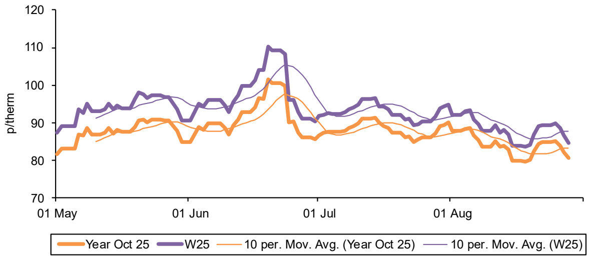
Catalyst
Digital Energy

# Digital Energy Element

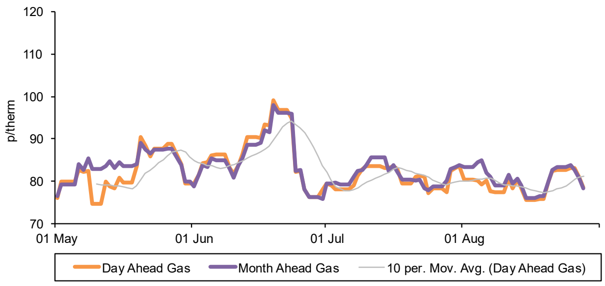
## September 2025

## Downward Price Movements From July

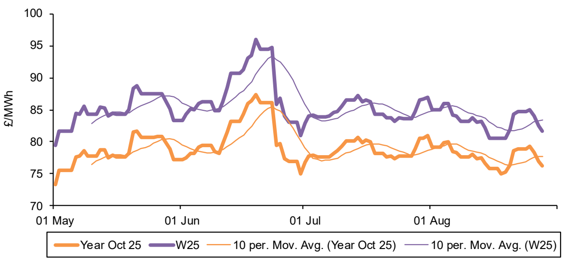

## Annual gas prices



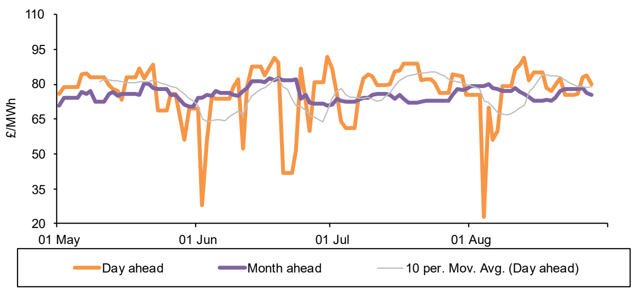

## Spot gas prices




## Annual power prices




## Spot power prices




In August, we returned to a bearish pricing environment compared to the previous month with both shorter-term and longer-term gas contracts registering downward price movements from July.

On average, seasonal gas contracts from winter 25 to winter 27 were 3.4% lower in August. The most significant average price losses were concentrated across winter 25 to summer 26, down 4.7% on average across the two seasons.

The sensitive political landscape surrounding tariffs and sanctions introduced by U.S. President Donald Trump continued to be a dominant market force in August. On 6 August, Trump announced an additional 25% on Indian exports over the purchase of Russian crude oil. Prior to the announcement, gas traders remained cautious over its potential disruption to energy flows, and while gas and LNG supplies have yet to be targeted under the current sanctions and tariff threats, the uncertainty over future developments kept the market apprehensive across the month.

As a result of this, day-ahead gas fell 1.8% from July to average 79.52p/th. However, stronger losses at the day-ahead level were limited by Qatar placing gas supply threats on the EU, raising risks of supply disruption. We also saw reductions in output from both the UK Continental Shelf and Norwegian Continental Shelf, limiting total gas flows into GB.

Front-seasonal contracts shared the collective average price loss, with September 25 down 4.4% to 80.78p/th and October 25 falling 4.9% to average 80.99p/th. Despite the drop, longer-term contracts continue to find influence from developments in the Russia-Ukraine conflict, with reduced expectations of a ceasefire agreement continuing to raise the risk premium associated with longer-term contracts.

