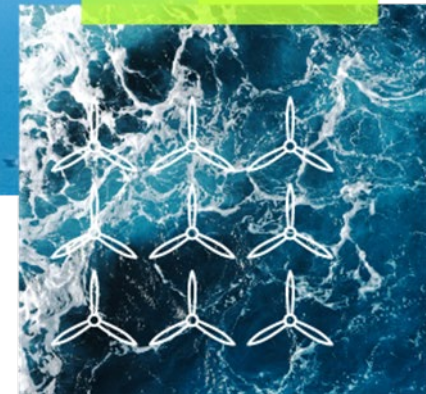
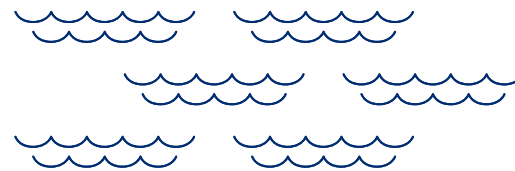


March 2025

# Energy overview

Your monthly report featuring market updates  
and weather review





## Market Update: Power

### Review

A mixed bag for renewables through March, as periods of below and near average wind curbed output, but this did not translate into high clean spark spread values, with the month averaging at c.-£3/MWh. The main reason for this was increasing levels of solar generation in the UK, curbing the requirement for gas-fired generation across peak periods. On 18 March output reached a record high of 11.6GW, a record likely to be broken again as we enter British Summer Time.

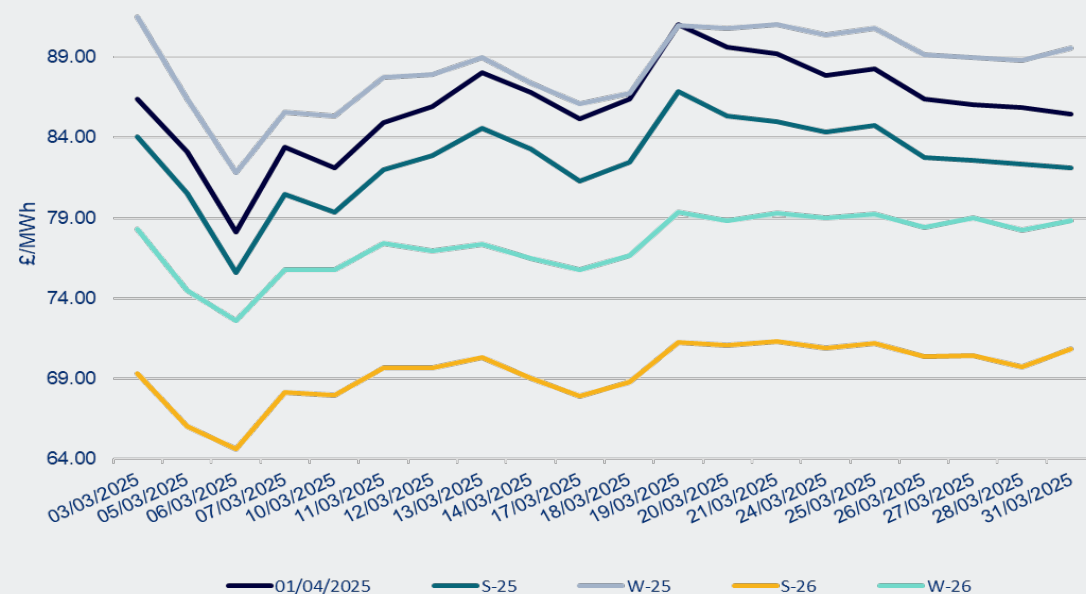
The Electricity Market Reform (EMR) Delivery Body (National Grid ESO) announced that the UK T-4 capacity auction, covering 2028/29, cleared at £60/kW with 43GW of de-rated capacity, down £5/kW from last year's record high. The auction, as part of the Capacity Market, is designed to ensure sufficient reliable generation capacity is available to meet demand, by providing payments to encourage investment in new generation capacity or for existing capacity to remain open.

### Outlook

Continued below average wind output is expected for early April, with solar output remaining above average.

