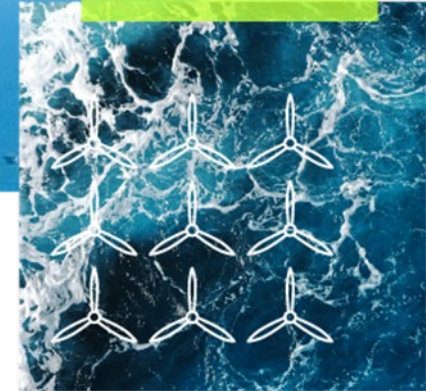
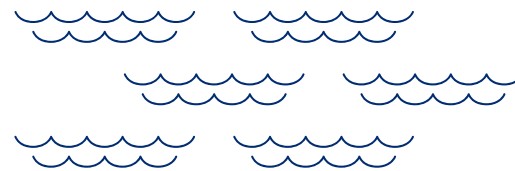


June 2025

# Energy overview

Your monthly report featuring market updates  
and weather review





## Market Update: Power

### Review

Healthy renewables output early in June was reflected in the clean spark spread, with the Day Ahead outturning at c. -£22/MWh. However, windy and wet conditions eventually gave way to a heatwave that built in across North West Europe, suppressing sparks; with solar, at least in part, helping to meet an increase in air conditioning demand. Rising gas prices on the back of geopolitical events also suppressed curve sparks.

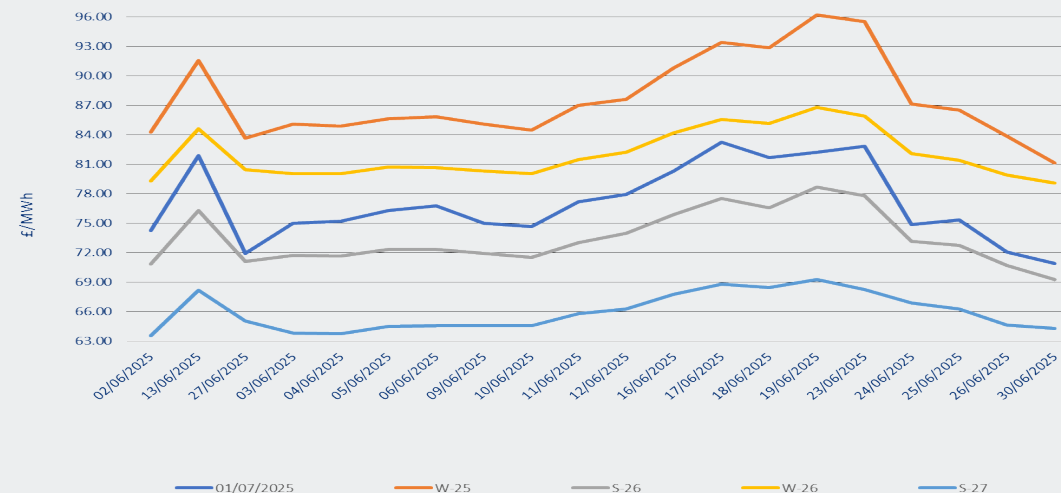
On the continent, the heatwave conditions gave rise to concerns around rising river temperatures, which could impact nuclear output if they breach tolerance levels for reactor cooling requirements.

### Outlook

Ongoing heatwave conditions in UK and Europe are set to remain a bullish factor, with curtailment of nuclear output a risk.

\*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-Jun-25	30-Jun-25	Change	% Change	High	Low	Average
Jul-25	74.24	70.93	↓ -3.31	↓ -5%	83.26	70.93	76.97
Winter 25	84.27	81.14	↓ -3.13	↓ -4%	96.21	81.14	87.63
Summer 26	70.83	69.24	↓ -1.59	↓ -2%	78.65	69.24	73.46
Winter 26	79.27	79.10	↓ -0.17	↓ 0%	86.82	79.10	82.00
Summer 27	63.53	64.30	↑ 0.78	↑ 1%	69.27	63.53	65.96



## Market Update: Gas

### Review

Geopolitics ran front and centre for much of June, with escalating tensions between Israel and Iran realised with a series of air strikes on sites linked to Iran's nuclear development programme. Iran responded with retaliatory strikes, and the involvement of US war planes ratcheted up the bullish fears in the global financial and energy markets.

The bullish sentiment stoked fears that Iran could seek to block the Strait of Hormuz to gain leverage in the conflict, leading to a spike in gas prices across the curve, with Winter 25 lifted to over 110p/th.