Following the downward movement seen in its gas counterpart, August saw day-ahead power prices drop 6.1% on average to £75.58/MWh. These losses were the result of periods of strong wind generation acting to reduce the reliance on more expensive forms of power generation. As a result, day-ahead prices fell to their lowest level seen since August 2024, at £22.75/MWh on 4 August following high wind output from Storm Floris as prices were driven down in anticipation of high wind generation on 5 August which contributed to 56.5% of the generation mix – reducing gas for power demand. This trend continued into the latter stages of the month, following the arrival of Storm Erin, leading to stronger levels of wind generation on the system.

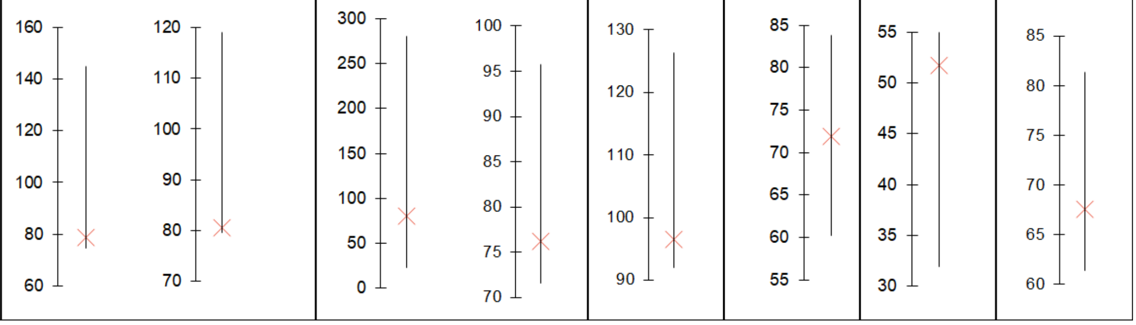
Front-month power contracts, September and October 25, shared the price direction of their gas counterparts, subsequently falling 3.3% on average to sit at £76.68/MWh and £74.64/MWh, respectively. Likewise, seasonal power contracts from winter 25 to summer 27 registered losses, down 0.9% on average.

Brent crude oil fell month-on-month, averaging $67.23/bl, down 3.1%. Prices continue to be driven down by bearish movements on the supply side, with the OPEC+ alliance announcing a production increase of 547,000 barrels per day in September, citing steady global economic output and current healthy oil market fundamentals. Additionally, non-OPEC producers such as Brazil and Norway have recently launched new production, further improving supply projections.

Both UK and EU ETS carbon prices saw gains across August, with the EU ETS recording a 1.1% increase from July, averaging €71.80/t, while the UK ETS rose 4.5% to average £51.44/t. Due to concerns over the long-term impact of the EU/US trade deal, there are expectations that demand and industrial output may see a reduction, lowering demand for carbon allowances from key industries, and supporting lower prices.

 Catalyst Commercial Services' independent approach enables clients to manage their exposure to energy price risk, while at the same time benefiting from a first-class service from a range of major and independent suppliers. Catalyst Commercial Services' procurement solutions make it simple, so contact a member of the team to discuss requirements.

## Key market indicators: 28/08/2025

| | | 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 | 28 Aug 25 | 78.60 | 80.57 | 80.00 | 76.20 | 96.45 | 71.91 | 51.75 | 67.55 |
| Last month | 31 Jul 25 | 83.53 | 90.04 | 75.44 | 81.00 | 104.15 | 72.44 | 50.85 | 72.65 |
| Last year | 28 Aug 24 | 92.64 | 94.05 | 82.76 | 80.60 | 119.50 | 70.75 | 41.90 | 78.83 |
| Year-on-year % change | | -15.2% | -14.3% | -3.3% | -5.5% | -19.3% | 1.6% | 23.5% | -14.3% |
| Year high | | 144.90 | 118.98 | 280.02 | 95.75 | 126.35 | 83.76 | 55.00 | 81.38 |
| Year low | | 74.73 | 79.62 | 22.75 | 71.63 | 92.00 | 60.20 | 31.89 | 61.42 |
| 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.

### Disclaimer



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## Government publishes response to heat networks regulation consultation

On 8 August, DESNZ published the Government response to its Heat networks regulation: implementing consumer protections consultation. The consultation sought views on consumer protection requirements around: the scope of regulation; how protections will work for non-domestic and small and medium sized enterprise consumers; overarching standards of conduct; obligations for fair pricing; protecting vulnerable consumers; step-in proposals; and approaches to segmentation.

