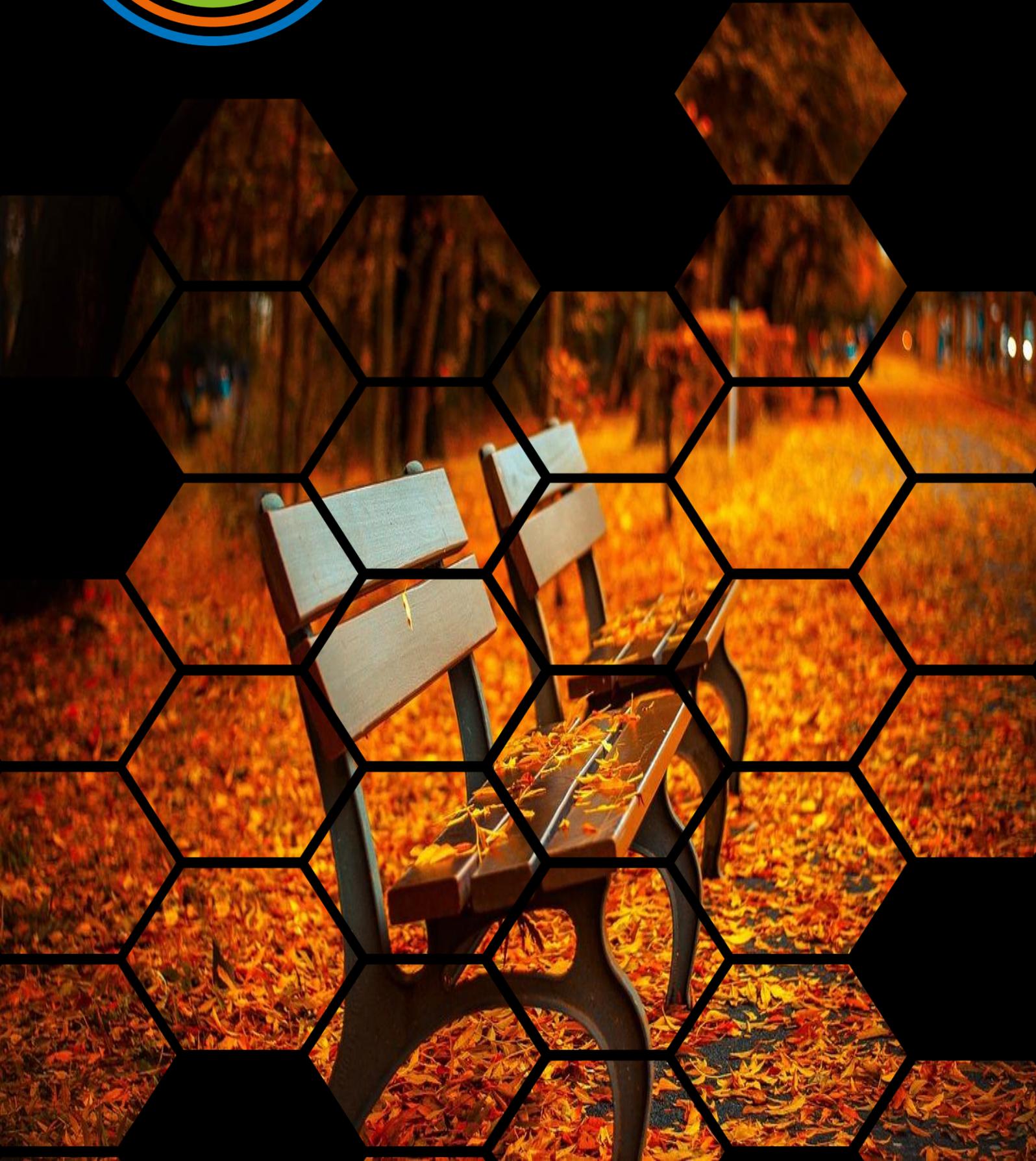
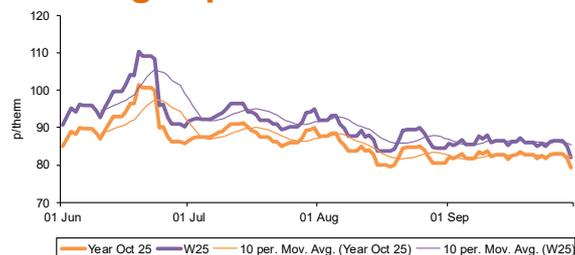




