



Digital Energy Element

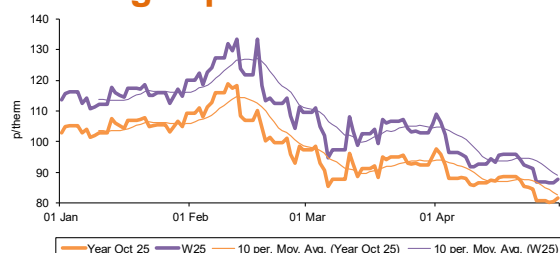
May 2025

Gas and Power Contracts

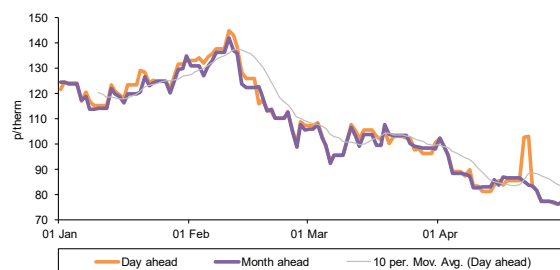
Mostly Trend Down



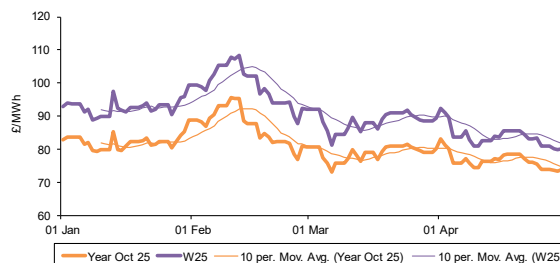
Annual gas prices



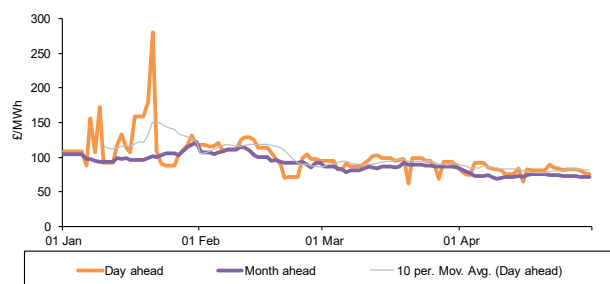
Spot gas prices



Annual power prices



Spot power prices



In April, mostly downward trends were observed across most tracked gas and power contracts, continuing the overall bearish wholesale pricing movements that have been observed since March. March largely saw temperature related price decreases, while price losses across April were predominantly driven by concerns surrounding a global recession, and the impact this would have on overall demand, following extensive tariffs put in place by US President Donald Trump. While imports of oil, natural gas, and refined goods were exempt from these tariffs, the tariffs contributed towards wider fears surrounding a global recession and escalated trade disputes.

Seasonal gas contracts from winter 25 to winter 27 were on average 1.6% lower in April when compared to the previous month. This was due in part to the European Commission announcing that it has approved more flexible storage rules, allowing for a 10-percentage point deviation from the 90% target under adverse market conditions. Moreover, both day-ahead and longer-term gas prices found downward support from improved peace prospects between Russia and Ukraine, which would limit the risk factor associated with the ongoing war.

Across the month, we saw the day-ahead gas price fall 14.3% to average 86.94p/th, finding bearish influence from decreases across LNG prices. Slower economic growth due to a trade war poses a risk to global industrial production and LNG demand, keeping prices for the commodity subdued. Furthermore, strong gas storage stocks across Asia limited LNG import demand from countries like China, South Korea, and Japan, with this group making up a large majority of total market LNG demand. As a result, NBP gas fell to the lowest level seen since July 2024 at 76.17p/th on 29 April. Likewise, front-month contracts were down 14.7% on average, with both May 25 and June 25 seeing a 14.7% drop to 85.45p/th and 85.71p/th, respectively.

