

# December Market Report

8 January 2025

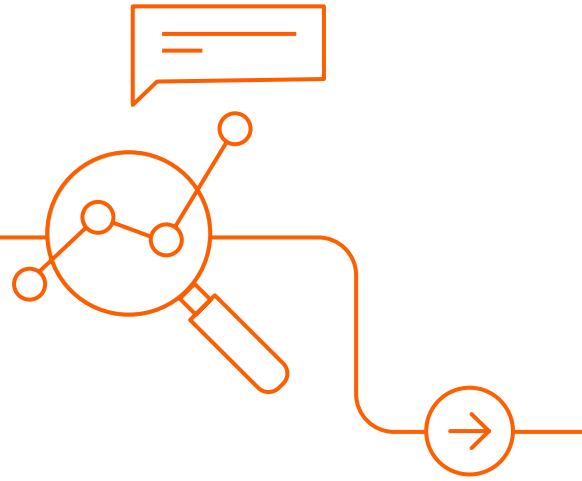


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ENERGY MARKET WATCH



# Market analysis



December 2024

## Commentary

December delivered a notably bullish outcome, marked by a significant uptick in volatility. Key drivers included weather, concerns around the European supply constraints, inconsistent renewables generation, and geopolitical events. Whilst December started out bearish, a quick rebound for both gas and power from 16 December, negated any previous price savings.

## Key drivers

**Cold weather** – Continuing November’s trend of progressively cooler weather; December saw this effect amplified significantly during the last two weeks, bringing frost and snow to the UK again. Many days saw median temperatures vary around the zero mark, which is well below the mean for December. This prompted increased gas usage, which had rippling effects through the market. The first few weeks started off more promising, but cold snaps meant that any reductions in price as a result of warmer days were reversed.

**Russia/Ukraine** – Concerns persisted throughout the month as many countries had to reach for solutions to meet their gas demand through winter. The effects of the Gazprom deal ending on 31 December were largely mitigated, with flows coming from Qatar, the US (LNG) and Norway picking up the slack. However, a few countries, most notably Austria and Slovakia, have struggled to bridge the gap. The Gazprom deal which had supplied 35% of Europe’s gas over the past decade, represented a critical supply route, therefore monumental adjustments are having to be made across the continent.

**EU Gas Storage** – Gas storage levels have been in the limelight going into winter 2024. The EU managed to exceed targets, reaching 95%+ of storage capacity, beating the November target of 90%. Since then, storage levels (due to cold weather and supply restrictions globally) saw the largest withdrawals in over a decade, with the year-end seeing the percentage of capacity hover around the low to mid 70% range – a stark contrast to what was seen the year prior.

## Commodity overview

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

Commodity	Unit	Price – 01/12/24	Price – 31/12/24	% Change
Gas (12-Month profiled*)	p/therm	114.67	115.65	+0.85%
Power (12-Month profiled*)	£/MWh	89.36	90.81	+1.62%
Brent Oil	\$/bbl	72.95	74.40	+1.99%
Coal	\$/tonne	122.80	115.20	-6.19%
Carbon	£/tonne	36.55	35.35	-3.28%

Gas prices increased by:

# 2.58%

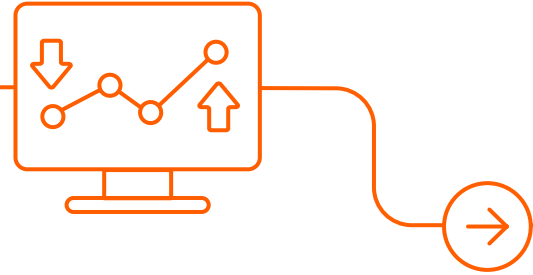
Power prices increased by:

# 2.32%



Whilst December started out bearish, this led markets to a false pretense, with a quick rebound for both gas and power, negating any previous price savings.

# 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

Preparation for Q1 has presented many challenges due to the fluctuating nature of December, often shifting market forward prices in different directions depending on the day. Into January, we are assessing the outlook surrounding weather, renewables, global policy and more, which will enable a rounded approach to the rest of the quarter. Markets further out appear less attractive, therefore, we advise caution through early 2025; there seem very few opportunities which we would deem to be 'fair' after the recent rises, and the numbers do not coincide and/or satisfy our model conditions yet.

**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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# Powering a sustainable future

## About Zenergi

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.

## Find out more

For more information about Zenergi's Social Value strategy, visit [www.zenergi.co.uk/social-value](http://www.zenergi.co.uk/social-value)

[www.zenergi.co.uk](http://www.zenergi.co.uk)  
[hello@zenergi.co.uk](mailto:hello@zenergi.co.uk)  
02380 286300