The consultation detailed that heat networks are expected to play a crucial role in decarbonising heat in buildings, noting that DESNZ anticipates that heat networks could provide ~20% of total heat by 2050, while currently providing ~3%. It stated that it therefore expects the sector to grow rapidly in the coming decades and that it will therefore facilitate this growth while ensuring consumer outcomes and standards across the sector improve. It stated that the existing heat network sector is fragmented and consumers do not always receive a good deal from being connected to them. It attributed this to a combination of poor technical design, variations in customer service and consumer protection, and the large number of individual entities, which are challenging to regulate.

The consultation noted that Ofgem will begin regulating the sector from January 2026 to ensure necessary secondary legislation, guidance, and authorisation conditions are in place. It added that heat networks will be automatically authorised from the outset of regulatory commencement, from April 2025. They will then have until early 2027 to complete registration through Ofgem's digital service. While most authorisation conditions will take effect from January 2026, data provided during registration and regular monitoring will allow Ofgem to carry out more complex regulatory activities in areas like pricing and standards of performance from January 2027.

The consultation stated that implementing the market framework will require close collaboration across Government, regulators, consumer advocacy groups, and Ombudsman Services. It detailed that Ofgem will be responsible for regulating the sector and monitoring networks' compliance with the regulatory framework, managing the authorisation regime, overseeing consumer protections, and taking enforcement activity where necessary.

DESNZ

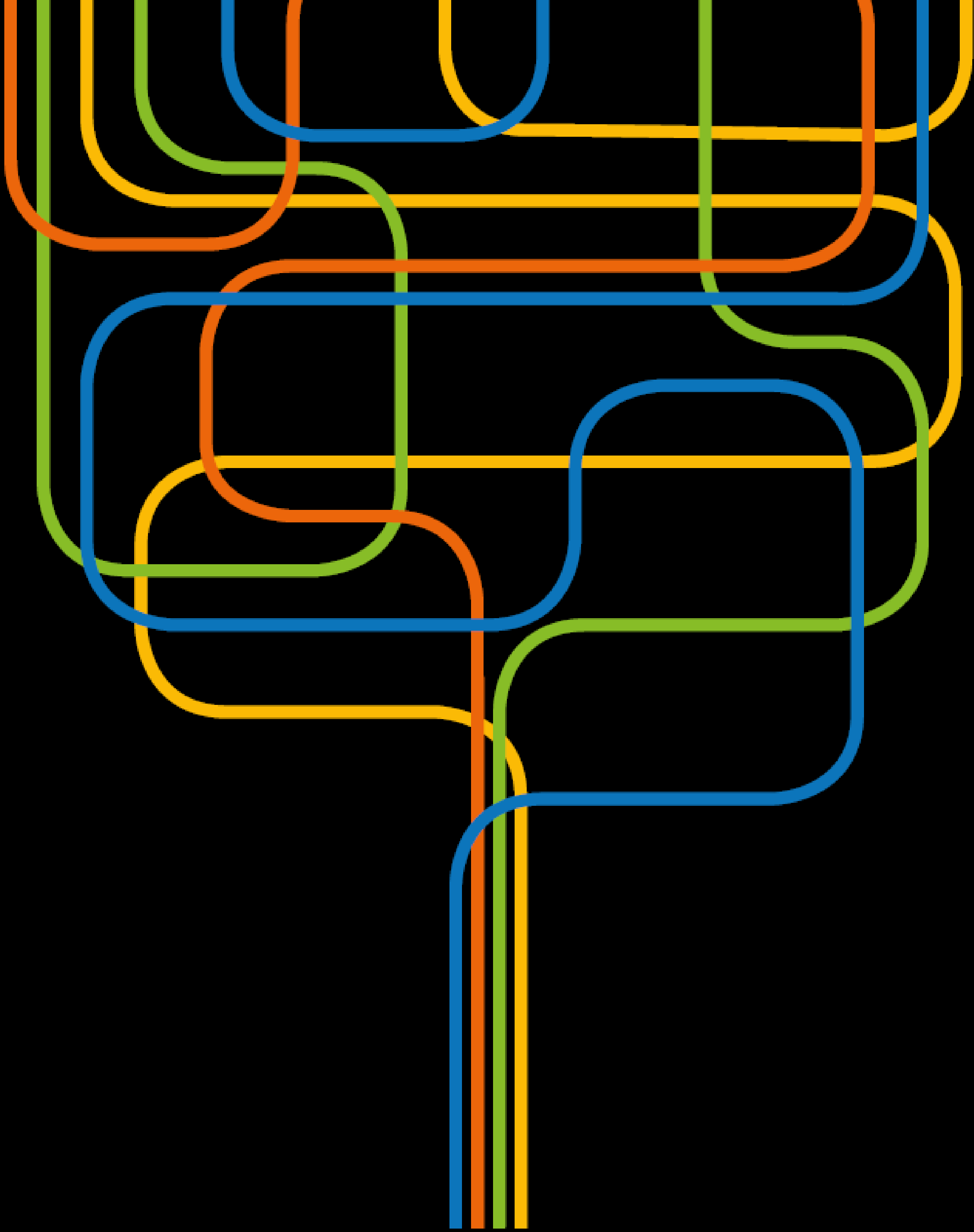
## DESNZ consults on CCUS future network strategy and evolution of economic regulation for $CO_2$ storage