Due to being heavily influenced by its gas counterpart, day-ahead power prices averaged £80.77/MWh across April, down 10.9% when compared to the prices observed last month. Supporting drivers of these losses can be attributed to the lowering of gas prices and warmer temperatures further discouraging gas-for-power demand in the month. Moreover, strong solar generation fed through into power prices, with GB setting a new maximum solar generation record of 12.2GW between 12:30 and 13:00 on 1 April. However, lower wind generation limited stronger losses. Across 7-8 April, higher prices were supported by lower wind contribution to the generation mix, representing 7.8% and 3.8%, respectively, with 8 April representing the lowest share of the generation mix seen since 22 January 2025.

Price losses were also recorded across contracts further out on the forward curve, with May 25 falling 7.4% to £74.04/MWh, and June 25 dropping 6.9% to £74.04MWh. Likewise, seasonal power prices across winter 25 to winter 27 saw a downwards trend, decreasing 1.3% on average.

Brent crude prices fell 7.0% to \$66.59/bl, with prices falling to the lowest level seen since April 2021 on 10 April at \$63.04/bl. This was the result of tariff announcements by US President Donald Trump increasing fears of a global recession, leading to a drop in oil demand. Moreover, this was compounded by news of eight OPEC+ countries considering accelerating production hikes for a second consecutive month in June. This comes after the group's decision to raise output by 411,000 barrels per day (bpd) from May, up from the initially planned 138,000 bpd.

Across other commodities, the ETS schemes saw a mixed evaluation with UK ETS carbon rising 5.6% to £45.88/t. The EU ETS, however, saw a downward adjustment, falling 6.4% to average €65.49/t due to strong renewable generation across Germany and other large European countries leading to a reduction in carbon intensive forms of power generation.

Key market indicators: 30/04/2025

		Gas (p/th)		Electricity (£/MWh)		Coal	EUA Carbon	UKA Carbon	Brent crude
		Day-ahead	Year-ahead	Day-ahead	Year-ahead	(\$/t)	(€/t)	(€/t)	(\$/bl)
This month	30 Apr 25	76.35	81.73	75.25	73.88	93.75	66.80	47.36	63.24
Last month	1 Apr 25	102.20	97.63	79.63	83.10	105.85	70.00	46.09	74.89
Last year	30 Apr 24	72.32	79.90	68.50	72.33	103.00	69.20	35.69	87.69
Year-on-year % change		5.6%	2.3%	9.9%	2.1%	-9.0%	-3.5%	32.7%	-27.9%
Year high		144.90	118.98	280.02	95.75	126.35	83.76	50.25	87.89
Year low		68.88	73.88	17.26	71.60	92.00	60.20	31.89	63.04

This table shows the price at the end of this month compared with prices from the previous month and year. The graphs show the position of this month's prices with a red X and the range of prices over the year is represented by the black line.

Commodities

Carbon: EU Emissions Trading Scheme carbon is quoted as over-the-counter (OTC) latest opening prices. All carbon prices are in euros per tonne (€/EUA).

Coal: Coal is quoted as OTC latest opening prices. All coal prices are in US dollars per tonne (\$/t).

Electricity: UK power base-load and peak-load are quoted as OTC latest opening prices. All UK electricity prices are in pounds per megawatt hour (£/MWh).

Gas: UK National Balancing Point (NBP) gas is quoted as OTC latest opening prices. All UK gas prices are in pence per therm (p/th).

Oil: Brent crude oil is quoted as OTC latest opening prices. All Brent crude oil prices are in US dollars per barrel (\$/bl).

Language/ terms

Bearish: A bearish market shows a general decline in prices over a period of time.

Bullish: A bullish market shows a general increase in prices over a period of time.

Curve: A graph of forward prices over a future time period.

Margin: The indicated UK imbalance of a given settlement period. It is the difference between the sum of the indicated generation available, and the national demand forecast made by National Grid.

Over-the-counter (OTC): The trade of a commodity directly between two parties, often on standardised terms.

Spark/ Dark spread: The theoretical net income of a gas/ coal-fired power plant from selling electricity having purchased the necessary fuel. The clean spark/ dark spread is this net income adjusted for the cost of carbon.

