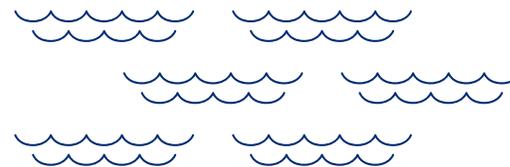
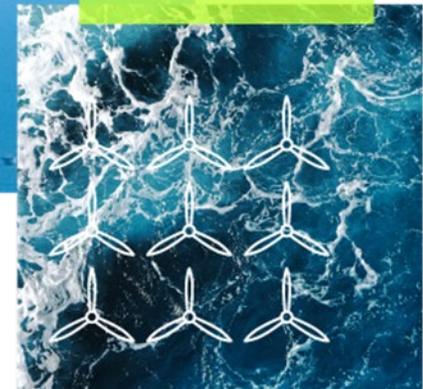


December 2025

Energy overview

Your monthly report featuring market updates
and weather review





Market Update: Power

Price Movement

It's been a relatively stable month for prices, with day ahead power within a reasonably tight range, reflecting the lack of prolonged cold weather or tightness in the system.

Day Ahead clean spark spread outturned on average at -£4.60.

Curve prices also remained stable, but lifted towards month end following the increase in gas prices.

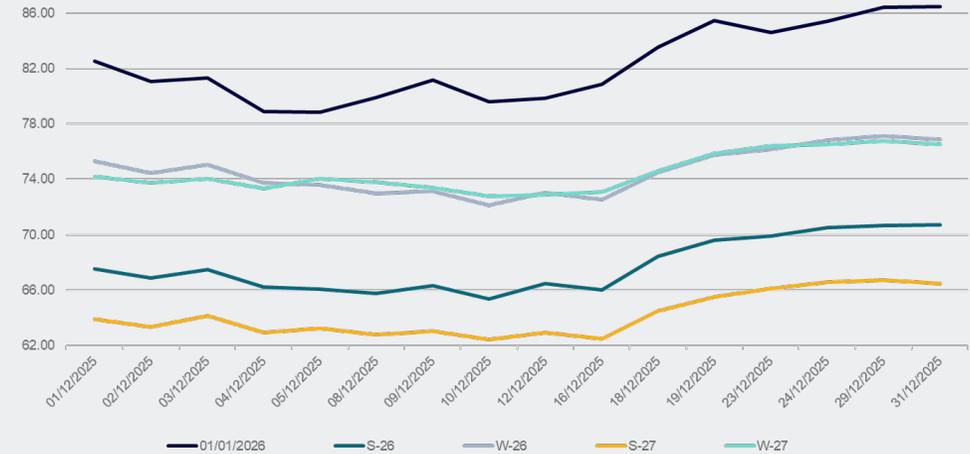
Drivers

Supply: Renewables provided 52% of UK generation, primarily offshore wind.

Demand: Continued electrification of heat and transport contributed to incremental demand growth of c. 3% year on year.

*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-Dec-25	31-Dec-25	Change	% Change	High	Low	Average
Jan-26	82.53	86.46	↑ 3.93	↑ 5%	86.46	78.84	82.23
Summer 26	67.51	70.69	↑ 3.18	↑ 4%	70.69	65.35	67.75
Winter 26	75.28	76.87	↑ 1.59	↑ 2%	77.11	72.11	74.57
Summer 27	63.88	66.48	↑ 2.60	↑ 4%	66.72	62.42	64.20
Winter 27	74.17	76.54	↑ 2.36	↑ 3%	76.78	72.77	74.50



Market Update: Gas

Price Movement

74-74ppth across the month – stable.

Prices fell sharply in early December, with a weak spot market and bearish fundamental outlook dragging prices lower.

There was consolidation mid-month, with the market balanced on mixed signals.

Recovery late month was driven by colder and lower wind outlook. Volatility increased.

Recovery has sustained into January, with front month 75.90ppth at time of writing.

Drivers

Supply: Strong LNG and steady Norwegian pipeline helped keep the system well supplied (**bearish**).

Demand: Early December was mild with strong renewables, damping demand and pushing prices lower. Mid-month, forecasts shifted to a colder outlook – higher demand from the residential and power generation sector pushed prices higher (**bullish**).