\*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 Bid (£/MWh)	1-Mar-25	31-Mar-25	Change	% Change	High	Low	Average
Feb-25	103.08	85.44	↓ -17.64	↓ -21%	91.05	78.14	86.02
Summer 25	84.07	82.13	↓ -1.94	↓ -2%	86.86	75.58	82.64
Winter 25	91.53	89.54	↓ -1.98	↓ -2%	91.51	81.81	88.32
Summer 26	69.28	70.83	↑ 1.56	↑ 2%	71.32	64.61	69.42
Winter 26	78.29	78.79	↑ 0.50	↑ 1%	79.34	72.59	77.38



## Market Update: Gas

### Review

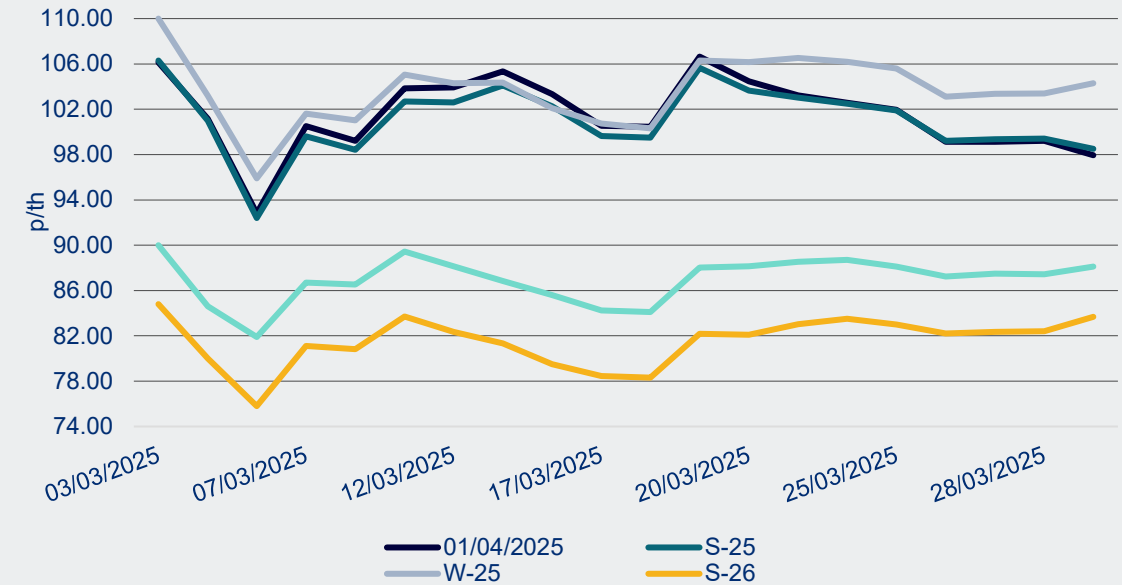
March began as February ended, with prices on the prompt and curve in retreat, as speculation that peace talks between the US and Russia over Ukraine could see a return of gas flows into Europe. In the event, short of a hoped-for full ceasefire, a conditional agreement preventing strikes on energy infrastructure and shipping in the Black Sea has been tentatively agreed.

EU storage levels ended the month at 33% capacity, compared to 58% at the same stage last year, as discussions on potential changes to storage mandates continue between member states. Germany and France have been most vocal in calling for flexibility around the target mechanism, which currently states that storage levels reach 90% capacity by 1 November each year. There are fears that rigidity in the current mechanism is fuelling market speculation. The EU commission is due to publish its forward mandated storage obligations, covering 2025-2027, on 24 April.

### Outlook

There's continuing uncertainty regarding the Ukraine peace process and potential implications for the return of Russian gas. The market is awaiting publication of EU storage mandate obligations, which could impact injection behaviour over the course of the summer.

### NBP Gas



Gas NBP (p/th)	1-Mar-25	31-Mar-25	Change	% Change	High	Low	Average
Apr-25	106.15	97.92	↓ -8.23	↓ -8%	106.64	92.82	101.58
Summer 25	106.32	98.48	↓ -7.84	↓ -8%	106.30	92.40	101.08
Winter 25	110.03	104.29	↓ -5.74	↓ -6%	110.00	95.90	103.67
Summer 26	84.85	83.65	↓ -1.20	↓ -1%	84.80	75.80	81.53
Winter 26	90.03	88.06	↓ -1.97	↓ -2%	90.00	81.90	87.00



## Market Update: Oil

### Review

Donald Trump's tariff and sanction "hokey cokey" dominated the month in the financial and commodities markets, fuelling concern for the economic outlook.

