



Energy Market Update

2nd June 2026

FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT



01 June 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	3.36	↓ -7.1%	↑ 47.9%	↑ 22.2%
Apr-26 24m	2.95	↓ -6.1%	↑ 32.5%	↑ 12.9%
Apr-26 36m	2.71	↓ -5.0%	↑ 24.2%	↑ 6.8%
Oct-26 12m	2.86	↓ -7.7%	↑ 28.0%	↑ 10.3%
Oct-26 24m	2.60	↓ -4.3%	↑ 19.3%	↑ 4.2%

Wholesale Power Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-26 12m	8.84	↑ 3.3%	↑ 22.3%	↑ 22.5%
Apr-26 24m	7.93	↑ 1.3%	↑ 10.2%	↑ 13.1%
Apr-26 36m	7.46	→ 0.1%	↑ 4.3%	↑ 6.9%
Oct-26 12m	7.80	↑ 2.7%	↑ 8.7%	↑ 12.8%
Oct-26 24m	7.17	→ 0.4%	↑ 0.5%	↑ 4.6%

Wider Energy Complex	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Brent (\$/bbl.)	92.05	↑ 27.0%	↑ 51.5%	↑ 37.2%
Coal (\$/t)	130.25	↑ 22.9%	↑ 38.0%	↑ 20.7%
UK Carbon (£/t)	58.67	↑ 27.9%	↓ -14.6%	↑ 20.2%
EU Carbon (€/t)	69.83	↑ 10.5%	↓ -9.1%	↑ 12.3%
€/£	0.866	→ -0.2%	↓ -0.7%	→ 0.9%

UK NBP Gas

Wholesale Market Drivers

Bearish (Falling)

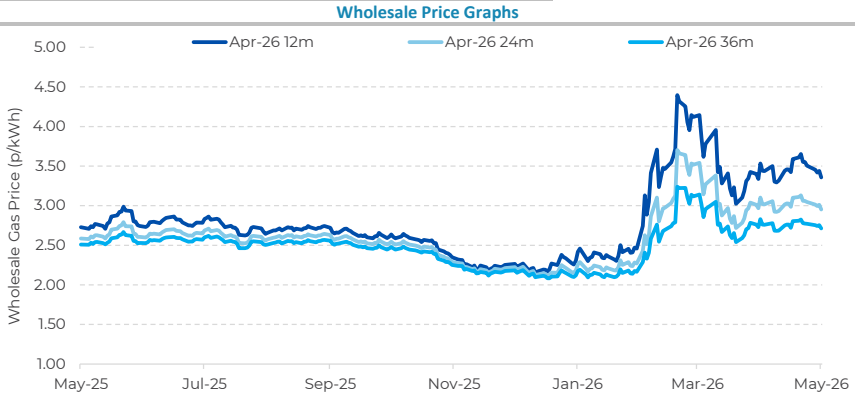
Germany is signing a deal with Canada for 1 million metric tons a year of LNG, once the Ksi Lisims LNG facility comes online. Improving European efforts to continue diversifying future gas supply.

The EU is considering a three-year waiver on penalties for oil and gas companies that breach its methane emissions law, in response to energy supply disruptions linked to the Iran conflict and amid efforts to ease concerns over future US LNG supply.

Bullish (Rising)

The US and Iran have exchanged fresh strikes over the weekend, with US attacks targeting Iranian missile sites and Iran's Revolutionary Guard reportedly striking a US base in Kuwait. While key hurdles remain suggesting little meaningful progress is being made despite ongoing negotiations and headline-driven sentiment.

Bloomberg's base case outlook suggest EU storage could hit 75% by Oct, but ongoing Hormuz shipping disruptions could see levels only hit 70%, maintaining upside risk to Winter-26 contracts.



