

November Market Report

4 December 2024



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with the latest trends,
news and forecasts in
the UK energy market.

ENERGY MARKET WATCH



Market analysis

November 2024

Commentary

Continuing the general trend of October; November wholesale rates for gas and power were still on the rise, with some suppression appearing in the final week of the month due to the Lebanon/Israel ceasefire and storm Bert's contribution to increased renewable production in the UK.

Key drivers

Cool weather – The cooler temperatures experienced in many parts of the UK—particularly during the second half of the month, with some areas reaching below-zero conditions—have been a key driver of energy prices. This led to a significant increase in gas and power consumption, placing substantial demand-side pressure on the energy system. Daily demand frequently exceeded 40GW, resulting in a heightened reliance on imported energy as domestic gas production and renewables were unable to fully meet the supply needs.

Russia/Ukraine – Sentiment changed around the war when the US and UK allowed Ukraine to use their military capability (equipment) to strike Russia in retaliation to missile strikes on the 16th and 17th. This caused some alarm in the markets, increasing tensions in general between the West and Russia, with multiple threats around nuclear capability being made, boosting market prices (mainly gas).

Israel/Lebanon – The ceasefire agreement was announced during the month, and this had an immediate effect in relieving tensions throughout the market as supply-side constraints would now be less severe. A gradual dip in the markets was seen from 26th as a result, however news reports appeared to emerge that the ceasefire was not adhered to fully causing further market imbalances heading into December.

Renewable production – Renewable energy has been fairly low throughout November, with a larger reliance on gas for power production compared to prior months. Solar was almost non-existent for the most part, with wind only picking up drastically in the short period when Storm Bert arrived..

Commodity overview

*Note that the profiled rate differs to the wholesale market rate, taking into account estimated consumption of Zenergi customers.

| Commodity | Unit | Price – 01/11/24 | Price – 30/11/24 | % Change |
|----------------------------|----------|------------------|------------------|----------|
| Gas (12-Month profiled*) | p/therm | 101.82 | 113.39 | +11.36% |
| Power (12-Month profiled*) | £/MWh | 81.01 | 88.97 | +9.83% |
| Brent Oil | \$/bbl | 73.15 | 73.30 | +0.21% |
| Coal | \$/tonne | 122.90 | 123.40 | +0.41% |
| Carbon | £/tonne | 37.90 | 36.60 | -3.43% |

Gas prices increased by:

11.37%

Power prices increased by:

10.02%



Continuing the general trend of last month, November wholesale rates for gas and power were still on the rise.

Wholesale market graphs



Graph 1 - Wholesale electricity cost (based on 12-month profiled data)



Graph 2 - Wholesale gas cost (based on 12-month profiled data)



Recommendation

Risk management for nearer term periods (Dec-24 to Q1 2025) has been paramount in our decision making throughout November due to the large rises seen over the past month. Prices from Q2 2025 onwards are less attractive at present, but we are still recommending that most customers avoid full risk exposure going into the New Year, given several factors that could add to market volatility, such as Trump's inauguration and increasing Chinese demand.

Callum Taylor
Energy Market Analyst
Zenergi

About the Market Watch team

Whether you are looking for a fixed price contract and want to ensure you are buying at the right time, or are embarking on a more flexible arrangement, our team are here to support you.

We are energy industry experts dedicated to continuously monitoring market conditions on your behalf. We play a crucial role in delivering valuable insights and empowering you to make well-informed decisions. With a deep understanding of your needs and risk appetites, we tailor our approach to suit your requirements.



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Zenergi supports and empowers organisations' journey to net zero. With a unique range of services, we tailor sustainable solutions for our customers. What sets us apart? We drive major reductions in costs, energy consumption and carbon emissions with our market-leading procurement service; informed advice, and unrivalled engineering expertise.

Let us simplify and accelerate your journey to a more sustainable future, we're here to guide you every step of the way.

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www.zenergi.co.uk
hello@zenergi.co.uk
02380 286300

