



Energy Market Review

January 2024 – December 2024

20th January 2025

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ENERGY



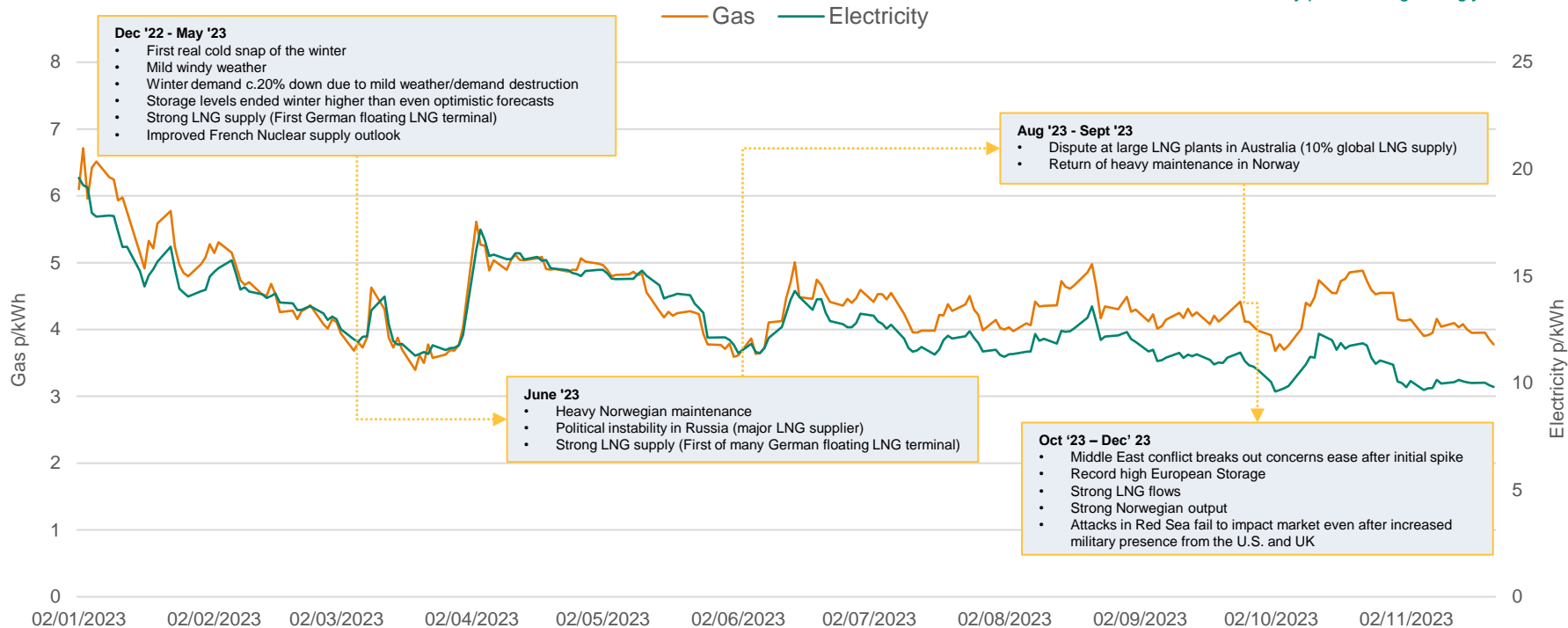
Market Context – What happened in 2023?

Despite geopolitical headwinds in 2023, market prices trended down through the year.

Seasonal Continuation - at any point in time the price represents the cost of buying energy to be delivered for the next immediate season (e.g., the price in January '25 would represent the cost of energy to be delivered in Summer '25 (Apr 25-Sep 25) when in April the price represents the cost of energy to be delivered in Winter '25 (Oct 24-Mar 26).