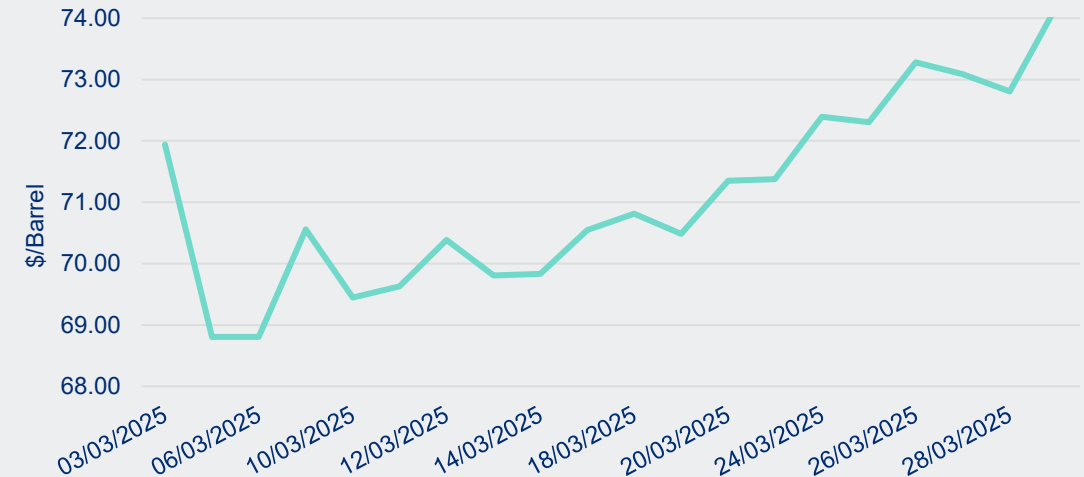
This was starkly illustrated in the US, as consumer confidence hit a four-year low, amid inflationary fears from the imposition of tariffs. The subsequent reversal of a decision to place a 25% tariff on all goods from Canada and Mexico, followed by the imposition of tariffs on the foreign automotive industry, highlighted the changeable nature of decisions emanating from the White House and their impact on the global economy.

Amidst this backdrop, crude prices lifted over \$4/bbl month on month. As the month comes to an end, further uncertainty linked to the Ukraine peace process was introduced when Donald Trump suggested the imposition of secondary sanctions on the buyers of Russian oil could be a potential option, if Vladimir Putin is not fully invested in delivering peace.

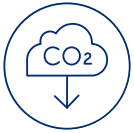
### Outlook

Geopolitics is set to dominate – Ukraine peace talks, sanctions and tariffs.

### Front Month Brent



Brent (\$/Barrel)	1-Mar-25	31-Mar-25	Change	% Change	High	Low	Average
Front Month	71.96	74.17	↑ 2.21	↑ 3%	74.19	68.80	71.09



## Market Update: Carbon

### Review

The UKA market began the month trading in a tight range (£39-42/t) in the absence of any major fundamental market drivers.

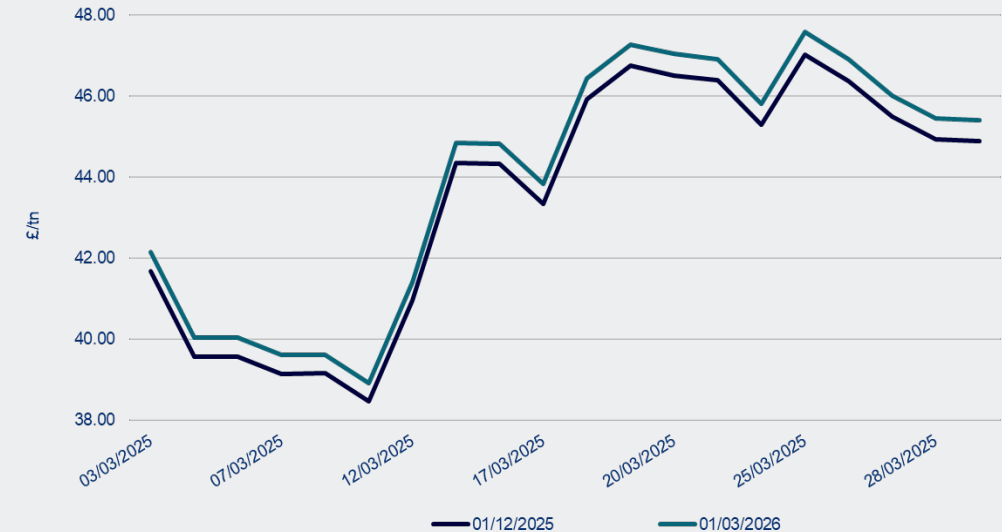
However, as seen in recent months, any news regarding the linkage of UKA and EUA market elicits a reaction, and March was no different.

