

January Market Report

10 February 2025



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

ENERGY MARKET WATCH



Market analysis

January 2025

Commentary

Gas and power markets remain volatile, with sentiment shifting daily. However, fundamentals are stabilising due to a forecasted supply-demand balance in 2025, mild weather, and easing Middle East tensions, despite rising wholesale prices. While Trump's inauguration introduced favourable energy policies, uncertainty over potential global tariffs and retaliatory measures has offset their impact, keeping market prices steady.

Key drivers

UK weather – Most days throughout January were calm, with moderate wind speeds, enabling renewable production to find a sustainable balance alongside gas to meet power production demand (which has been mostly in the low-mid 40GW range). Notable deviations from this norm occurred twice - the first being on the 9th-12th, where extremely cold temperatures caused the day ahead power markets to spike. The second major weather change was during Storm Eowyn, in the fourth week, lifting wind speeds in excess of 100km/h in many regions across the UK, prompting the government to issue red weather alerts in some areas.

EU gas storage – The EU set a 50% gas storage target by 1 February, providing a baseline for winter withdrawals. Despite heavy December-January drawdowns (1-2% daily), levels remained stable, narrowly avoiding the minimum, with storage at 54% on 31 Jan. To secure next winter's supply, major economies like Germany and Italy will start refilling early, boosting long-term stability but adding short-term supply pressure.

Trump's Inauguration – 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 – 01/01/25	Price – 31/01/25	% Change
Gas (12-Month profiled*)	p/therm	115.62	121.86	+5.40%
Power (12-Month profiled*)	£/MWh	91.04	98.85	+8.58%
Brent Oil	\$/bbl	74.40	76.85	+3.29%
Coal	\$/tonne	115.20	117.05	+1.61%
Carbon	£/tonne	37.35	44.25	+18.47%

Gas prices increased by:

6.35%

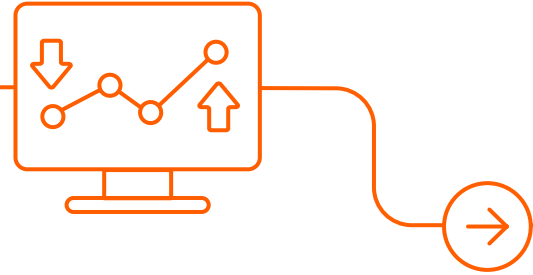
Power prices increased by:

8.73%



Gas and power markets have remained challenging, with industry sentiment changing almost daily. However, underlying fundamentals appear to be misaligned with the price action throughout January.

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

Navigating the complex environment of energy has proved challenging so far in Q1. Multiple factors have caused market volatility, driving prices in both directions.

We recommend staying updated through our daily market reports, or keeping in touch with our risk team who will guide our customers through this uncertain period.

Our recommendations are being adjusted on a weekly basis due to uncertainty and fluctuations in market sentiment. Staying informed through 2025 will be key in taking advantage of the situation and mitigating upside price exposure.

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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.

Find out more

For more information about Zenergi's Social Value strategy, visit www.zenergi.co.uk/social-value

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