



flameUK
Energy Management

Energy Market Update

3rd March 2026

Wholesale Market Prices and Trends

Wholesale Gas Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-26 12m	2.68	↑ 13.0%	↓ -2.4%	↓ -10.5%
Apr-26 24m	2.47	↑ 7.1%	↓ -7.4%	↓ -11.2%
Apr-26 36m	2.31	↑ 2.6%	↓ -10.8%	↓ -12.7%
Oct-26 12m	2.46	↑ 8.3%	↓ -7.6%	↓ -10.6%
Oct-26 24m	2.27	↑ 1.9%	↓ -12.1%	↓ -12.9%

Wholesale Power Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-26 12m	7.29	↓ -2.8%	↓ -4.6%	↓ -3.5%
Apr-26 24m	6.91	↓ -5.8%	↓ -7.6%	↓ -3.3%
Apr-26 36m	6.66	↓ -8.2%	↓ -9.9%	↓ -4.6%
Oct-26 12m	6.87	↓ -4.9%	↓ -8.1%	↓ -3.1%
Oct-26 24m	6.59	↓ -8.4%	↓ -10.5%	↓ -4.5%

Wider Energy Complex	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Brent (\$/bbl.)	72.48	↑ 16.1%	↑ 13.1%	↓ -3.3%
Coal (\$/t)	112.75	↑ 16.5%	↑ 24.2%	↑ 8.8%
UK Carbon (£/t)	46.14	↓ -21.4%	↓ -21.7%	↓ -1.9%
EU Carbon (€/t)	61.59	↓ -16.7%	↓ -11.1%	↑ 4.8%
€/E	0.876	↑ 1.2%	↔ 0.6%	↑ 5.1%

UK NBP Gas

Wholesale Market Drivers

Bearish (Falling)

European Commission electrification and heating plans on 19-May may accelerate heat pump uptake and efficiency, reducing fossil fuel import needs and gas-for-power demand, which could soften longer-dated power and gas price expectations.

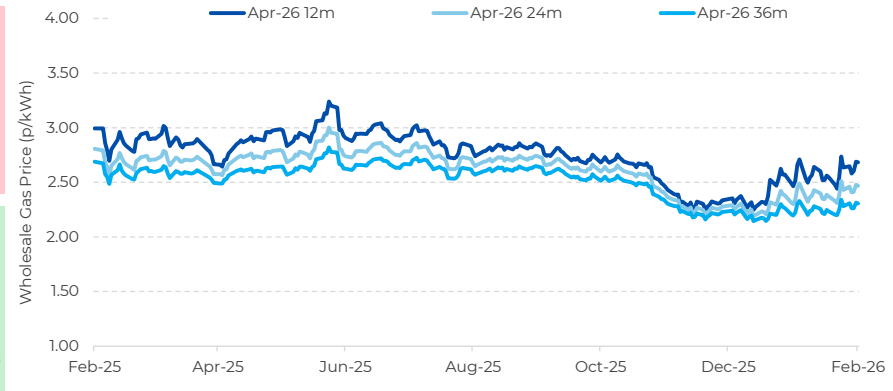
The UK energy price cap is expected to fall by around 7% in Apr-26, reflecting lower wholesale prices and changes to subsidy and efficiency charges. Even so, household bills remain elevated, limiting any material uplift in demand.

Bullish (Rising)

LNG prices, including JKM, have rallied around 20% since Friday on escalating Middle East disruption risks. Israel's shutdown of Leviathan and Karish tightens regional gas supply, potentially lifting Egyptian LNG demand and supporting gas prices.

The US has signalled the likelihood of sustained military operations in Iran until their objectives have been met. US-Israeli strikes over the weekend, which killed the Iranian Supreme Leader and Iran's response have heightened concerns of a wider conflict in the region. Impacting global gas and oil flows via the Strait of Hormuz.

Wholesale Price Graphs



UK Baseload Power

Market Drivers

Bearish (Falling)

Energy contracts remain influenced by global macro uncertainty as President Trump's tariff stance shifts between 10% and 15%, while ongoing US Supreme Court intervention clouds global trade and growth expectations, sustaining volatility across wider financial markets.