The market lifted £5/t following Philip Hunt's comments on the upcoming UK-EU summit. The Minister for Energy Security and Net Zero stated: "Ahead of the UK-EU summit on 19 May, the UK Government is actively considering the case for linking," in the House of Lords. The UKA market continues to respond to any signals towards constructive talks, although negotiations regarding sovereignty on fisheries and mobility will complicate dialogue, with Hunt adding: "This does not prejudge the outcome of any potential discussions with the EU."

### Outlook

The carbon market is likely to cling to any further comments ahead of the May UK-EU summit.

### Carbon UKA



Carbon (£/tn)	1-Mar-25	31-Mar-25	Change	% Change	High	Low	Average
Dec-25	41.73	44.86	↑ 3.13	↑ 7%	47.02	38.47	43.51
Mar-26	42.24	45.37	↑ 3.13	↑ 7%	47.57	38.91	44.00





Monthly Report – March 2025

## Weather review

### March Review

March saw high pressure around the British Isles and North Sea throughout the month, with low pressure near Portugal. This brought some dry, sunny weather to the UK and Ireland, which helped to boost the temperatures above average.

At the same time, cyclones near Iberia brought cloud and rain to Iberia, cooling things off. This led to the frequent headlines of “UK warmer than Spain on Thursday!” that we saw last month.

Winds (right) also suffered in this pattern with high pressure overhead killing wind speeds across north-western Europe. While March was a good month for solar production, wind power and hydro power were both well below average.

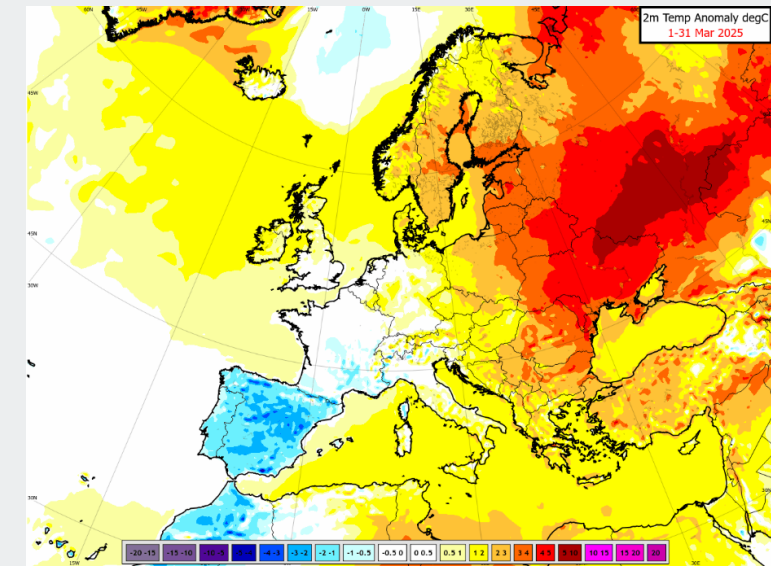
### April Outlook

April looks to continue in a similar vein, with a lot of high pressure around north-western or more broadly in northern Europe.

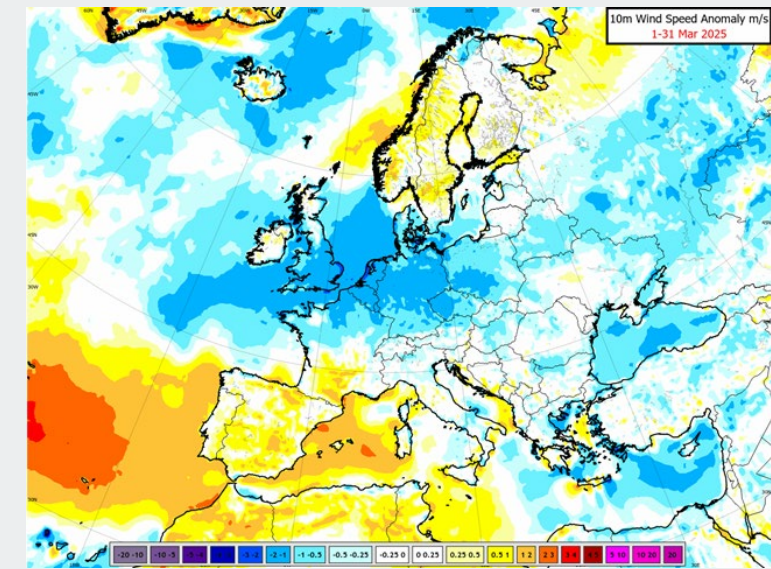
In addition, wind speeds are likely to come in below average, but there could be some stronger breezes at times, intermittently.