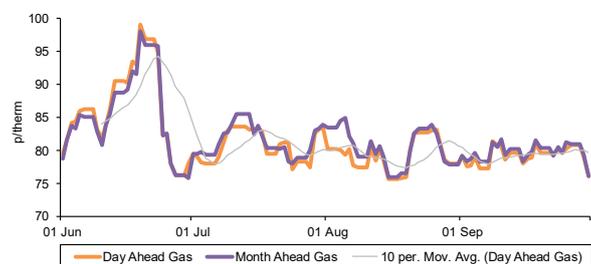
Digital Energy Element
October 2025
Power and Gas Prices Relax



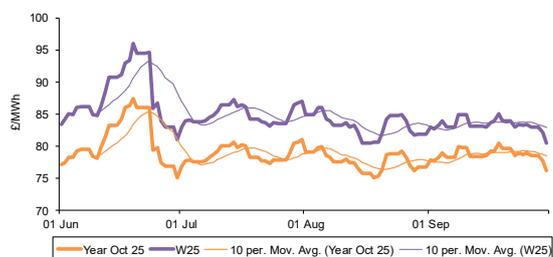
Annual gas prices



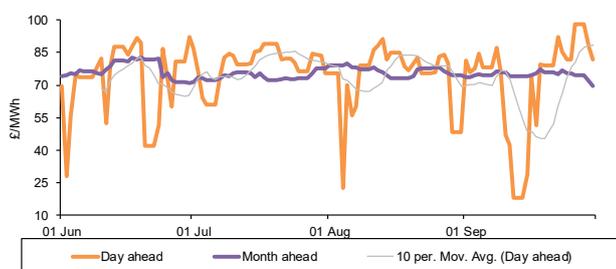
Spot gas prices



Annual power prices



Spot power prices



In September, the majority of tracked GB wholesale gas contracts saw losses in the month, but a higher level of price risk remains baked into longer-dated contracts, with underlying future supply uncertainty still remaining as the West continues to phase out Russian natural gas by 2027. On average, seasonal gas contracts from winter 25 to winter 27 were 0.5% lower in September compared with the previous month, as winter 25 and winter 26 saw losses, while both summer 27 and winter 27 bucked the trend and recorded gains.

Competing market fundamentals were reflected in price movements in September as day-ahead gas prices fell 0.3% to average 79.24p/th. Price losses were pegged back by periods of notable maintenance across the Norwegian and UK Continental Shelves, resulting in reduced gas supply to GB during periods of colder weather as we exit the summer delivery period. This was most notable in the first half of the month.

However, the impact of this was counterbalanced by lower spot Asian LNG prices, following the news that Russia and China signed a legally binding deal to build the Power of Siberia 2 gas pipeline, allowing for the supply of 50bcm of gas per year, with supplies running for 30 years.

Similarly, front-month gas contracts were down 1.3% on average from August, with October 25 averaging 79.68p/th, and November 25 at 84.36p/th. Day-ahead power prices followed their gas counterpart and moved lower in September – down 2.8% on average to sit at £72.21/MWh.

Day-ahead power fell to the lowest level since August 2024 on 12 September at £18.03/MWh, supported by expectations of strong wind generation, with forecasts projecting an average 17.6GW of wind generation on 15 September. However, prices saw large fluctuations across the month, with day-ahead power reaching £98.20/MWh on 26 September, the highest level seen in six months as UK nuclear output was constrained, operating at 45% of its total capacity, with Heysham 1-2 offline until 6 December, and further delays to the return of Hartlepool 1 alongside strike action across French nuclear sites.

Front-month power contracts (October and November 25) opposed the price direction of their gas counterparts, rising 0.4% on average to sit at £74.72/MWh and £83.92/MWh, respectively. Likewise, all seasonal power contracts out to summer 27 saw gains too, up on average by 2.0%.