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Ofgem approves TMO4+ connections queue reforms

On 15 April, Ofgem published its decision to approve the implementation of a new connections queue process, known as Target Model Option 4+ (TMO4+), following consultation in February. This gives the go ahead for the National Energy System Operator (NESO), as the Independent System Operator and Planner (ISOP), to move from a 'first come, first served' grid connections process to a "first ready, first needed, first connected" grid connection process, with the use of 'Gate 2 Criteria'. The reforms aim to connect ready projects that are aligned with the Government's Clean Power 2030 Action Plan at pace. Those that don't meet the Gate 2 Criteria will be deprioritised, receiving an optional 'Gate 1' offer, which will provide connection offers with indicative terms.

In the decision, Ofgem approved the three code modification proposals of CMP434/CM095 Implementing Connections Reform and CMP435 Application of Gate 2 Criteria to Existing Contracted Background for implementation on 10 June. These modifications establish the 'Gate 2 to Whole Queue' (G2TWQ) process (reordering of the current connections queue) - which shall be conducted over the latter half of this year - and the enduring Gate 2 process for new applicants.

Ofgem additionally approved three associated NESO Connections Methodologies: Gate 2 Criteria Methodology, the Project Designation Methodology, and the Connections Network Design Methodology. The regulator also provided additional recommendations to NESO on how the Methodologies could be improved; and has also approved changes to the Electricity System Operator Licence (held by NESO), the Transmission Standard Licence, and the Distribution Standard License required to implement the TMO4+ reforms.

As for next steps, there will be a standstill period until 10 June at which point the code modifications, methodologies and licences will go live. The G2TWQ evidence submission window for distribution connecting customers will open during this standstill period, while the window for transmission connecting customers will open following a minimum period of four weeks after 10 June. NESO expects to indicate to projects whether they have been successful in securing a place in the reformed queue from September 2025.

Ofgem, Ofgem, NESO, UK Government, NESO, NESO, NESO

DfT announces new updates to the ZEV Mandate

On 6 April, the Department for Transport (DfT) announced that the Zero Emission Vehicle (ZEV) Mandate will be updated to support the automotive sector in the transition towards electric vehicles (EVs).

The DfT states it will allow hybrid cars to be sold until 2035, while maintaining the 2030 phase out date of new petrol and diesel car sales. Additionally, vans with an internal combustion engine will also be allowed to be sold until 2035, alongside full hybrid and plug-in hybrid vans.

The updated Mandate will seek to improve flexibility for manufacturers by extending the current ability to transfer non-ZEVs to ZEVs from 2024-26, out to 2029, and extending the current ability to borrow in 2024-26, to enable repayment through to 2030. It will also allow for van to car transfer within targets that will facilitate the exchange of 1 car credit for 0.4 van credits, and 1 van credit for 2.0 car credits. It is noted that the updates to legislation will exempt small and micro-volume manufacturers.

In the release, the DfT also highlights it will aim to further improve demand for EVs and support the deployment of chargepoint infrastructure.

Department for Transport



Award Winning
Business Energy Consultants



BTC calls for alignment of UK and EU Emissions Trading Schemes

On 4 April, the Business and Trade Committee (BTC) published a draft 'Green Paper' setting out ways in which the UK and the EU can strengthen their relationship for mutual benefit. This includes cooperation in energy trading, which the BTC considers as “essential” to achieving the UK’s and Europe’s energy and economic objectives.

The report highlights that, despite the withdrawal from the EU electricity trading arrangements, UK-EU electricity trading should be as efficient as possible in the current legal context in order to reduce costs for UK and EU consumers. As part of this, efforts should be made to ensure that there are no barriers to the development of cross-border energy infrastructure, particularly in regard to the North Sea. The BTC recognises the EU Carbon Border Adjustment Mechanism (CBAM), currently in a transition phase, and the upcoming UK CBAM planned for implementation by 2027. Under present circumstances, the UK CBAM will apply to imports from the EU on certain carbon-intensive goods and vice versa. However, divergence in UK and EU carbon pricing could lead to increased paperwork and additional costs for certain goods. To mitigate this, the report recommends the linking of the UK and EU’s Emissions Trading Schemes in order to align carbon pricing in both markets and allow for carbon border taxes to be waived.