NBP Gas



Gas NBP (p/th)	1-Dec-25	31-Dec-25	Change	% Change	High	Low	Average
Jan-26	74.20	76.18	↑ 1.97	↑ 2.6%	76.18	70.05	73.01
Summer 26	66.90	65.85	↓ -1.05	↓ -1.6%	67.00	62.85	65.11
Winter 26	73.70	71.30	↓ -2.40	↓ -3.4%	73.70	68.65	71.09
Summer 27	62.75	60.65	↓ -2.10	↓ -3.5%	62.85	58.55	60.75
Winter 27	71.60	69.45	↓ -2.15	↓ -3.1%	71.60	67.85	69.60



Market Update: Oil

Price Movement

Volatility picked up across December, but prices were still contained within the \$59-65/bbl range that has held since October.

2025 as a whole was weak for crude. Prices registered the largest annual decline since 2020.

Prices drifted lower through the first half of December, reflecting persistent oversupply pressure and weak demand forecasts.

Prices rebounded modestly later in the month, as geopolitical risks re-emerged, and markets looked forward to 2026 fundamentals.

Drivers

Supply: The dominant theme is that global supply continues to exceed demand, with inventories building and new non-OPEC supply adding downward pressure (**bearish**).

Demand: Sluggish, particularly from China and advanced economies (**bearish**).

Policy: OPEC+ maintained increased supply (**bearish**).

Macro Economy: US Fed rate-cut expectations provided short-term support, but ultimately this was engulfed by the dominant bearish backdrop (**neutral**).

Geopolitics: US actions in Venezuela added modest risk premiums. Conflicts in the Middle East and Russia/Ukraine continue to provide support (**bullish**).

Front Month Brent



Brent (\$/Barrel)	1-Dec-25	31-Dec-25	Change	% Change	High	Low	Average
Front Month	62.93	61.63	↓ -1.30	↓ -2.1%	63.57	58.64	61.63



Market Update: Carbon

Price Movement

Overall, bullish across the month, with a significant rally mid-December.

We saw some weakness early in the month, tied to healthy renewables and a weak demand picture.

There was a lift mid-month, tied to broader carbon market moves and policy expectations. UKA/EUA spread narrowed.

UKA rallied significantly across the year, with Dec-26 pricing mid-30s in Jan-25 versus high 60s now.

Drivers

Policy: UK-EU ETS linkage – statements that the UK and EU aimed to soon finalise negotiations on emissions trading scheme/system linkage provided strong uplift (**bullish**).

Fundamentals: Colder weather forecasts have been boosting energy demand and lifting spark spreads, creating additional demand for UKAs (**bullish**).

Supply: (neutral).

Regulatory: Announcements such as the extension of the UK ETS scheme over the long term and details on reserve prices and cost-containment mechanisms provided structural clarity for market participants (**bullish**).

Carbon UKA



Carbon (£/ton)	1-Dec-25	31-Dec-25	Change	% Change	High	Low	Average
Dec-26	59.86	67.48	↑ 7.62	↑ 11.3%	67.83	58.09	61.86
Mar-26	57.97	65.42	↑ 7.45	↑ 11.4%	66.61	56.25	60.00



Weather Review and Outlook

December Review

December finished off 2025 with a tendency for high pressure to lurk north of the UK, while there was low pressure in Western Europe.

This pressure pattern meant that Scotland struggled to see above average rainfall, or winds, for much of the month. However, further south, things were more unsettled, with often wet, windy weather in place for England and Wales.

By the end of the month, it was also clear that 2025 was the sunniest and warmest on record for the UK (according to the Met Office).

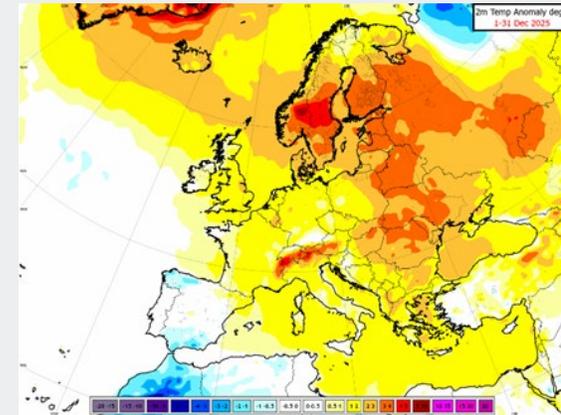
January Outlook

January started off very cold with an Arctic air mass in place – this provided the coldest temperatures of the winter seen so far. Storm Goretti arrived at the UK and France on the 8th, bringing some extreme winds and rainfall for southern England.