Seasonal Continuation Energy Prices

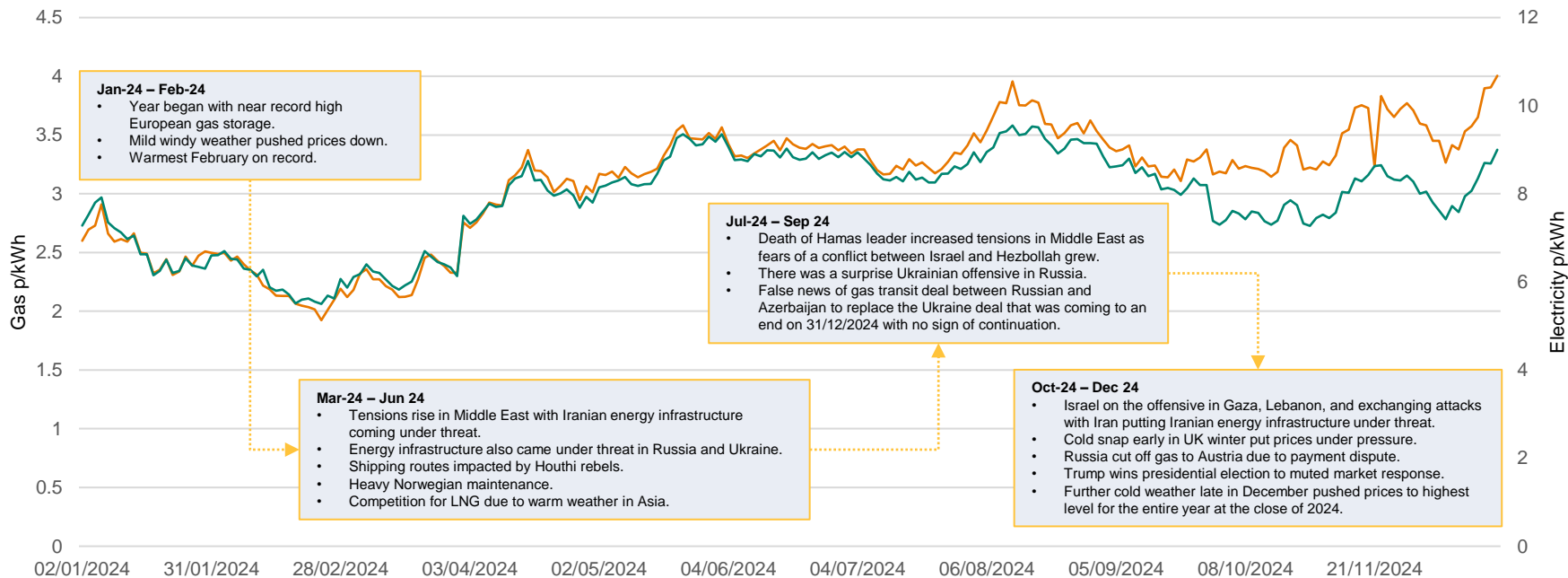
Currently around 40% of electricity in the UK is generated by burning gas which results in gas and electricity prices being strongly correlated.



Global conflicts and European gas storage were the main price drivers through 2024.