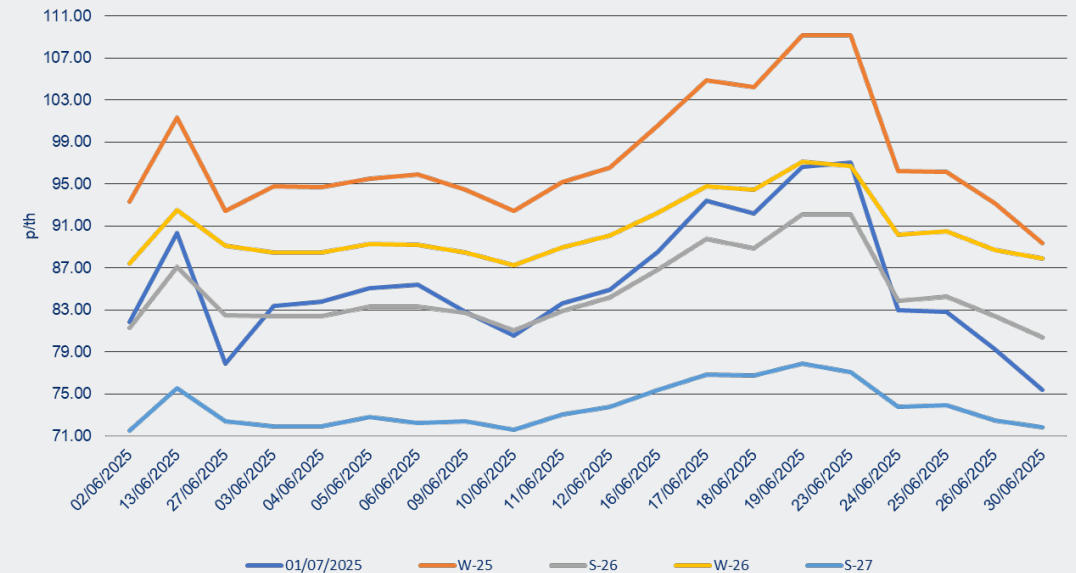
The announcement of a ceasefire served to calm the markets, swiftly removing the risk premiums built into prices during the conflict, returning the gas curve to pre-crisis levels fairly swiftly.

Despite ongoing Norwegian field maintenance, EU storage built over the month to reach 59% capacity, still around 10% below the five year average.

### Outlook

An expected East Asian heatwave over the coming weeks, covering Japan and South Korea, presents a potentially bullish signal for European prices. LNG cargoes could be diverted East if spot prices in Asia continue to lift.

### NBP Gas



Gas NBP (p/th)	1-Jun-25	30-Jun-25	Change	% Change	High	Low	Average
Jul-25	81.82	75.35	↓ -6.47	↓ -9%	97.06	75.35	85.40
Winter 25	93.30	89.40	↓ -3.90	↓ -4%	109.20	89.40	97.48
Summer 26	81.30	80.40	↓ -0.90	↓ -1%	92.15	80.40	84.70
Winter 26	87.40	87.90	↑ 0.50	↑ 1%	97.15	87.30	90.61
Summer 27	71.50	71.85	↑ 0.35	↑ 0%	77.85	71.50	73.74



## Market Update: Oil

### Review

June was a highly volatile month in the oil markets, dominated by the build up in tensions, conflict and subsequent ceasefire between Israel and Iran.

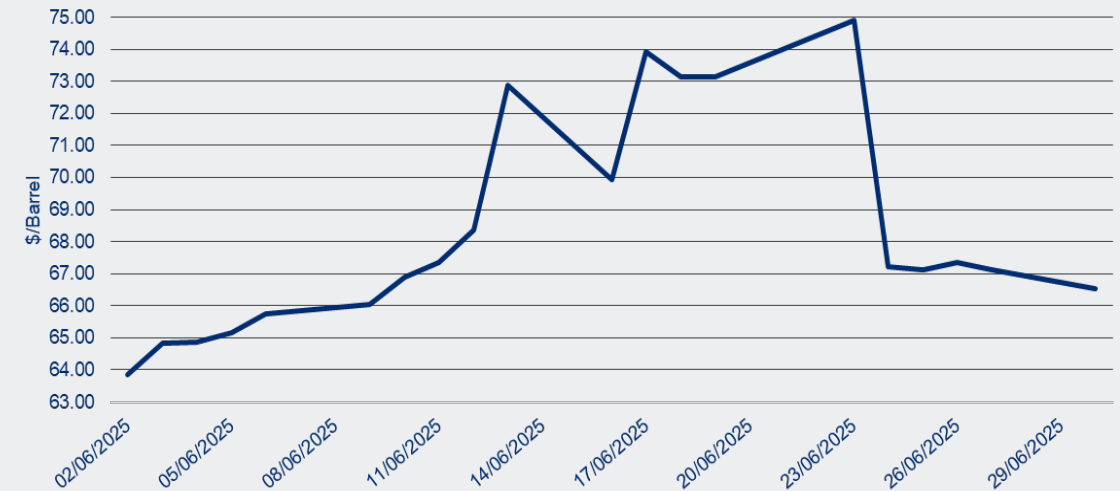
In the days leading up to the conflict prices had lifted steadily, but rose sharply when the US joined Israel in bombing Iran's nuclear facilities, with the market fearing Iran could retaliate by blocking shipping in the Strait of Hormuz. The potential for disruption to Iran's 2.5m barrels per day production and fears of wider Middle East escalation were additional bullish factors.

