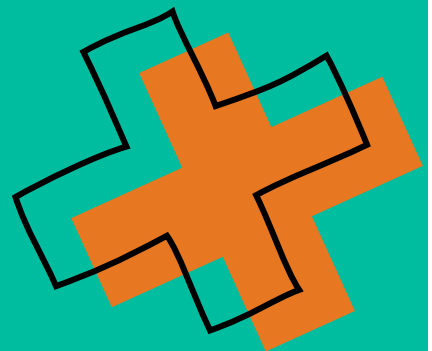




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ENERGY

Energy Market Review

March 2025



2nd April 2025



Market Context

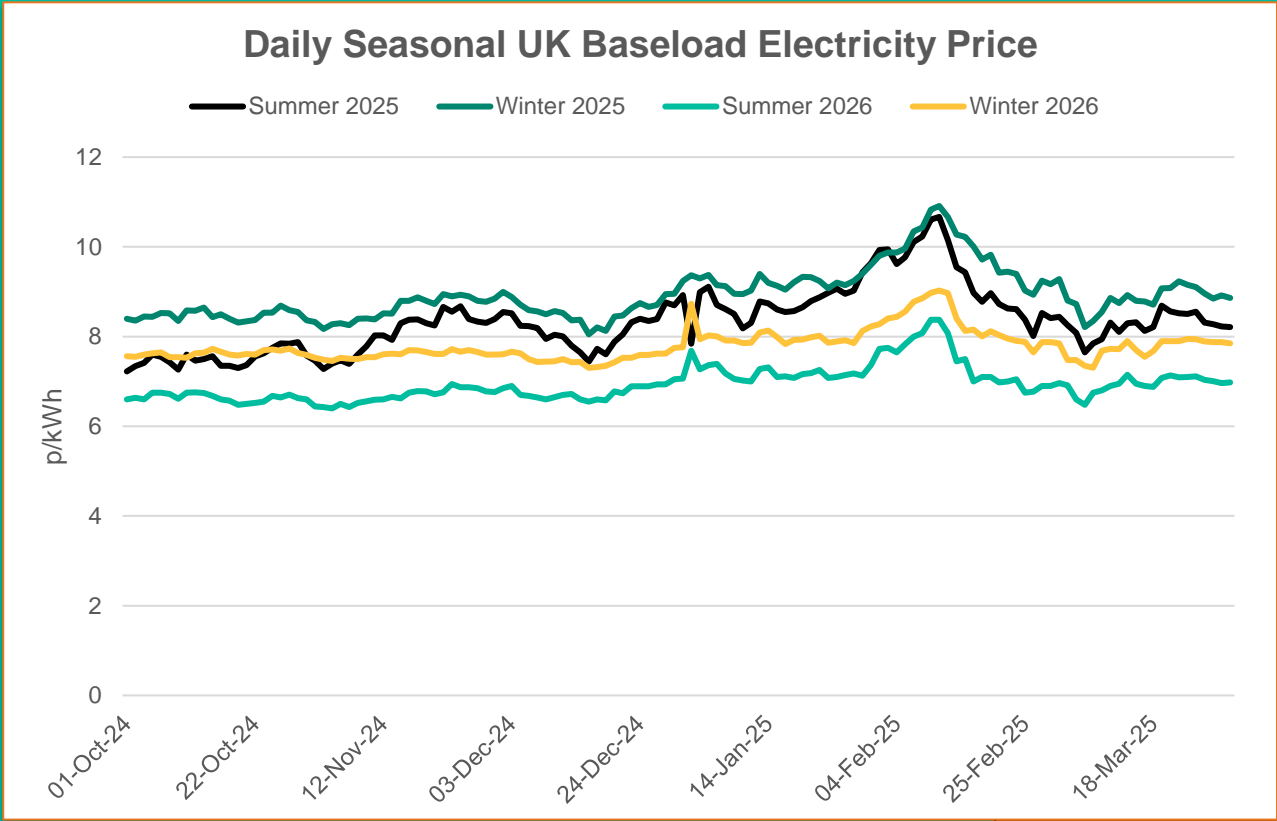
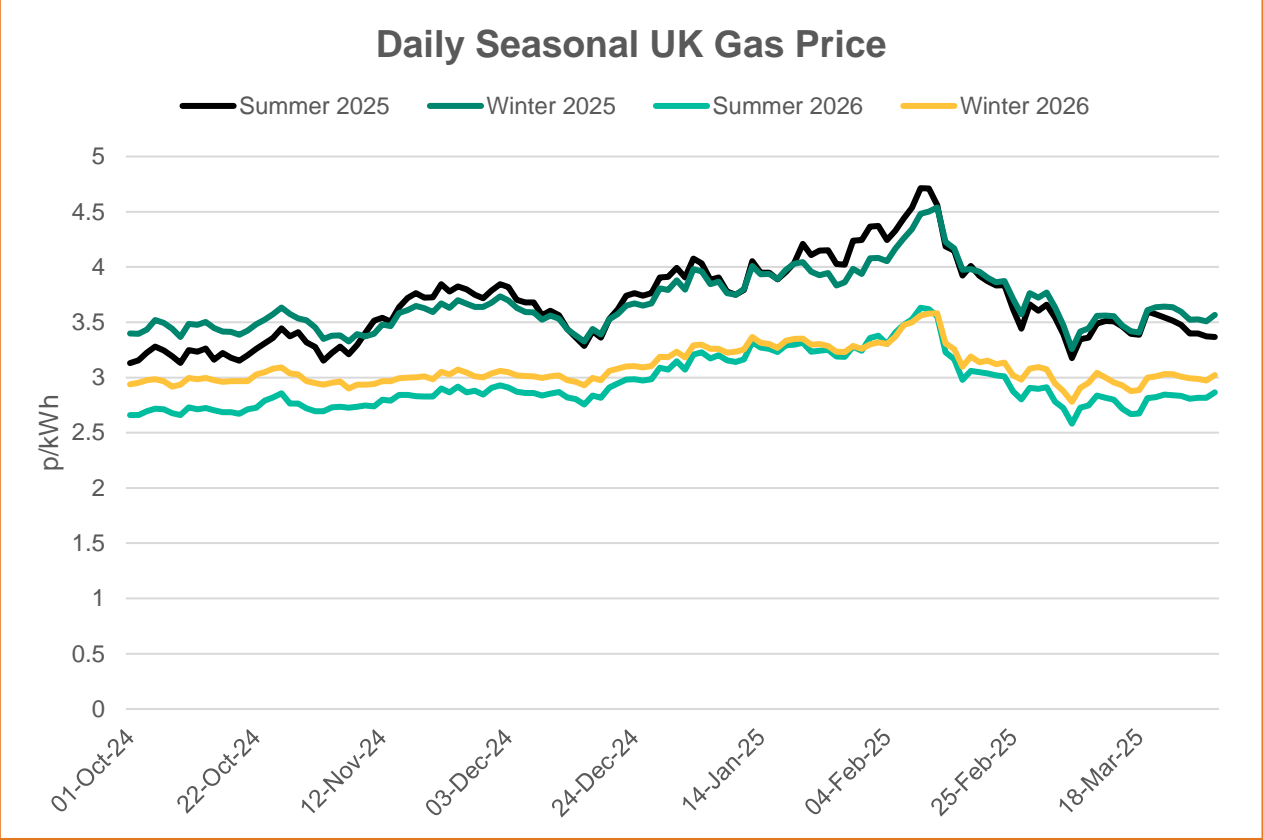
In March seasonal prices were relatively stable when compared to the volatility witnessed in February. With the backdrop of peace talks regarding the conflict in Russia/Ukraine, and the arrival of some warmer temperatures, front season gas prices dropped 9% as the Winter season ended.