On 6 August, DESNZ opened a consultation to gather views on how $CO_2$ networks might need to develop to meet the UK's carbon ambitions while supporting growth in the nascent carbon capture, usage and storage (CCUS) sector. As outlined in the call for evidence, the Government expects that CCUS will be necessary for the UK to meet its 2050 net zero target. Primarily, DESNZ aims to determine how a $CO_2$ network strategy can be delivered to support the economic and regulatory transition of networks away from reliance on Government support, towards a more independent, market-led approach. This includes the identification of topics that are likely to be important for the commercialisation of transport and storage (T&S) networks and challenges that may slow the progression of $CO_2$ T&S network development.

The Government also issued a call for evidence on economic regulation for $CO_2$ storage to guide policy and support growth within an evolving CCUS sector.

Both of the consultations are open until 31 October.

DESNZ, DESNZ



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## SBTi announces 227% increase in corporates setting science-based targets

On 14 August, the Science Based Targets initiative (SBTi) announced that the number of companies setting near-term science-based targets has grown 97% in 18 months. Businesses setting both near-term and net zero targets increased by 227% across the same period. SBTi noted that this rapid growth in the proportion of corporates setting both near-term and net zero targets reflects the trend towards comprehensive climate ambition. 25% of global market revenue is now generated by companies with validated targets and the share of global market capitalisation under science-based targets has increased to 41% by 2024, compared to 39% in 2023. SBTi highlighted that most of the growth was seen across Asia with China, Thailand, Japan, Taiwan, Hong Kong, and South Korea accounting for some of the fastest growing markets over the 18-month period. The release outlined that these trends indicate a global shift towards embedding climate goals at the centre of business strategy.

SBTi

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## UKGBC publishes insight on challenges and opportunities in commercial retrofit

On 22 July, UK Green Building Council (UKGBC) published insights from its Non-Domestic Retrofit Forum on the challenges and opportunities in commercial retrofit. UKGBC listed maximising value from retrofit; minimising disruption during retrofit; and avoiding unintended consequences as the three common challenges. It noted that retrofit projects are often delayed or abandoned due to lack of an obvious return on investment. UKGBC recommended assessing the building’s current performance to identify the most necessary and cost-effective interventions. The performance data should include historic energy consumption, maintenance costs, and operational efficiency. It also noted that building owners managing multi-let buildings should engage with the occupiers in the funding process as they might be willing to contribute to retrofit costs especially if they benefit from reduced energy costs.

UKGBC

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## UK retailers are losing over £146mn each year from ageing and inefficient equipment

On 19 August, Mitsubishi Electric released results from its research of 500 retail facilities managers across the UK which found that failing to implement net zero upgrades is causing UK retailers to lose over £146mn each year. It stated that these losses result from higher running costs from ageing and inefficient equipment. While 80% of retail operations managers acknowledge that sustainability can improve financial performance, 43% still indicate that net zero is not considered as a priority due to the return on investment not being realised until future trading periods. The research found that heating, ventilation, or air conditioning systems account for up to 60% of a facility’s energy use and 54% of managers state they have already upgraded these to energy efficient systems. It also revealed that 34% of shops are expected to be uncompliant and unable to be upgraded by 2030 net zero targets. With non-domestic buildings efficiency standards expected to tighten over the coming five years, this could make it costly for retailers who do not adapt their buildings. 35% of operations managers estimate that a third of their estate could become economically unviable due to poor environmental performance.