[Business and Trade Committee](#)

ADE calls for more support for decarbonisation of industrial users outside of industrial clusters

On 31 March, the Association of Decentralised Energy (ADE) published its “Help Industry to Help Net Zero” report, which outlines the gap in UK policy concerning the decarbonisation of energy use for industrial sites located outside of the six Government recognised clusters. ADE outlined that almost half of industrial emissions are produced outside of these clusters so equal support must be given to accelerate industrial and commercial transitions in the dispersed sites. It found that electrification is the most viable long-term pathway as 78% of industrial CO₂ emissions can be eliminated through adoption of already established technologies. The report also noted that industrial electrification faces challenges due to the associated energy costs and the lack of service providers in the market for “novel” electric equipment.

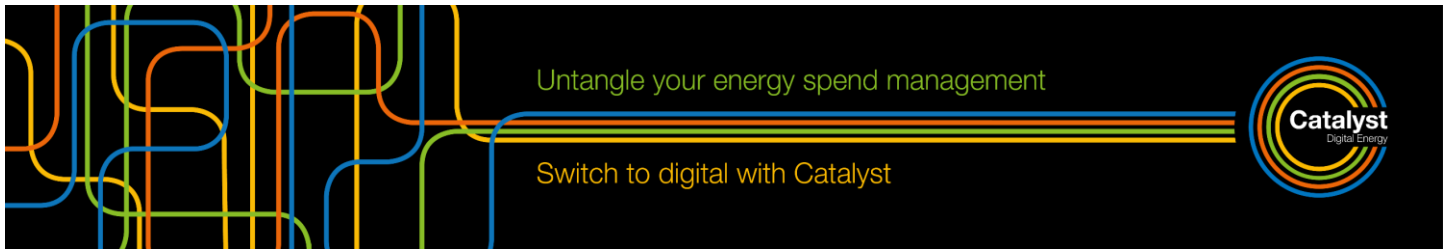
The report recommends that Regional Strategic Energy Plans should identify where co-location or microgrid systems are the optimal solution for decarbonising dispersed industrial sites. Policy should then support the investment required to develop these solutions at the identified locations. ADE also called for the Government to put in place an Electrification Business Plan which would help to put electrification, including for dispersed sites, at the same level as hydrogen and carbon capture, utilisation and storage.

[Association of Decentralised Energy](#)

UKEF given power to expand financing support for businesses by £20bn

On 14 April, the UK Government announced that a new package will give UK Export Finance (UKEF) the power to expand financing by £20bn to support British Businesses, in an aim to mitigate the impact of new tariffs. It states that small businesses will also be able to access loans of up to £2mn through the British Business Bank’s Growth Guarantee Scheme. In addition, the announcement highlights further actions from the Government to protect UK businesses, including increasing flexibility on the zero-emission vehicle mandate.

[UK Government](#)



Government announces £300mn investment in offshore wind supply chains

On 24 April, the UK Government announced it has bought forward an initial £300mn investment through Great British Energy (GBE) in offshore wind supply chains. It adds that the public investment complements the £43bn of private investment pledged for clean energy projects since July. Funding for supply chains will be made available as part of the £8.3bn for GBE over this parliament, with individual companies able to apply for grants if they can show that they will produce long-term investments in UK supply chains.

The announcement came ahead of the Future of Energy Security Summit – held by the Government and the International Energy Agency on 24-25 April – to discuss several topics, including the role of clean energy technologies in diversifying energy supply and strategies for ensuring secure and sustainable supply chains.