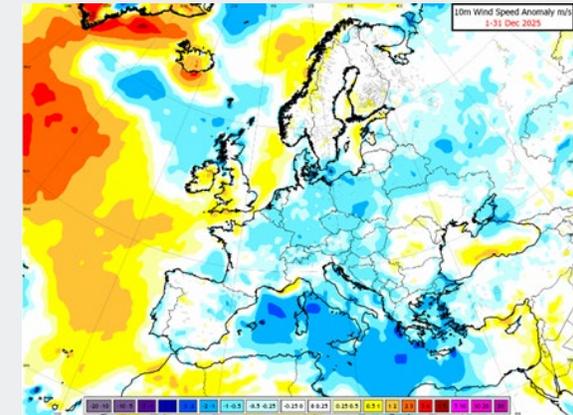
The next fortnight is looking likely to see low pressure in the North Atlantic in control of the weather, bringing milder, windier conditions.

After that, late-January may be more of a mixed bag – there are some growing signals for high pressure (dry, calm, maybe cold).

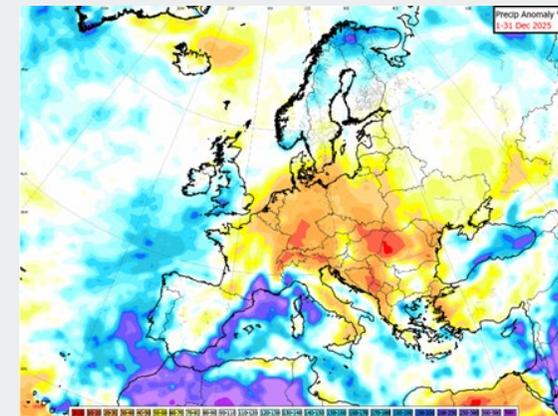
Overall, January should come in a little below average on winds and rainfall, but temperatures may be nearer normal.



Temperature anomaly



Wind Speed anomaly



Precipitation anomaly



EU Gas Storage Watch

Storage Levels:

- European inventory (storage + reservoir, excluding Ukraine) 23.7bcm (-8bcm year on year).

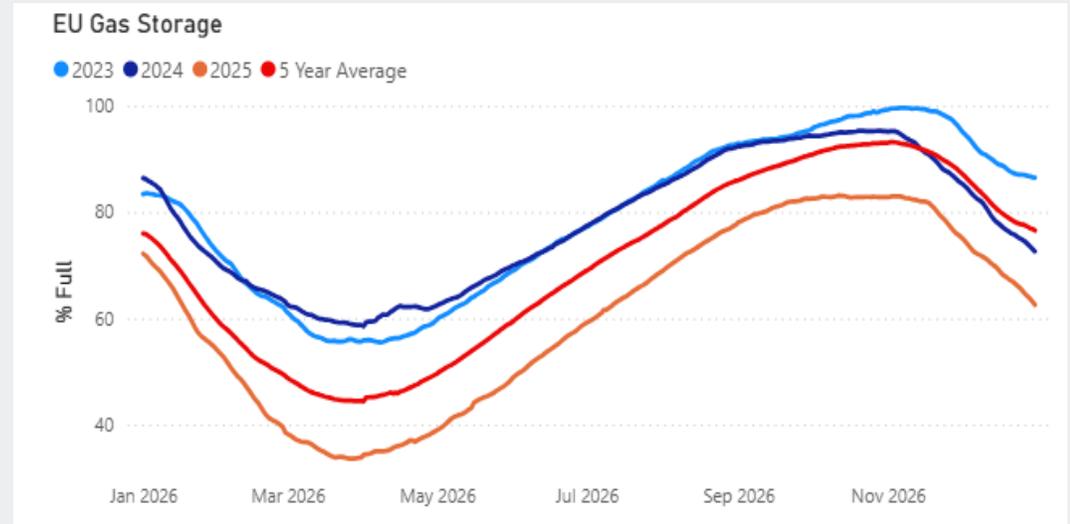
Key Headlines:

- EU storage withdrawals totalled 4.9bcm over the first week of January, increasing substantially.
- NW Europe is withdrawing at near record rates at the moment. A combination of the cold weather and lower storage capacity sold for next year is encouraging strong withdrawals.
- EU LNG send-out remains stable at 500mcm/d, a record for this time of year.

Overall:

- Big draw on storage due to tight fundamentals, offset by strong LNG.

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31 December 2025 – EU Gas Storage 61.97%

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The registered office of SSE Energy Supply Limited is No. 1 Forbury Place, 43 Forbury Road, Reading, RG1 3JH.