Mitsubishi Electric

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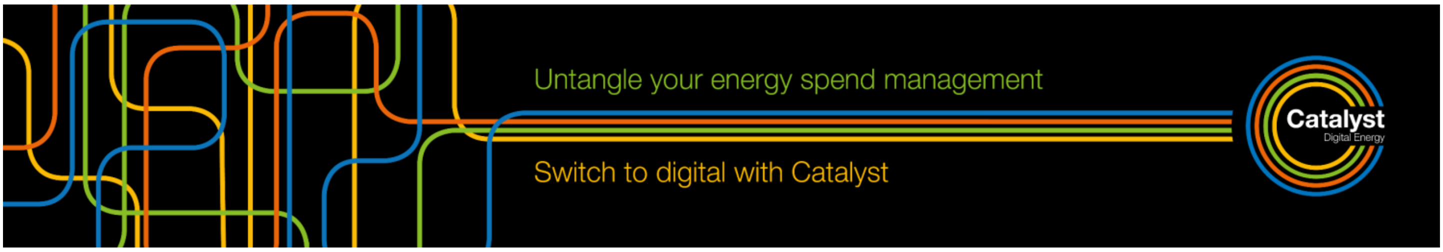


## Government publishes Net Zero Technology Outlook report

On 21 August, the Government Office for Science published its Net Zero Technology Outlook report, setting out a 'best estimate' of the technology mix needed in five major emitting sectors to reach net zero and identifying the research and development (R&D) needed to get there. The Government states that by providing clear, evidence-based insights, the report should equip decision-makers with the confidence to make decisions that will shape the UK's net zero future.

The report covers five major emitting sectors, comprising a total of 18 sub-sectors:

- **Industry:** steel, cement, chemicals, glass and ceramics, and food and drink
- **Heat and buildings:** heating and cooling, energy efficiency and building design
- **Agriculture, land use and waste:** agriculture, land use and nature-based solutions, and waste
- **Power:** variable renewables, clean firm power, clean dispatchable power, energy storage and system flexibility, and transmission and distribution
- **Transport:** surface transport, maritime and aviation

It notes that for each sub-sector, it assessed the current technology and market readiness level of technologies that might be part of the mix in 2050 and the technology certainty level which reflects the current confidence that the technology solutions will be part of the final mix.

In addition, the report highlights R&D challenges for three cross-cutting technology strands: greenhouse gas removals and carbon capture and storage, hydrogen, and biomass. It sets out the role for these technologies in each of the five sectors, as well as the R&D needs for each. It notes that the list is not exhaustive but reflects what emerged during the research carried out for the report.

Government Office for Science

## ZEV HGVs demand grows 32% in Q225 and Government extends van and truck grant

On 15 August, the Society for Motor Manufacturers and Traders (SMMT) announced that the uptake of zero emission heavy good vehicles (HGVs) reached record levels in Q225. The release states that demand for zero emission HGVs grew by 32.3% in the quarter, with overall registrations in H125 rising 59.1% compared with the same period last year. However, the absolute number of zero emission HGVs remained low, with the market share for the vehicles at 0.9%, and less than 200 units registered across H125. The SMMT highlights that while fleet decarbonisation is progressing in the right direction, the rate of uptake will need to grow substantially to meet the UK Government's target of all new HGVs weighing up to 26 tonnes to be zero emission by 2035. It adds that the upfront costs of switching remains a barrier, especially with the investment needed to install depot charging infrastructure.

On 18 August, the Government issued a release confirming that discounts for electric vans and trucks have been extended. The plug-in van and truck grant currently offers discounts of up to £2,500 for small vans, £5,000 for large vans, £16,000 for small trucks, and £25,000 for large trucks. The release notes that the grant will continue through to at least 2027, with the grant levels for the 2026-27 financial year to be confirmed in due course.

SMMT, Government

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