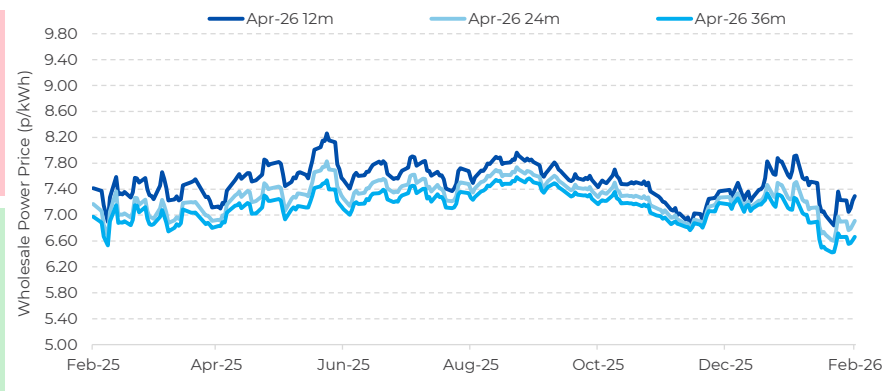
Germany joined nine EU states urging a softer ETS approach to protect industry, including a more pragmatic stance on free allowances ahead of July reform proposals, reducing EU ETS risk appetite.

Bullish (Rising)

EU power futures may find support as several member states are expected to miss 2030 interconnector targets, constraining cross-border flows and limiting the ability to export surplus renewable generation during oversupply periods.

Near-term Nordic contracts remain firm amid escalating Middle East tensions alongside a nuclear outage, while a freezing outlook is worsening an already weak hydro balance. This may support European and UK power prices through Q2-26 on constrained cross-border supply.

Wholesale Price Graphs



Middle East tensions rise after US-Israel strikes on Iran and Tehran's retaliation. The US and Israel have launched an expanded military campaign against Iran's leadership and strategic capabilities, with Iranian state structures confirming the death of Supreme Leader Ali Khamenei. Washington says the operation is intended to prevent Iran acquiring a nuclear weapon and degrade missile capacity, while signalling support for internal political change. Iran has responded with ballistic missiles and drones targeting Israel and US-linked assets across the Gulf, including Bahrain, Kuwait, Qatar, the UAE and Jordan, alongside reports of damage at ports and airports and casualties among US personnel. The confrontation has pushed markets to price a higher disruption premium, given the Strait of Hormuz handles roughly a fifth of global oil and gas flows and has already seen warnings to shipping and reports of tanker strikes. With airspace closures and wider insecurity, markets will closely monitor for any escalation that tightens crude, LNG and freight balances.

Energy Market News:

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02 March 2026

Market Prices and Trends

Gas (p/therm)	Close	Indicative Price*	Change Today	Change Yesterday	3-Month Variance
Day-Ahead	77.75	101.00	↑ 29.9%	↑ 1.5%	↑ 7%
Apr-26	78.57	100.99	↑ 28.5%	↑ 0.1%	↑ 16%
May-26	77.98	95.09	↑ 21.9%	↑ 0.2%	↑ 17%
Jun-26	76.68	92.15	↑ 20.2%	↑ 0.0%	↑ 17%
Jul-26	75.18	89.82	↑ 19.5%	↓ -0.2%	↑ 15%
Q2-26	77.75	95.96	↑ 23.4%	↓ -0.6%	↑ 11%
Q3-26	75.59	89.10	↑ 17.9%	↓ -0.2%	↑ 14%
Summer-26	76.66	92.40	↑ 20.5%	↓ -0.1%	↑ 15%
Winter-26	80.66	92.29	↑ 14.4%	↓ -0.3%	↑ 10%
Summer-27	63.50	66.55	↑ 4.8%	↓ -0.7%	↑ 2%
Winter-27	68.53	70.50	↑ 2.9%	↓ -0.6%	↓ -4%
Summer-28	53.47	56.00	↑ 4.7%	↓ -1.0%	↓ -10%
Winter-28	62.58	64.00	↑ 2.3%	↑ 0.3%	↓ -8%