The price of Brent Crude rose by 0.8% to 67.83/bbl, finding bullish support as Russia undertook the largest airstrike on Kyiv since the war began in 2022, resulting in Donald Trump announcing that he was prepared to implement a new phase of sanctions on Russia, with the European Council also announcing that the EU was accelerating work on new measures. However, stronger gains were limited following news that oil shipments through the Iraq-Türkiye pipeline resumed after two and a half years. Likewise, OPEC+ raised output by 547,000 barrels a day throughout September, contributing to concerns of oversupply in the market.

Elsewhere, carbon markets in the UK and EU registered gains as the EU ETS rose 5.8% to €76.02/t, while the UK ETS increased 9.1% to £56.18/t. Prices found support across the month as the 30 September compliance deadline approached, as EUA demand increased as companies looked to purchase allowances ahead of it. This was especially important for shipping companies, as the deadline marked the first time they were required to surrender EUAs for their verified 2024 emissions under the EU ETS, pushing up demand for allowances as a result.

Across GB, UK ETS prices reached a two-year high of £58.00/t on 18 September as the Danish Presidency of the Council of EU members stated that Copenhagen are keen to begin negotiations on linking the EU and UK emissions trading systems as quickly as possible.



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Digital Energy Element / October 25

Key market indicators: 30/09/2025

		Gas (p/th)		Electricity (£/MWh)		Coal (\$/t)	EUA Carbon (€/t)	UKA Carbon (£/t)	Brent crude (\$/bl)
		Day-ahead	Year-ahead	Day-ahead	Year-ahead				
This month	30 Sep 25	76.10	79.37	81.59	76.13	93.70	75.77	54.64	67.06
Last month	1 Sep 25	79.19	82.03	81.15	77.85	97.35	74.35	54.32	68.19
Last year	30 Sep 24	92.60	88.25	71.32	74.75	119.00	65.29	36.46	71.99
Year-on-year % change		-17.8%	-10.1%	14.4%	1.8%	-21.3%	16.1%	49.9%	-6.8%
Year high		144.90	118.98	280.02	95.75	126.35	83.76	58.00	81.38
Year low		74.73	79.37	18.03	72.75	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.

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NESO publishes Five-Year View of TNUoS charges

On 3 September, NESO published its Five-Year View of Transmission Network Use of System (TNUoS) charges for 2026-27 to 2030-31, incorporating Ofgem's Draft Determinations for the next electricity transmission price control period, RIIO-ET3, which shall run between 2026-27 to 2030-31.

In its Draft Determinations, Ofgem proposed allowing Transmission Operators (TOs) to recover £8.92bn in 2026-27, rising to £13.63bn by 2030-31, compared with £5.09bn in 2025-26. These cost increases which are higher than past levels and previous forecasts, are intended to reflect the investment required to deliver clean power by 2030.

As generation charges are capped, most of the additional revenue will be recovered from demand, with its share of the overall cost recovery increasing from 78.62% in 2025-26 to 87.87% in 2030-31. This will raise the Transmission Demand Residual (TDR) from £7.52bn in 2026-27 to £11.76bn in 2030-31, with TDR tariffs for 2026-27 forecast to be 94% higher than in 2025-26. NESO noted that while TOs agreed to use Ofgem's Draft Determinations as inputs, they do not necessarily agree with the outcomes, particularly around total expenditure.

