

December Market Report

13 January 2026

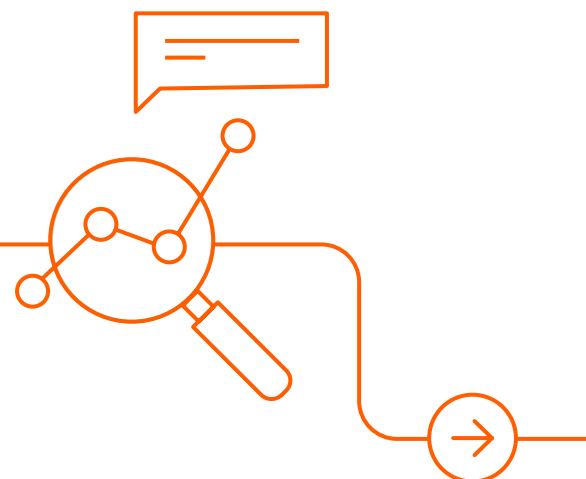


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ENERGY MARKET WATCH



Market analysis



December 2025

Commentary

2025 proved to be a notable year, with an overall bearish longterm that was frequently interrupted by periods of volatility and deviation from the usual seasonal patterns. The first half of the year was dominated by turbulence, followed by a phase of medium-term stagnation and slight easing of market forward prices through Summer. The year rounded off with a reversal from normal bullish Winter trends as December saw market prices lower than they had been in Summer.

Key drivers

Weather fundamentals – Weather forecasts in late November suggested a milder than average December as compared to previously, where the likelihood of a colder Winter had increased. Market participants adjusted positions accordingly, moving towards a more bearish outlook which limited price increases typically associated with winter demand rises. Renewables, particularly wind output, was broadly moderate throughout the month and did not materially disrupt market balance..

European LNG and gas system – When comparing figures for December 2025 against the same period in 2024, data suggests that LNG imports to Europe were around 16% higher year on year. This increase in supply helped to cap upwards price pressure and provided stability despite continued storage withdrawals across the EU gas system. Storage levels declined from an already reduced starting position, with daily withdrawals commonly seeing 1% of storage used on given days. The final GIE AGSI gas storage level for 2025 closed the year at 61.97% of max capacity, a 10.19% reduction on the 2024 equivalent.

Oversupplied global markets – December information added to overall robustness of oversupply of oil and gas markets for the following year, with commodity firms doubling down on forecasts (and some even being more optimistic than previous forecasts as the US-Venezuela tensions sparked). Higher estimates for 2026 through September arrived, with one example from the IEA suggesting that a 4mbpd surplus is likely – bolstering Brent crude prices to the \$60/bbl mark.

Commodity overview

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

Commodity	Unit	Price – 01/12/25	Price – 31/12/25	% Change
Gas (12-Month profiled*)	p/therm	72.47	69.11	-4.64%
Power (12-Month profiled*)	£/MWh	74.00	74.40	+0.54%
Brent Oil	\$/bbl	63.20	60.85	-3.72%
Coal	\$/tonne	101.02	97.63	-3.36%
Carbon	£/tonne	58.28	56.98	-2.23%

Gas prices decreased by:

4.68%

Power prices decreased by:

1.26%



December market fundamentals weighed heavily to a more conservative and bearish market, amplified largely by positive supply dynamics heading into 2026, alongside milder temperatures than the norm.”

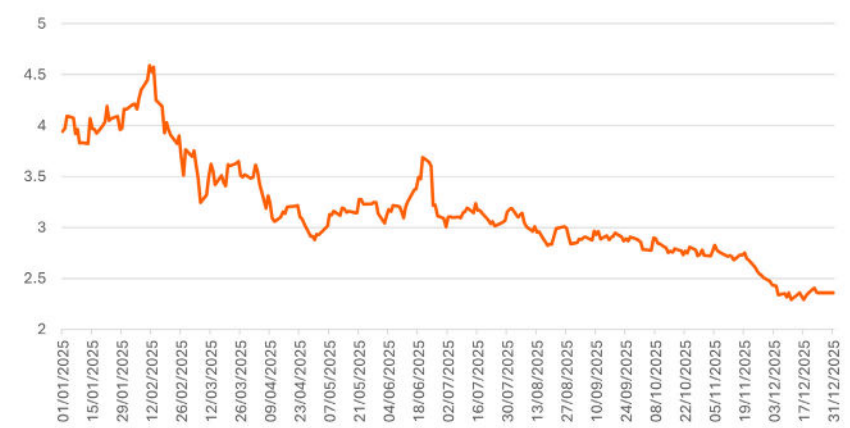
Wholesale market graphs



Electricity market prices (p/kwh)



Gas market prices (p/kwh)



Recommendation

It is increasingly clear that current market dynamics present new challenges for energy procurement, timing decisions, and price forecasting. The ongoing decoupling of gas and power markets, combined with rapid geopolitical shifts, and ongoing renewables expansion has reduced the reliability of many traditional forecasting approaches.

We recommend a structured, long term procurement strategy designed to reduce exposure to short-term price volatility. Forward hedging over extended time periods can help to smooth cost fluctuations and provide greater budget certainty, enabling customers to navigate this complex environment more effectively.

Fixed-price contracting has become more attractive (case dependent) and this could form part of a broader risk management strategy to limit overall exposure, particularly for gas.

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.



Daily market insights straight to your inbox

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Powering a sustainable future

A decorative orange line graphic that starts as a vertical line on the left, then turns 90 degrees to the right, passing through a circle containing an orange arrow pointing right, and then continues as a horizontal 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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