UK Baseload Power

Market Drivers

Bearish (Falling)

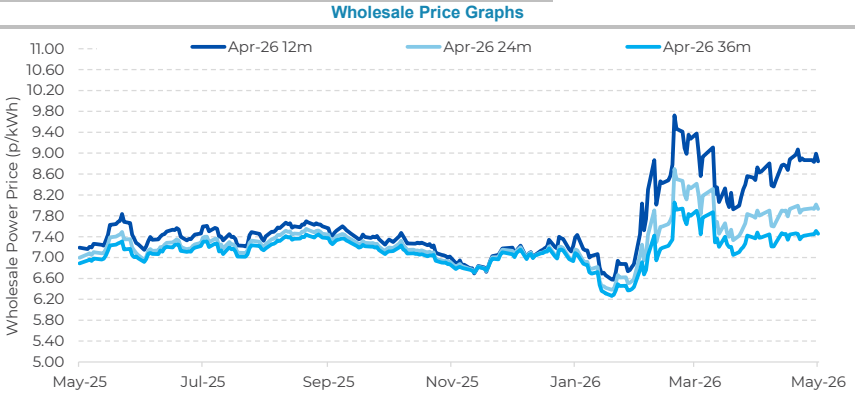
The European Central Bank has suggested that a June rate hike may still be needed even if an Iran peace deal is reached, as persistent energy inflation continues to spill over into the wider economy and raise upside inflation risks, potentially weighing on energy demand as industrial activity softens in response.

Record wind and solar output since the start of the Iran conflict has reduced UK LNG imports and cut gas-fired electricity generation by around a third year-on-year, helping to limit baseload exposure to volatile gas prices and providing an ongoing cushion to upside risk.

Bullish (Rising)

A recent UN report has stated that global temperatures over the next five years are forecast to reach record levels, intensifying climate-related challenges to European summer power dynamics.

European winter power contracts are trading at their highest premium since 2022, as low gas storage, weak hydropower reserves and Hormuz-related LNG disruption intensify winter supply concerns



Fresh US strikes and slower diplomacy keep Hormuz risk firmly in focus. Hopes for a near-term breakthrough in the Iran conflict were tempered after US Secretary of State Marco Rubio said a deal could still take a few days, even as Washington launched fresh strikes in southern Iran. The attacks, described by the US as defensive, targeted boats allegedly attempting to lay mines and missile launch sites, reinforcing the message that freedom of navigation through the Strait of Hormuz remains a red line for Washington. Talks in Doha suggest diplomacy is still alive, with discussions centred on reopening the strait, Iran's enriched uranium stockpile and the possible release of frozen Iranian funds. However, Tehran made clear that a final agreement is not close, and key details on Hormuz management remain unresolved. For energy markets, the combination of cautious diplomacy and continued military activity means uncertainty remains elevated, with oil and gas prices likely to stay sensitive to both political signals and operational disruption.



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Energy Market News:

Market Prices and Trends

Gas (p/therm)	Close	Indicative Price*	Change Today	Change Yesterday	3-Month Variance
Day-Ahead	111.50	118.25	6.1%	-1.3%	42%
Jul-26	110.79	116.36	5.0%	-2.3%	47%
Aug-26	111.04	116.27	4.7%	-2.4%	48%
Sep-26	111.91	117.08	4.6%	-2.5%	46%
Oct-26	112.64	117.38	4.2%	-2.6%	48%
Q3-26	111.24	116.54	4.8%	-2.4%	47%
Q4-26	115.12	119.50	3.8%	-2.4%	45%
Winter-26	113.69	117.94	3.7%	-2.4%	41%
Summer-27	83.14	90.00	8.3%	-2.3%	31%
Winter-27	84.55	92.00	8.8%	-2.0%	23%
Summer-28	64.78	68.21	5.3%	-0.5%	21%
Winter-28	72.50	73.25	1.0%	-0.4%	16%
Summer-29	58.55	62.00	5.9%	0.3%	13%

Current Market Drivers

- Wind generation remains subdued into tomorrow and, alongside cooler temperatures, is providing some support to day-ahead power contracts. While renewed US-Iran hostilities are also underpinning prices, as headline-driven sentiment fuels geopolitical risk.
- UK gas futures are bullish this morning as the US and Iran exchange fresh strikes, with oil rising around 2% as stalled negotiations, renewed Gulf hostilities and continued Strait of Hormuz disruption kept traders cautious over supply risks.
- EU storage levels are 40% full, 7.8% lower year-on-year, while total LNG import volumes in May-26 were down 10%. Scheduled LNG cargoes for Jun-26 are currently 54% lower than at the same point last year, highlighting ongoing tighter global supply conditions.
- Russian LNG exports face logistical pressure after vessels avoided the Mediterranean route to Asia, adding up to two weeks to journey times via the Cape of Good Hope, raising the risk of fleet bottlenecks and adding to already constrained supply dynamics.
- European power prices will remain exposed to upside risk after French summer contracts hit record highs and German contracts reached March highs, with heat-driven water scarcity raising supply risks for French nuclear and hydro generation, as well as German coal output.