NESO, Ofgem

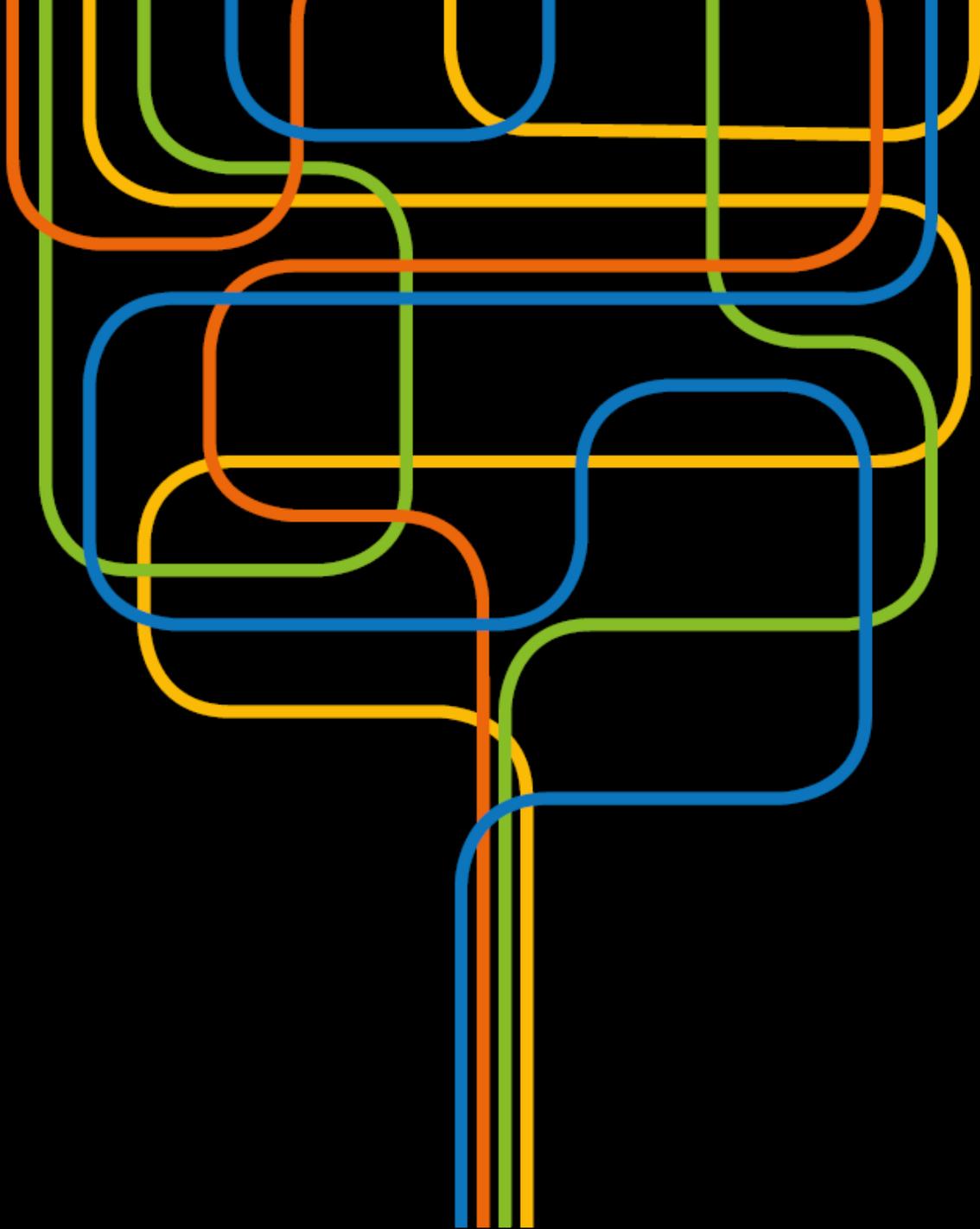
Business travel decarbonisation plans reflected in DfT Business Travel Survey 2025

On 8 September, the Department for Transport published the Business Travel Survey 2025, setting out the findings from a survey of 1,000 UK business decision-makers about domestic and international travel in 2024, including their plans to decarbonise business travel. Key findings on decarbonisation plans include:

- **Extent of plans:** During 2024, 65% of businesses reported plans to decarbonise, with 34% definitely having plans and 31% thinking they had plans. 8% said they definitely had no plans to decarbonise.
- **Business size:** Large (80%) and medium (76%) businesses were more likely to have decarbonisation plans than small businesses (50%).
- **Familiarity:** In 2024, 64% of businesses with plans reported knowing at least a fair amount about them, with medium businesses most likely to have good knowledge of their plans (71%).
- **Current decarbonisation measures:** Most common were video conferencing (42%), home working (40%), and flexible hours (33%). Use of electric vehicle (EV) chargepoints, reduced rail travel, and cutting fleet sizes has declined since 2021.
- **Future measures:** Planned measures include flexible working hours (24%), providing EV chargepoints (17%), reduced air travel (16%), and more home working (16%).