Current Market Drivers

- The prompt energy contracts are trading bullish as wind output is forecast to fall below seasonal-norms tomorrow, lifting gas-for-power demand by 17 mcm/d to 59 mcm/d. However, above-seasonal temperatures and MRS withdrawals of 10 mcm/d cap upside.
- Near-curve gas contracts have surged by more than 25% as US-Israel strikes on Iran and Iranian retaliation disrupted shipping through the Strait of Hormuz, raising LNG supply concerns just as European storage sits around 30%, intensifying competition for cargoes.
- Israel has suspended gas production at its 12bcm/year Leviathan gas field, from which the majority of production is exported to Egypt and Jordan, as well as at the 5bcm/year Karish gas field. This could heighten Egyptian demand for LNG, adding to market tightness.
- The Brent crude benchmark has surged over 8% as Iran-Israel conflict disrupted Strait of Hormuz shipping, damaging tankers and threatening flows that underpin roughly one-fifth of global oil demand, lifting risk premiums despite an OPEC+ output increase.
- LNG prices have risen 20% since Friday, with the JKM also rallying in tandem as markets weigh the disruption to Middle Eastern LNG exports and widening conflict in the region. This is supporting energy prices along the curve as geopolitical risk remains elevated.

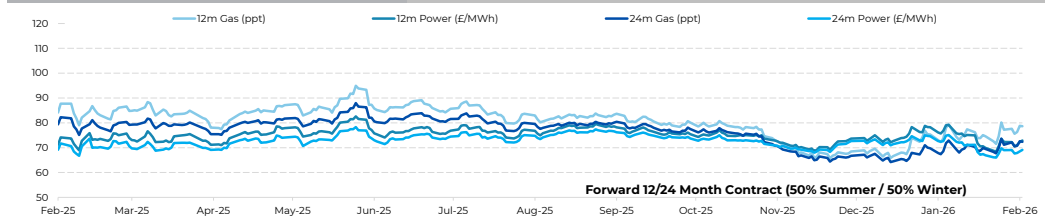
Yesterday's Session

UK gas futures remained sideways on Friday as markets weighed ongoing US-Iran speculation against warmer outlooks and easing EU storage withdrawals. Equivalent baseload contracts moved to the upside, taking direction from carbon markets.

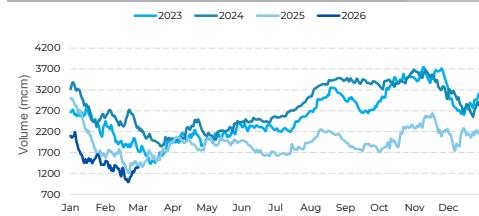
Market Focus

Middle East tensions rise after US-Israel strikes on Iran and Tehran's retaliation. The US and Israel have launched an expanded military campaign against Iran's leadership and strategic capabilities, with Iranian state structures confirming the death of Supreme Leader Ali Khamenei. Washington says the operation is intended to prevent Iran acquiring a nuclear weapon and degrade missile capacity, while signalling support for internal political change. Iran has responded with ballistic missiles and drones targeting Israel and US-linked assets across the Gulf, including Bahrain, Kuwait, Qatar, the UAE and Jordan, alongside reports of damage at ports and airports and casualties among US personnel. The confrontation has pushed markets to price a higher disruption premium, given the Strait of Hormuz handles roughly a fifth of global oil and gas flows and has already seen warnings to shipping and reports of tanker strikes. With airspace closures and wider insecurity, markets will closely monitor for any escalation that tightens crude, LNG and freight balances.