The White House announcement of a subsequent ceasefire prompted a large sell off, with a rapid 5% drop in the price of crude on the news, representing a return to a level not seen since March.

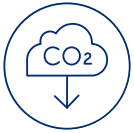
### Outlook

The oil market remains wary of geopolitical risk as Iran's President signed a law suspending co-operation with the International Atomic Energy Agency (IAEA).

### Front Month Brent



Brent (\$/Barrel)	1-Jun-25	30-Jun-25	Change	% Change	High	Low	Average
Front Month	63.84	66.54	↑ 2.70	↑ 4%	74.90	63.84	68.32



## Market Update: Carbon

### Review

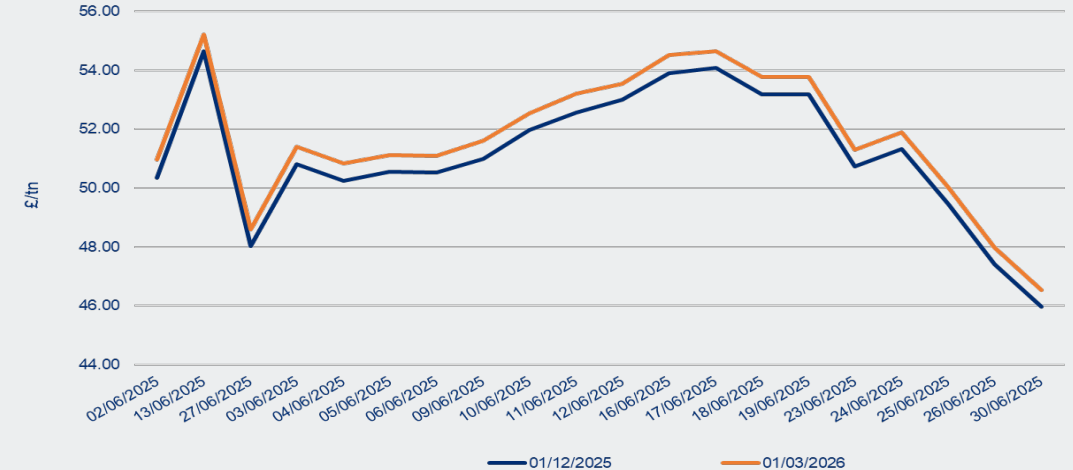
The volatility experienced in the wider energy complex also affected UK and EU carbon markets in June.

Overall, UKAs declined in value over the course of the month, initially due to an easing of tensions between China and the US over trade tariffs, prompting optimism for a recovery in the global economy. The airstrikes on Iran and retaliatory fire on Israel pushed prices initially higher, before retreating on news of a ceasefire and a large sell off in the gas market.

### Outlook

The EU is set to negotiate and approve a 2040 target to reduce net greenhouse emissions by 90% from 1990 levels.

### Carbon UKA



Carbon (£/ton)	1-Jun-25	30-Jun-25	Change	% Change	High	Low	Average
Dec-25	50.35	45.98	↓ -4.37	↓ -10%	54.65	45.98	51.15
Mar-26	50.97	46.53	↓ -4.44	↓ -10%	55.24	46.53	51.73





