

February Market Report

4 March 2025



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

ENERGY MARKET WATCH



Market analysis

February 2025

Commentary

February has brought a much needed sigh of relief to gas and power markets, after January's unexpected volatility, with a notable shift to bearish conditions in the latter half of the month. This has been supported by easing geopolitical tensions, including discussions between the US, Ukraine and Russia aimed at putting an end to the Russian-Ukrainian conflict. However, challenges remain and despite the downward price movement, uncertainty persists surrounding tariffs and inflationary pressure. Gas markets continue to remain unstable, with EU storage levels seeing significant declines. Some of the most substantial withdrawals since 2022 have continued, leaving storage at just 39% of maximum capacity by month-end.

Key drivers

UK weather – UK weather – From mid-February, bearish news and mild weather accelerated market declines. Frequent warm spells contrasted January's cool start, subduing prompt markets. Renewable generation increases (solar and wind) reduced gas reliance, and in combination with lower power demand in general, reduced market prices.

Russia/Ukraine conflict – In February, Trump claimed he had discussed ending the Ukraine-Russia war, sparking market volatility. Prices dropped as traders anticipated stability and potential gas flow reversals. Tensions remained high amid his criticism of Zelensky, keeping markets on edge. Global markets are witnessing one of the most fragile environments since the initiation of the war in 2022.

EU gas storage – By month-end, gas storage fell below 40%, well under the EU's 50% target, pressuring markets. Early February saw Summer 2025 prices above Winter, but a late-month retrace restored typical seasonal pricing. LNG demand growth in 2025 may disrupt global supply.

Commodity overview

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

Commodity	Unit	Price – 01/02/25	Price – 28/02/25	% Change
Gas (12-Month profiled*)	p/therm	123.21	110.30	-10.48%
Power (12-Month profiled*)	£/MWh	99.75	89.86	-9.91%
Brent Oil	\$/bbl	76.75	74.05	-3.52%
Coal	\$/tonne	118.45	102.70	-13.30%
Carbon	£/tonne	45.80	43.50	-5.02%

Gas prices decreased by:

12.64%

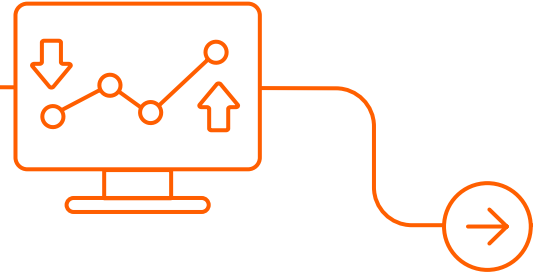
Power prices decreased by:

10.39%

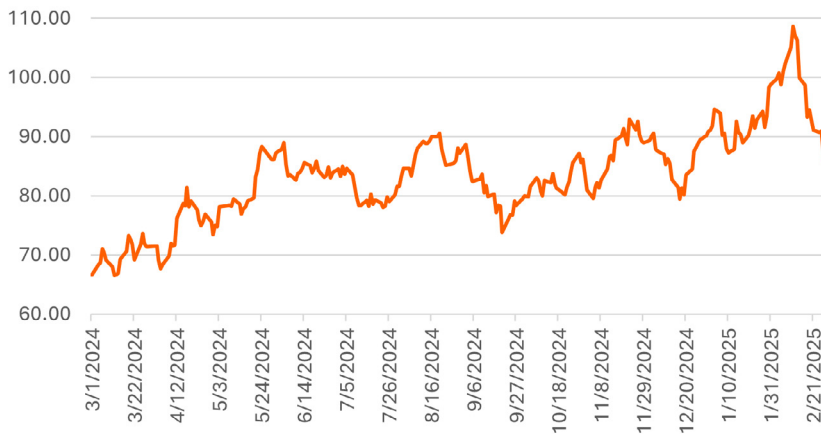


After January being a particularly heightened month for markets, we have seen a notable shift to bearish conditions throughout February, due to fundamental improvements.

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

With 2025's energy market uncertainty, a strong strategy is vital, whether in a 'bespoke' arrangement or a 'basket' plan.

Market sentiment is improving, but shifts can happen anytime.

We encourage our customers to reach out to the risk management team or our dedicated procurement managers for any questions or queries relating to the markets who will be able to provide you with the necessary knowledge to help mitigate any risk and optimise your energy portfolios for years to come.

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.

Find out more

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

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