Seasonal Continuation Energy Prices

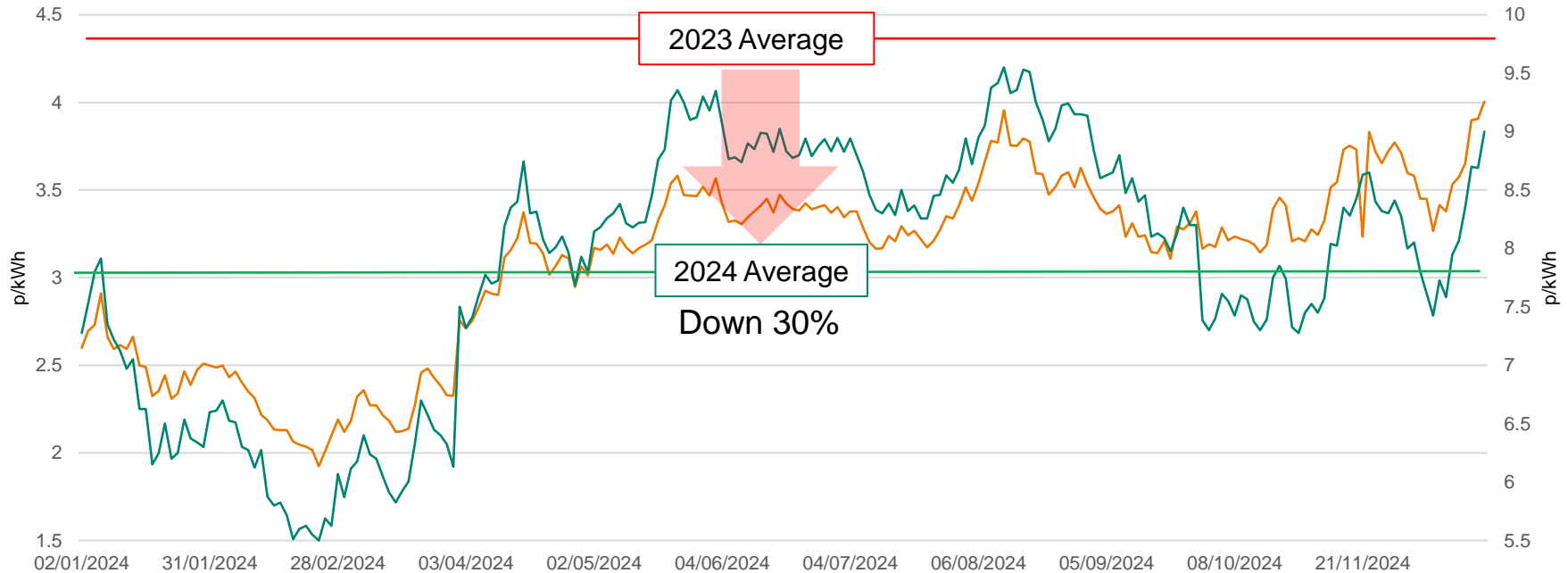
Gas Electricity



Although 2024 prices ended higher than where they started, as an annual average, seasonal prices were 30% lower than 2023.