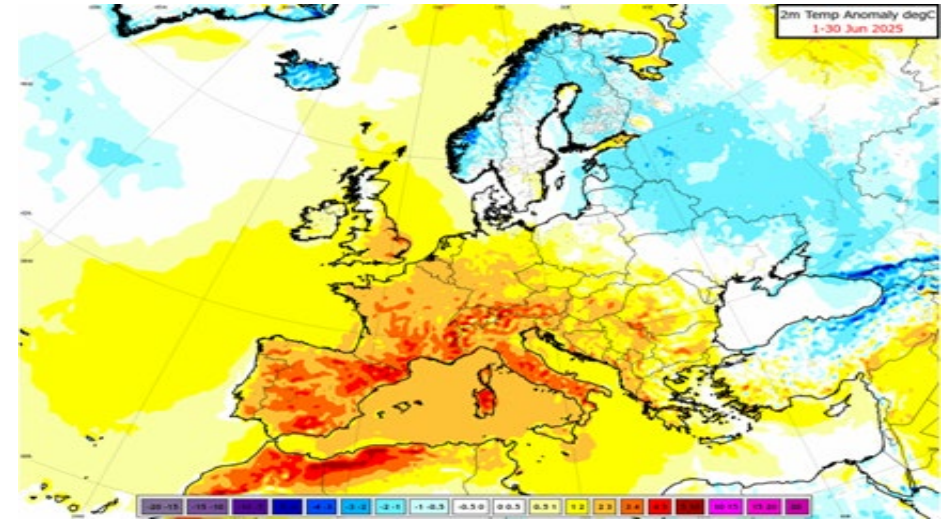
## Weather review

### June Review

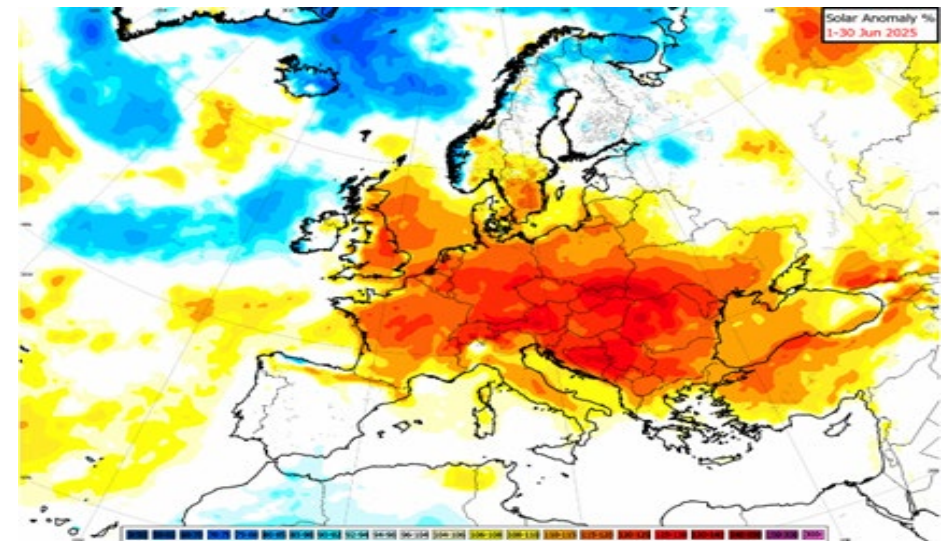
- June started off cool and wet, but quickly trended hotter and sunnier, especially towards the final week
- Frequent cyclones meant that after a very dry spring, the British Isles, namely Ireland and Scotland, were much wetter
- This led to a combination of above average hydro, solar and wind, for an overall good weather month for renewables generation
- As winds tended up be out of the southwest, temperatures across Europe were above average for most of the month
- Heatwaves became more widespread in late June

### July Outlook

- A late June Spanish Plume heatwave is easing in early July, and more unsettled weather is in store for the first half of the month
- Overall, July should see near normal winds, rainfall and solar, with above average temperatures for the UK
- Drier and warmer on the continent, with lower winds for France and Germany
- This pattern supports windier, wetter weather being confined to Ireland and Scotland, with the continent sunnier, drier and hotter
- Spanish Plume heatwave events are also possible through the back half of July, with a risk of possibly one, short-lived event per week



Temperature anomaly



Sunshine anomaly



Monthly Report – June 2025

## Crucial conduit for oil and LNG

Whenever tensions ramp up in the Middle East, a body of water separating Iran and the United Arab Emirates, connecting the Persian Gulf with the Gulf of Oman and the Arabian Sea, becomes the focus of global energy market attention. At its narrowest point, the Strait of Hormuz is only 20 miles wide.

### Why?

The Strait of Hormuz is one of the key shipping routes for nearly a third of global liquid natural gas (LNG) trade, primarily sourced from Qatar. Around 20% of the world's crude oil – that's roughly 21 million barrels per day – transits through the Strait.

### Iranian Power Play

During the recent conflict between Iran and Israel, there were fears that the Iranians could block the Strait, by deploying mines, to force Israel and the US to halt air strikes on Iran's nuclear installations. In the event, this did not occur as the parties entered peace negotiations. However, the conflict once again highlighted that disruptions to shipping through the Strait have the potential to impact the global economy.

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# 21 million barrels

## Oil transiting the Strait daily

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