The survey noted limitations such as recall accuracy, subgroup analysis margins of error, and potential sector under-representation.

Department for Transport, Department for Transport



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Government issues Statement of Strategic Priorities to Great British Energy

On 16 September, the UK Government published its Statement of Strategic Priorities for Great British Energy (GBE), setting out the strategic direction and priorities for the organisation. Driving clean energy deployment across the UK and ensuring the public benefits from the energy transition were highlighted as the two core objectives for GBE.

GBE is expected to work across all clean energy technologies and stages of project development, partnering with private and public sectors to de-risk projects and improve investment confidence. It will also invest in clean energy supply chains to address constraints and support emerging technologies. The Government emphasises the need for GBE to develop deep industry expertise and a skilled workforce to ensure its success beyond 2030.

GBE has been asked to publish a Strategic Plan within six months, detailing how it will deliver on these priorities.

UK Government

Capgemini report outlines actions for sustainability strategy concerns

On 18 September, Capgemini published A World in Balance 2025: Unlocking Resilience and Long-Term Value Through Environmental Action, a report examining the trends shaping sustainability strategies and roadmaps.

The report states that while 82% of organisations plan to increase their environmental sustainability investment, only 21% have detailed transition plans. This indicates that despite growing investment climate action credibility is under pressure. The research also finds that 67% of business leaders view sustainability as a strategic value driver. On climate adaptation, it notes that only a minority of organisations have taken substantive action including infrastructure upgrades or production shifts despite widespread climate-related disruptions. It also highlighted the impact of geopolitical tensions, financial constraints and operational silos in slowing down sustainability initiatives.

The report outlines actions to address these issues, such as strengthening the credibility of climate initiatives through near-term measures, investing in next-generation infrastructure to enhance resilience, and advancing from strategy to execution in climate adaptation.

Capgemini, Capgemini

The Open University survey finds net zero and sustainability goals are compromised to achieve growth targets

On 9 September, The Open University published results from its survey of 500 UK business leaders on attitudes to growth and the role inclusion and sustainability can play in driving their growth strategies.

It found that while 96% of leaders view growth as central to their strategy, it can often come at the expense of areas such as sustainability and net zero efforts. 87% of leaders rated sustainability and net zero as important to their business, yet 71% stated that these goals are sometimes compromised to accelerate expansion. 37% of business leaders expect changing consumer expectations to influence their strategic approach to sustainability over the next three years.

The Open University



Bain and Company research finds increased alignment of sustainability with business value

On 15 September, Bain and Company published research showing that business leaders, consumers, and B2B buyers remain committed to sustainability. Business leaders are increasingly shifting their view of sustainability from a compliance obligation to a source of business value. The report noted that 25% of global CO₂ emissions can be reduced through positive return-on-investment measures, such as improving energy efficiency and supporting supply chain localisation. It added that a further 32% of emissions could be abated through actions that may become profitable in the medium term, depending on changes in policy, technology, and customer behaviour.

Bain and Company's survey of over 750 global B2B customers across the chemicals, machinery, and construction sectors found that 50% have increased their spending with more sustainable suppliers, with 70% planning to accelerate this over the next three years. Despite some softening in environmental concerns—likely due to geopolitical uncertainty and rising living costs—four out of five B2C customers still report caring deeply about sustainability.

Bain and Company

DESNZ seeks evidence on including Hydrogen to Power in the CM

On 2 October, DESNZ published a call for evidence seeking views on allowing the participation of Hydrogen to Power (H2P) in the Capacity Market (CM), and on changes to the setting of interconnector de-rating factors. DESNZ states that the CM is vital to achieving Clean Power 2030 targets and that the CM rules are regularly reviewed to ensure the scheme remains fit for purpose.

It is seeking views on how H2P plants should be categorised within the CM to enable their participation, including on the operation and reliability of H2P plants. DESNZ is also asking for views on updating how interconnector de-rating factors are set, including testing how high-impact low-probability events should be treated. Responses are requested by 27 November 2025.

UK Government



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