

Report issued: 12th August 2026

Net Cost of Electricity and Gas for a 1st November Contract renewal



Electricity: base load cost - excludes distribution, taxation and supplier margin and costs

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
43.36	56.87	52.29	40.28	84.80	401.10	107.03	82.47	78.22	102.53

Gas: core gas cost - excludes distribution, taxation and supplier margin and costs

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
43.23	58.12	48.15	28.69	95.91	388.23	119.38	101.44	88.24	122.72

Week commencing 3rd August 2026

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$90.18	127.02	£108.96	\$122.10
End	\$82.51	118.23	£103.23	\$116.25

UK NBP gas prices were mixed through the week, initially softening as the new front month became active before recovering and firming towards the end of the period. UK baseload power generally tracked the movement in gas and also strengthened. The UK gas system remained broadly well supplied, despite declining Norwegian flows as planned maintenance and unplanned outages affected production and reduced deliveries into the UK. Weather forecasts pointed towards a period of warmer-than-average conditions, with temperatures expected to rise into another spell of significant heat. Norwegian maintenance, lower pipeline flows and the potential for reduced renewable generation provided some underlying support to the gas market. Geopolitical developments remained a key influence, with conflicting signals surrounding US-Iran negotiations creating uncertainty around the potential reopening of the Strait of Hormuz. Although initial hopes of a diplomatic breakthrough led to some easing in oil prices, renewed concerns over shipping disruption and uncertainty surrounding the proposed Iran-Oman agreement subsequently pushed oil prices higher.

Week commencing 27th July 2026

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$96.87	136.92	£115.97	\$121.30
End	\$90.18	127.02	£108.96	\$122.10

Across the week, UK gas and power markets remained volatile but broadly softer overall. Prices fell sharply at the start of the week as easing geopolitical tensions in the Middle East reduced the risk premium in global energy markets, before recovering modestly midweek on renewed military activity and concerns over potential supply disruption. By the end of the week, front-end contracts had stabilised, with trading remaining rangebound amid thin liquidity. The UK gas system consistently opened in surplus, while Norwegian gas supplies remained stable despite minor day-to-day fluctuations in flows. LNG activity was mixed, with sendout varying through the week and limited cargo arrivals scheduled. Renewable generation remained supportive of the market, with strong solar output throughout the period offsetting weaker wind generation, while improving nuclear availability also helped reduce generation demand for gas. Weather forecasts continued to point towards above-seasonal temperatures, limiting demand expectations. Although geopolitical developments remained the primary driver of market sentiment, with ongoing uncertainty surrounding US-Iran relations and shipping through key export routes, the market became increasingly focused on underlying supply fundamentals, resulting in an overall softer tone compared with the heightened volatility seen in previous weeks.

Week commencing 20th July 2026

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$86.55	126.19	£106.71	\$120.15
End	\$96.87	136.92	£115.97	\$121.30

UK gas and power prices strengthened at the start of the week as escalating geopolitical tensions in the Middle East increased concerns over global energy security and supported higher oil prices. Despite this, UK gas market fundamentals remained comfortable throughout the week, with steady Norwegian imports, consistent UKCS production, stable LNG deliveries and ongoing storage injections maintaining a well-supplied system. As the week progressed, price direction remained driven almost entirely by geopolitical headlines rather than domestic supply and demand, with reports of potential ceasefire discussions briefly improving sentiment before further military developments renewed market concerns. Although the prompt market remained relatively well supported and forward contracts continued to strengthen amid limited trading liquidity, there were few underlying bullish fundamental drivers beyond geopolitical risk and ongoing European storage concerns. Toward the end of the week, additional uncertainty emerged from the introduction of new US trade tariffs alongside continued disruption to Middle Eastern shipping, leaving market participants focused on geopolitical developments as the primary influence on near-term price direction.

Week commencing 13th July 2026

	Oil (bbl)	Gas (ppt)	Power (MWh)	Coal (MT)
Start	\$72.00	101.08	£91.37	\$119.25
End	\$76.46	107.99	£95.38	\$114.85

Throughout the week, UK gas and power markets remained broadly supported by persistent geopolitical tensions in the Middle East, which continued to drive risk premium despite relatively stable underlying supply fundamentals. Concerns over the security of shipping through the Strait of Hormuz, military exchanges involving the US and Iran, and uncertainty surrounding LNG transit remained the dominant influence on market sentiment, with fears of disruption outweighing the current evidence that physical gas flows have largely continued. Fundamentally, the market was more balanced, with improving Norwegian gas exports, recovering UK Continental Shelf production, steady LNG deliveries and comfortable UK system length helping to offset geopolitical support. European gas balances were also influenced by reduced French nuclear availability and warmer-than-average weather forecasts, which are expected to support cooling demand into the coming weeks. Overall, while supply fundamentals remained relatively healthy, market direction continued to be driven primarily by geopolitical developments, leaving prices vulnerable to further volatility should tensions in the region escalate.

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