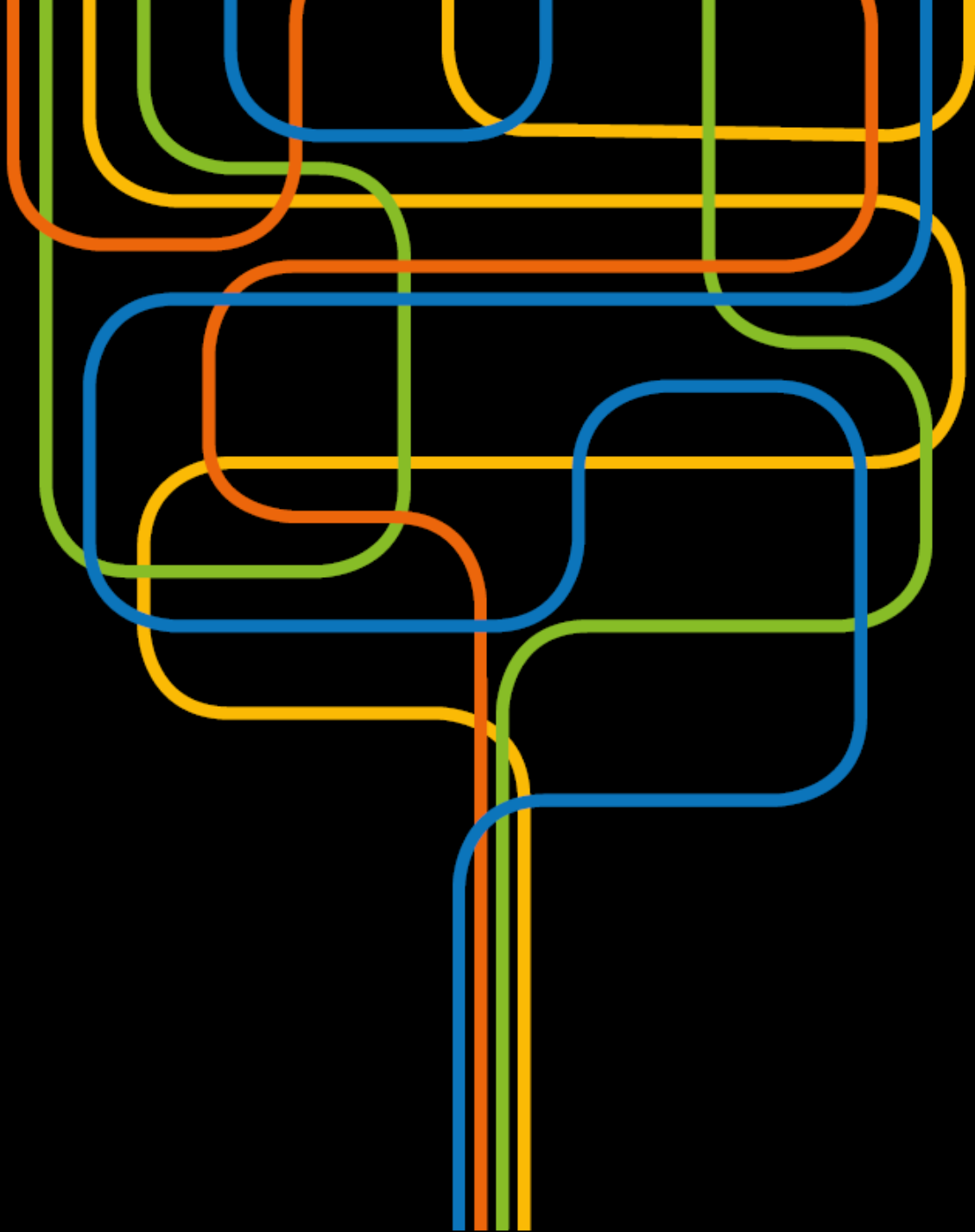
DESNZ expects that the investment will directly and indirectly mobilise "billions in additional private investment", as well as secure manufacturing facilities for critical clean energy supply chains such as floating offshore platforms. It states that individual companies will be able to apply for grants under the funding, if it can be shown that they will produce long-term investments in UK supply chains.

[UK Government, International Energy Agency](#)

SMEs increasing climate action driven by consumer demand and regulatory compliance

On 9 April, SME Climate Hub published results from its 2025 survey which found that small and medium-sized enterprises (SMEs) are increasing climate action driven by financial resilience, customer demand, and regulatory compliance. The survey collected responses from 471 SMEs across 53 countries with 54% of respondents from the UK. 61% of SMEs reported taking climate action to meet customer expectations, this has increased from 40% in 2024. 58% reported that protecting their business from the effects of climate change is a key motivator while 60% cited compliance with present and future regulations as a motivator. In 2024, only 37% cited this as a motivator. The survey also found that 80% of SMEs reported that there is little to no Government support for climate action. 64% noted that better Government incentives in the form of tax benefits or low interest loans would enable them to scale their climate efforts.

[SME Climate Hub](#)



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