

May Market Report

10 June 2025



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news and forecasts in
the UK energy market.

ENERGY MARKET WATCH



Market analysis

May 2025

Commentary

In May, wholesale gas and power prices rebounded after hitting yearly lows in late April and into the first week of May. This upwards shift was driven by a range of changing fundamentals at both UK and Global levels. Some of the key contributors to these shifts included forecasted weather changes, easing pressure from US tariffs, and reduced Norwegian gas flows due to maintenance, among others.

Key drivers

UK fundamentals – Early May saw bearish UK fundamentals, with above-average temperatures lowering gas demand and keeping day-ahead prices among the year's lowest. Strong renewable generation also weighed on front-month prices, with renewables meeting up to 79% of demand at one point. However, as May progressed, cooler forecasts added upward pressure, especially in the final week, as weather patterns returned to seasonal norms.

Norwegian maintenance – Planned Norwegian maintenance in May led to reduced gas flows, tightening UK supply. The most significant impact came on 21 May, with flows cut by 170mcm/d due to outages at Troll and Kollsnes. Anticipation of this drop had already begun lifting prices. Troll's maintenance was extended to 31 May due to a compressor issue, but strong UK renewables in the final week helped offset market volatility.

Global tariffs – May saw several notable global developments around tariffs, including a UK-US trade agreement, and arguably the most significant deal, between China and the US, which saw tariffs slashed on imports from their previous record high levels. Sweeping global tariffs had an overwhelmingly bearish impact when imposed back in April, as the market started to brace for lower demand. However, with these policies now being reversed, the market began to flip in sentiment, factoring in a potential increase in future demand for energy.

Gas prices rose by:

7.14%

Power prices rose by:

5.91%

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Upwards momentum starts to build, rebounding from the lows in late April and early May - with bullish drivers becoming more prominent approaching Summer.

Commodity overview

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

Commodity	Unit	Price – 01/05/25	Price – 31/05/25	% Change
Gas (12-Month profiled*)	p/therm	85.99	91.89	+6.86%
Power (12-Month profiled*)	£/MWh	76.52	81.04	+5.91%
Brent Oil	\$/bbl	63.10	64.15	+1.66%
Coal	\$/tonne	105.25	103.25	-1.90%
Carbon	£/tonne	47.20	51.80	+9.75%

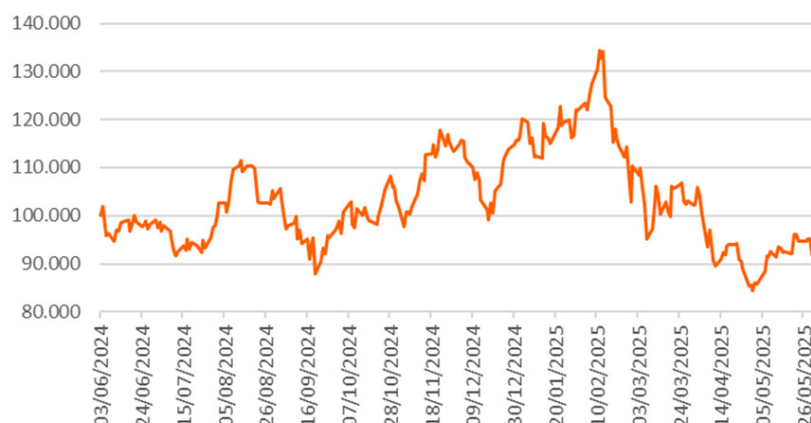
Wholesale market graphs



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



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



Recommendation

Despite recent upwards movements for gas and power, we are still seeing fair rates across the curve out to 2029, as markets still operate in backwardation (further out prices are cheaper than the current year, continuously reducing year-on-year).

Uncertainty still drives a volatile outlook going forward. Therefore, mitigating price risk well in advance of delivery is of utmost importance for the foreseeable future (more risk averse than normal).

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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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Powering a sustainable future

A decorative orange line graphic that starts as a vertical line on the left, turns 90 degrees clockwise at the bottom, and then continues as a horizontal line to the right, ending just before the "About Zenergi" section. A small orange circle with a right-pointing arrow is positioned on the horizontal segment of the line.

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

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