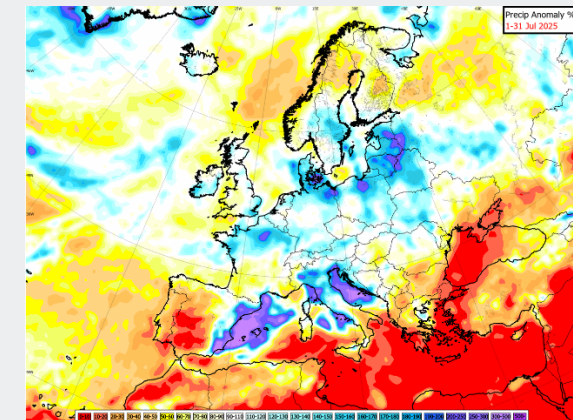
Heatwave risks begin to increase later in August, mainly in France due to sunshine and dry, calm weather.



Temperature anomaly



Wind speed anomaly



Precipitation anomaly



Monthly Report – July 2025

EU Gas Storage Watch

EU gas in store is steadily building ahead of winter, with storage levels at 68% of capacity by the end of July. This compares with c.85% at the corresponding point last year.

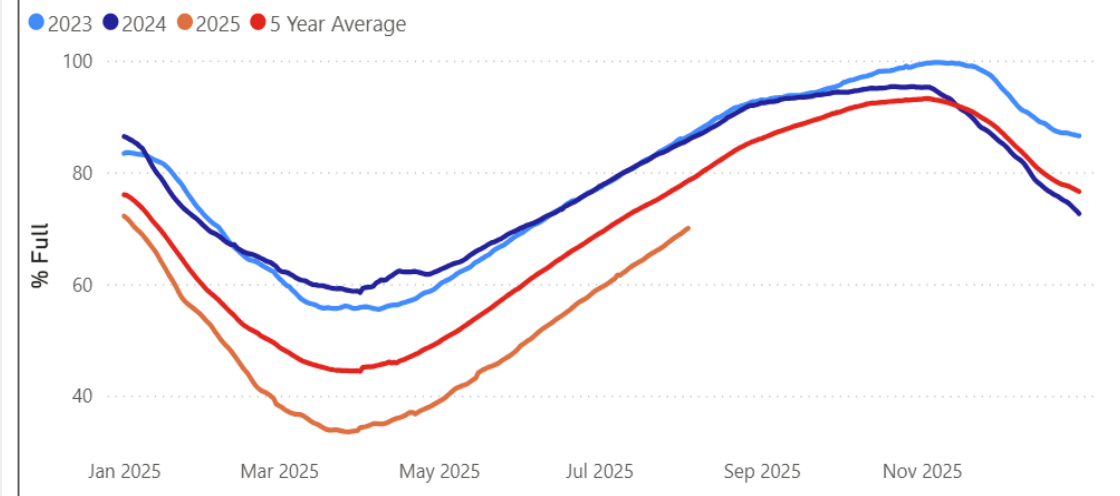
However, it should be noted that storage levels this summer are building from a much lower starting point than last year.

In previous years EU member states were required to ensure storage capacities were filled to at least 90% by 1 November. This year, the EU has agreed to additional flexibility measures, enabling member states to meet the 90% target at any point between 1 October and 1 December.

The amendment was introduced to enable member states to adjust to evolving market conditions and prevent potential market manipulation.

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EU Gas Storage



Source: Gas Infrastructure Europe (GIE)

31 July 2025 – EU Gas Storage at 68.6%

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