Historically, this type of weather pattern tends to be slightly colder than normal with abundant sunshine, so good solar generation.

We could see another mid-month sharp cold snap develop, but chances for this are currently low, around 15%. Spring is here...



Temperature anomaly



Wind speed anomaly



Monthly Report – March 2025

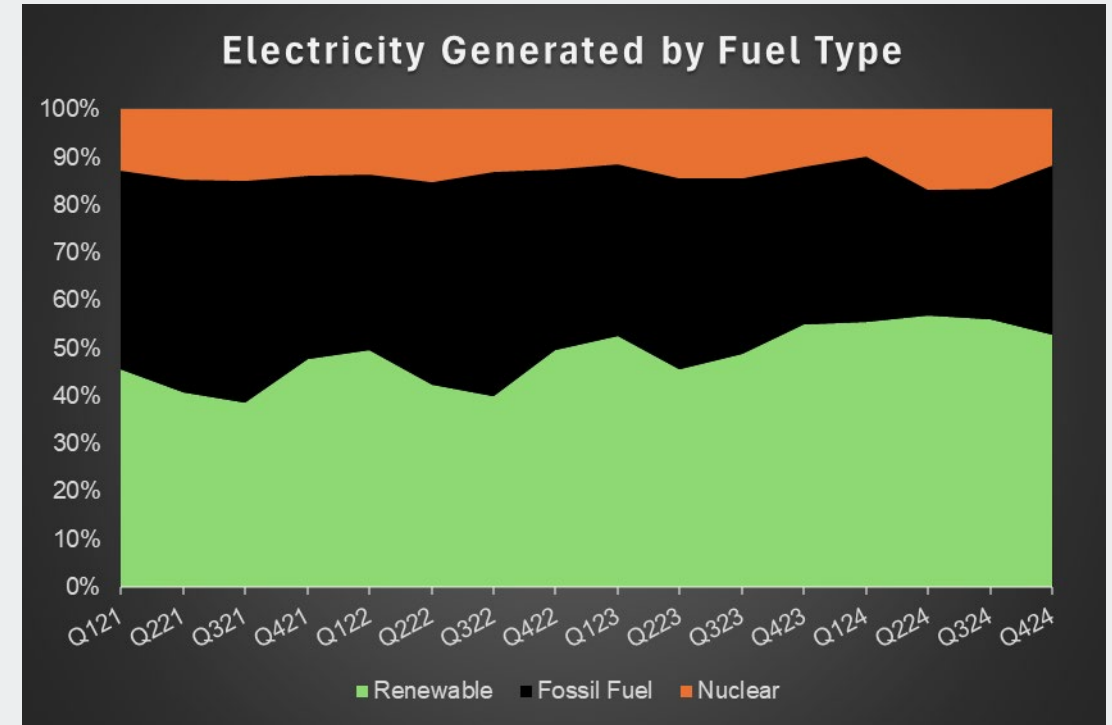
## Energy Trends 2024 – DESNZ

Among the myriad facts and figures within the Department for Energy Security and Net Zero's (DESNZ) 2024 Energy Trends report, one fact stands out above all the others...

- **In 2024 electricity production from renewable technologies passed 50% for the first time, an increase of 4% on the previous year.**
- The growing solar build out was reflected in a 6% increase in output year on year, despite below average sun hours in 2024.
- Gas remains the single largest contributor to overall generation at 30.3%, followed by wind (onshore and offshore) at 29.5%.
- Another standout was fossil fuels' share of the generation mix is now at levels not seen since the 1950s, following the closure of the last UK coal-fired plant last October.

[assets.publishing.service.gov.uk/media/67e4f5d855239fa04d412067/Energy\\_Trends\\_March\\_2025.pdf](https://assets.publishing.service.gov.uk/media/67e4f5d855239fa04d412067/Energy_Trends_March_2025.pdf)

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**2024 – Renewables account for 50.8% of UK power generation output**

# Let's power change together

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