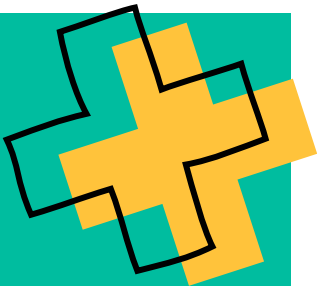
- Peace talks between the US, Ukraine and Russia dominated the headlines with a mixed picture in terms of how close a deal may be. President Trump appeared to be getting frustrated with both sides and the amount of time it is taking to reach an agreement.
- A cessation of attacks on energy infrastructure for 30-days was apparently agreed on 18th March, however, both sides have accused the other of breaking the terms of the agreement.
- The EU Commission held the storage filling targets after some thought they may be relaxed. As it stands, EU storage will need to be at 90% by 1st November but intermediary targets have been removed to try and help provide more flexibility for countries to reach the target.
- Rumours began that piped gas could start to flow back to Europe from Russia along with the LNG that continues to arrive on the continent (despite the strong anti Russia rhetoric from the EU). It is thought that a deal on energy could form part of a longer lasting peace agreement brokered by the US.
- Warmer temperatures arrived slightly reducing the pressure on storage and allowing for much needed injections to begin.
- EU storage ended the winter season below 30% very close to the bottom of the 5-year range, and far below the last two years without Russian piped gas. The pressure is now on to fill storage ready for next winter.

In other news

In other news, for the first time ever renewables generated more than half the UK's electricity in 2024. This was a substantial increase on the previous high of 46.4% seen in 2023 with 50.8% of the UK's electricity generation coming from sources such as wind, solar, and hydro.

Seasonal Prices





Price Table

Prices continued to descend in March but at a much slower pace than was witnessed in the back half of February. Front season gas prices dropped 9% overall with the high of the witnessed at the very start of March. They dropped as much as 13% in the first week before rebounding slightly over the rest of the month.

| Month End <u>Energy Only</u> Prices | | | | |
|-------------------------------------|--|-------------------|-------------------------|----------------------------------|
| Fuel | | Mar-25 (p/kWh) | Feb-25 (p/kWh) | Month-on- Month Difference |
| Spot Prices | Gas (NBP) | 3.34 | 3.65 | -9% |
| | Power (UK Baseload) | 8.79 | 9.75 | -10% |
| Front Month | Gas (NBP) | 3.33 | 3.59 | 4% |
| | Power (UK Baseload) | 8.63 | 9.35 | -8% |
| Front Season | Gas (NBP) | 3.37 | 3.60 | -7% |
| | Power (UK Baseload) | 8.21 | 8.41 | -2% |
| Annual Price (Apr-25) | Gas (NBP) | 3.51 | 3.69 | -5% |
| | Power (UK Baseload) | 8.57 | 8.83 | -3% |
| Historical Comparison | 2019 Average Front Season Price (p/kWh) | | % Increase to Mar-25 | |
| Gas (NBP) | 1.64 | | 106% | |
| Power (UK Baseload) | 5.10 | | 61% | |



Outlook

The outlook over the coming months is skewed towards upside as we enter storage injection season. With EU gas stocks at very low levels, it is going to be a huge challenge to refill to the 90% target by the 1st November. This will require a strong steady flow of LNG and a problem free maintenance schedule. Eyes will also remain on the peace talks between the US, Ukraine, and Russia.



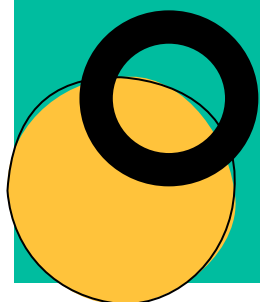
Bearish signals

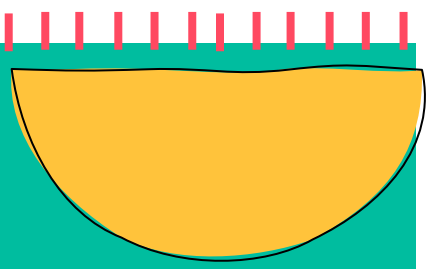
- Potential positive outcome to Russia/Ukraine peace talks.
- Any confirmation of loosening of storage refilling targets.
- LNG supply is expected to increase versus last summer.



Bullish signals

- Very low storage levels.
- A potential breakdown in Russia/Ukraine peace talks
- Summer maintenance on gas infrastructure across Europe.
- Impact of US tariffs.





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