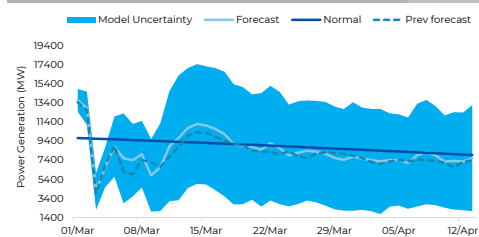
Forward Curve Price Action



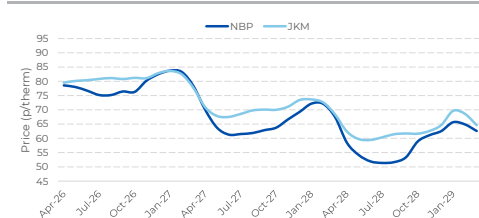
UK Gas and LNG Storage Levels



Wind Power Generation Forecast



Global Gas Benchmarks



Baseload (€/MWh)	Close	Indicative Price*	Change Today	Change Yesterday	3-Month Variance
Day-Ahead	72.50	97.75	↑ 34.8%	↑ 10.2%	↓ -8%
Apr-26	71.97	84.25	↑ 17.1%	↑ 1.2%	↑ 6%
May-26	70.02	80.00	↑ 14.3%	↑ 1.4%	↑ 4%
Jun-26	69.12	79.35	↑ 14.8%	↑ 1.4%	↑ 4%
Jul-26	69.92	69.92	↑ 0.0%	↑ 1.3%	↑ 6%
Q2-26	70.37	80.40	↑ 14.3%	↑ 0.5%	↑ 1%
Q3-26	70.21	79.50	↑ 13.2%	↑ 1.4%	↑ 5%
Summer-26	70.29	80.50	↑ 14.5%	↑ 1.4%	↑ 5%
Winter-26	75.55	82.40	↑ 9.1%	↑ 0.5%	↑ 2%
Summer-27	61.91	64.50	↑ 4.2%	↑ 1.0%	↓ -2%
Winter-27	68.70	70.50	↑ 2.6%	↑ 0.7%	↓ -7%
Summer-28	57.54	71.00	↑ 23.4%	↑ 0.6%	↓ -8%
Winter-28	65.76	69.00	↑ 4.9%	↑ 0.6%	↓ -9%

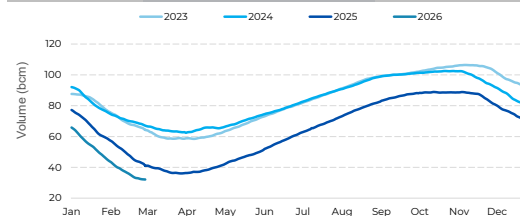
Weather Fundamentals

Warmer temperature revisions into March have been forecast across the UK and Northwest Europe, keeping conditions above seasonal norms for most of the month. However, into last week of March, the latest outlook dips to below seasonal-levels in UK and NWE. UK wind generation is revised firmer into next week, while the longer-term profile remains largely unchanged.

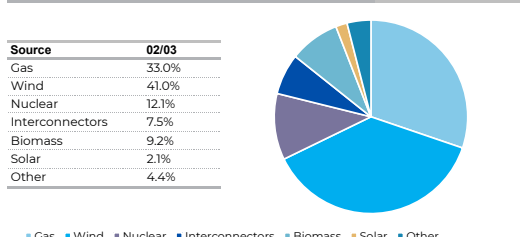
Conflict widens as Israel hits Lebanon and Iran launches fresh missiles, lifting the energy risk premium.

Israel expanded its campaign beyond Iran, hitting Hezbollah sites in Beirut's southern suburbs after the group launched rockets and drones following the killing of Iran's Supreme Leader. Lebanon reported 31 dead and 149 injured, while explosions were reported in Tehran. Iran also claimed it has launched fresh missiles at Israel. The fallout spread across the Gulf, with Kuwait intercepting drones and blasts reported in Doha and Dubai, while a drone strike caused minor damage at the UK's base in Cyprus. The White House said operations would continue and confirmed initial US casualties in Kuwait. For energy markets, the widening conflict increases disruption risk around the Strait of Hormuz and LNG shipping, keeping crude and European gas prices sensitive to any further developments.