Seasonal Continuation Energy Prices

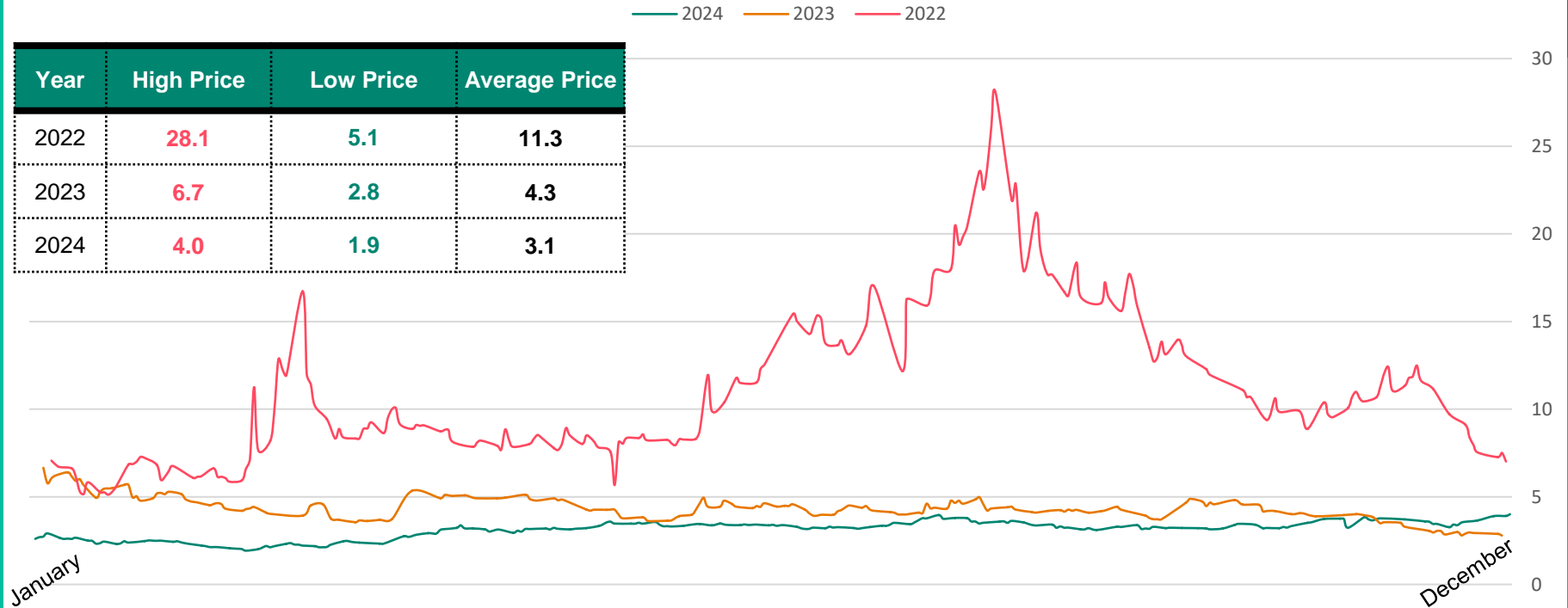
Gas Electricity



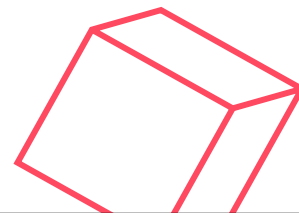
The relative stability, when compared to the energy crisis, continued through 2024.

Year-on-Year Gas Seasonal Continuation

Year	High Price	Low Price	Average Price
2022	28.1	5.1	11.3
2023	6.7	2.8	4.3
2024	4.0	1.9	3.1



Average seasonal prices Y-o-Y continued to drop in 2024 but the rate of declined slowed when compared to 2023.



Average Seasonal Continuation Price (p/kWh)

Description	Year	Gas	Y-o-Y Difference	Electricity	Y-o-Y Difference
Pre-energy Crisis	2019	1.6	n/a	5.1	n/a
Covid - low global energy demand	2020	1.1	-33%	4.1	-18%
Economic rebound leading on to start of energy crisis	2021	3.2	197%	9.8	136%
Peak of crisis due to removal of Russian piped gas	2022	11.3	250%	31.9	226%
"New Normal" relative stability	2023	4.3	-62%	12.5	-61%
Continued relative stability	2024	3.09	-30%	7.85	-37%
2024 prices are still significantly higher than pre-energy crisis levels in 2023	2024 vs 2019		93%		54%

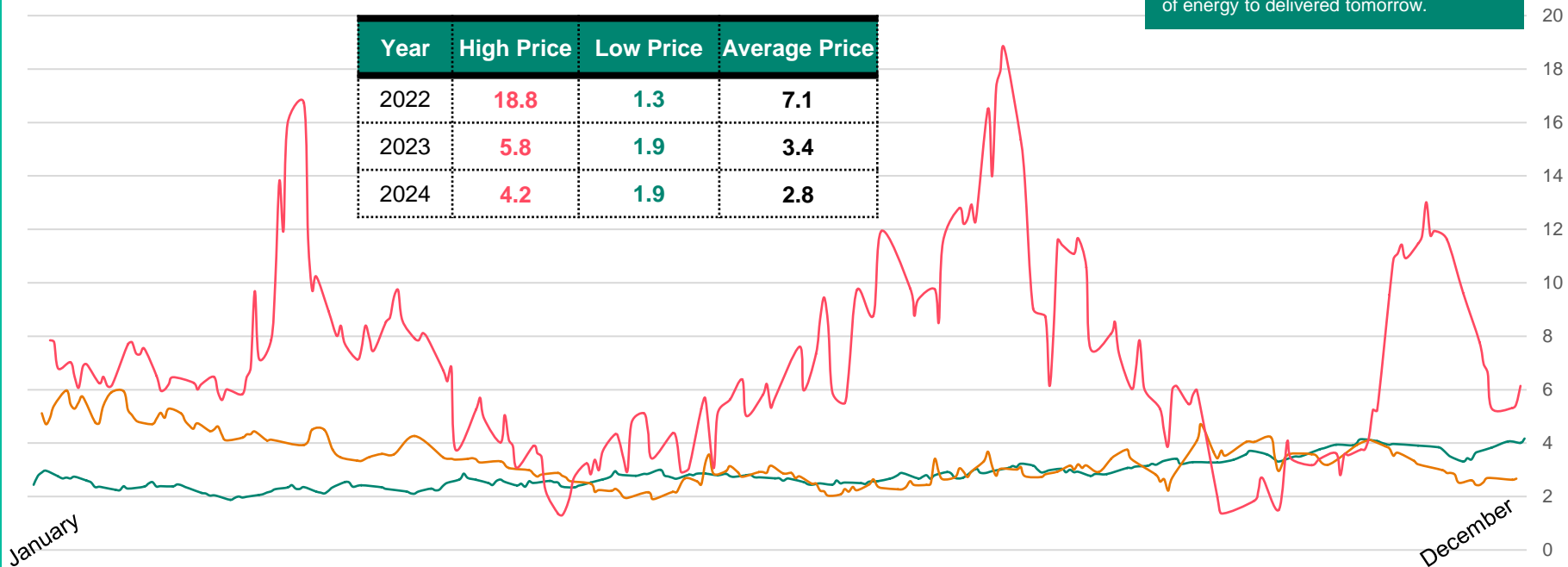
Like seasonal prices, Day-ahead gas prices continued to be relative stable when compared to 2022.

Year-on-Year Gas Day-ahead Close Price

— 2024 — 2023 — 2022

Day-ahead = at any point in time the price represents the cost of buying energy to be delivered the next working day (e.g., A price in today would represent the cost of energy to delivered tomorrow.

Year	High Price	Low Price	Average Price
2022	18.8	1.3	7.1
2023	5.8	1.9	3.4
2024	4.2	1.9	2.8



Day-ahead energy prices Y-o-Y



Average Day-ahead Price (p/kWh)					
Description	Year	Gas	Y-o-Y Difference	Electricity	Y-o-Y Difference
Pre-energy Crisis	2019	1.2	n/a	4.3	n/a
Covid - low global energy demand	2020	0.8	-29%	3.6	-16%
Economic rebound leading on to start of energy crisis	2021	3.9	364%	12.3	238%
Peak of crisis due to removal of Russian piped gas	2022	7.1	82%	20.9	71%
"New Normal" relative stability	2023	3.4	-52%	9.5	-53%
Continued relative stability	2024	2.8	-18%	7.2	-24%
2024 prices are still significantly higher than pre-energy crisis levels	2024 vs 2019		133%		67%

Market Outlook

The outlook for 2025 is very mixed and there are several drivers which could lead prices in either direction. The supply and demand balance across Europe is set to remain inelastic which has been a persistent theme since the removal of piped Russian gas. Further sanctions are being imposed on Russia exacerbating the scarcity of supply. The removal of Russian LNG from the European supply mix could potentially be the next knock-on impact of the continuing conflict.

The new US President is a factor that seems to have the potential to send prices in either direction as global markets wait in anticipation to see the first policy actions and his plan for ending conflicts in the Middle East and Ukraine (as he has promised to do). The former seems to be edging closer

Downside

Possible de-escalation of global conflicts.

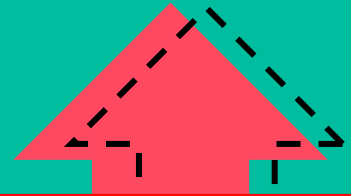
Mild weather for remainder of winter.

Potential increase in renewable generation.

Potential for positive impacts from US trade, energy, and foreign affairs policy changes.

with news of a ceasefire in Gaza breaking in recent days. The long-term outcome of the ceasefire will be known in time but any de-escalation in the region will come as welcome news to the market.

Nearer term, seasonal prices will be impacted heavily by the storage situation across Europe as we move into the back half of the Winter. Currently, colder weather than we have seen for the last couple of years has put pressure on Summer '25 prices as it is anticipated that the winter will close with low storage which will need to be quickly refilled to hit EU targets before the next winter. A mild end to the winter will ease concerns but further cold spells could see prices continue to trend upwards.



Upside

Storage lower than previous years.

Further cold spells could see stocks severely depleted.

Tight supply and demand balance across Europe with loss of all Russian piped gas.

Potential volatility because of US trade, energy, and foreign affairs policy changes.



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Focusing our energy on yours

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