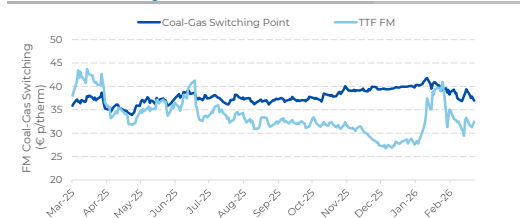
EU Gas Storage Levels



Power Generation Mix (Last 24 Hours)



EU Coal-Gas Switching



Wider Energy Complex	Close	Current Offer	Change Today	Change Yesterday	3-Month Variance
Brent (\$/bbl)	72.87	78.47	↑ 7.7%	↑ 2.4%	↑ 16.1%
Coal (\$/t)	113.91	113.50	↓ -0.4%	↑ 0.0%	↑ 16.5%
UKA Dec-26 (€/t)	46.14	44.32	↓ -3.9%	↑ 2.1%	↓ -21.4%
UKA Dec-27 (€/t)	48.06	46.38	↓ -3.5%	↑ 2.0%	↑ 17.0%
EUA Dec-26 (€/t)	70.29	69.80	↓ -0.7%	↓ -0.8%	↓ -16.7%
EUA Dec-27 (€/t)	72.25	71.77	↓ -0.7%	↓ -0.8%	↓ -16.8%
€/€	0.876	0.88	↑ 0.0%	↑ 0.1%	↑ 0.4%
€/€	1.181	1.174	↓ -0.7%	↑ 0.1%	↑ 1.5%

Get in Touch

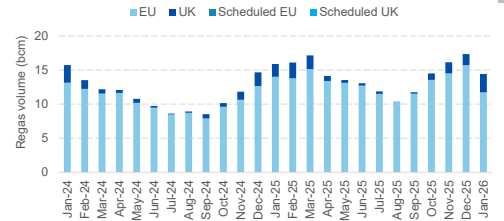


Gas Supply/Demand Fundamentals

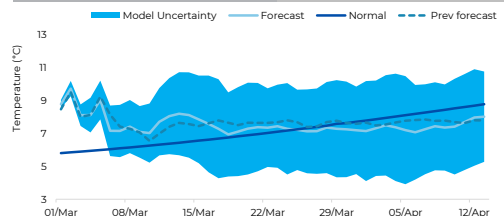
UK domestic (LDZ) demand is flat on day-ahead at 146 mcm/d. Forecast of falling wind output into tomorrow has lifted gas-for-power demand to 59 mcm/d, with low wind output expected to persist this week. Norwegian flows have risen to 64 mcm/d, with Langede at 50 mcm/d, while LNG sendout has fallen to 60 mcm/d.

Germany backs 10-country push to soften EU ETS stance for industry and competitiveness. Ten EU member states, including Germany, have urged Brussels to revise the EU ETS to take a more accommodating approach towards industry, arguing that decarbonisation should not come at the cost of deindustrialisation. The group called for changes that keep an effective carbon price signal while improving predictability, market stability and protection against excessive price volatility. A central request is a pragmatic approach to free allocation of allowances, which is scheduled to be phased out by 2034 as the Carbon Border Adjustment Mechanism replaces free permits. Heavy industry, notably chemicals and steel, is concerned that CBAM could be circumvented by global trade partners, leaving EU producers exposed, and is lobbying for extended access to free allowances. The European Commission is expected to present ETS reform proposals in July, setting up a politically sensitive debate over how to balance competitiveness and emissions targets. For power markets, any perceived dilution of ETS ambition could temper EUA expectations and soften forward price signals.

Historical Monthly LNG Supply



Temperature Forecast

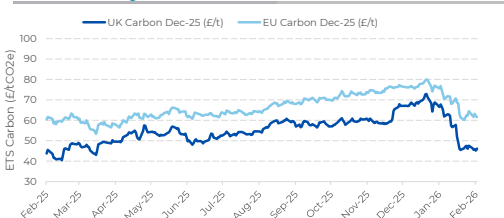


Nuclear Outages

Facility	Capacity (MW)	Start Date	End Date
Hartlepool 2	595	04/06/25	11/03/26
Torness 2	595	21/01/26	09/04/26
Heysham 2-7	615	13/02/26	13/03/26

Current online capacity: 6500 MW, 100%

Emissions Trading Scheme Carbon



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