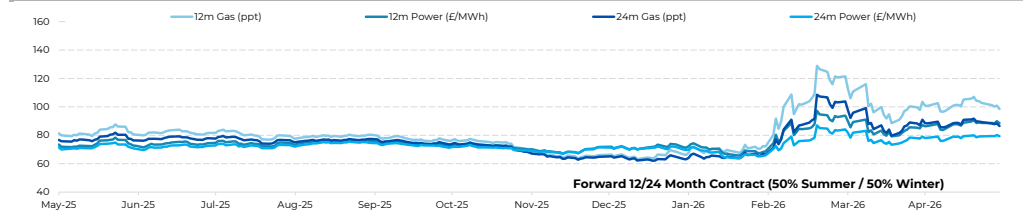
Yesterday's Session

In Friday's trading, gas price declines averaged 2.4%, extending out to Winter-27, while the remainder of the curve continued its sideways trend. Near-curve prices fell closer to the 110p/therm level, shedding just over 3p/therm. Base-load prices saw more muted bearish price action, with sporadic losses of just over 1%, while gains in the UK carbon benchmark limited further downside.

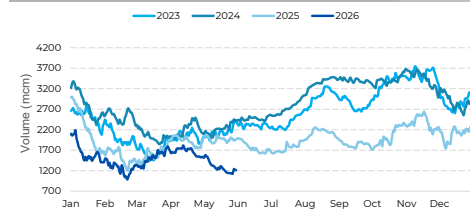
Market Focus

US-Iran exchanges continue as negotiations remain stalled. Geopolitical tensions remained elevated after the US confirmed strikes against Iranian military infrastructure along the Gulf coast in response to the reported downing of a US drone, with Iran subsequently claiming it had targeted a US-operated air base in retaliation. Air defence systems were also activated in Kuwait following reports of missile and drone activity, highlighting the continued fragility of the ceasefire despite ongoing diplomatic efforts. President Trump maintained that Iran still wants a deal and urged critics to remain patient with negotiations, though little tangible progress has emerged in recent weeks. Oil prices moved higher following the latest exchange as markets remained focused on the risk of further escalation, while key disagreements over Iran's nuclear programme, sanctions relief, frozen assets and the future status of the Strait of Hormuz continue to prevent a broader agreement from being reached.

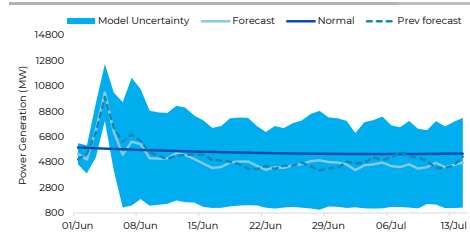
Forward Curve Price Action



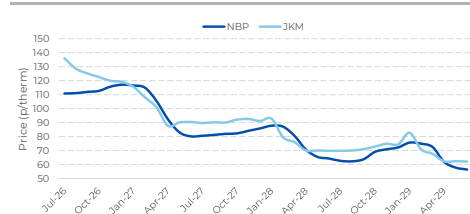
UK Gas and LNG Storage Levels



Wind Power Generation Forecast



Global Gas Benchmarks



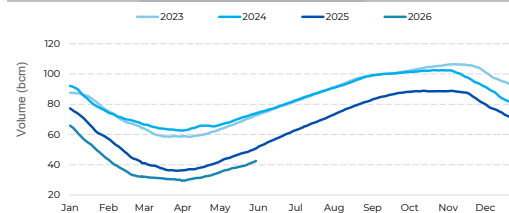
Baseload (€/MWh)	Close	Indicative Price*	Change Today	Change Yesterday	3-Month Variance
Day-Ahead	112.75	110.75	-1.8%	6.9%	33%
Jul-26	99.18	102.95	3.8%	-1.2%	42%
Aug-26	96.76	96.76	0.0%	-1.0%	39%
Sep-26	99.48	101.70	2.2%	-0.8%	40%
Oct-26	100.41	100.41	0.0%	-1.2%	38%
Q3-26	98.46	101.00	2.6%	-1.0%	40%
Q4-26	102.03	102.03	0.0%	-1.1%	38%
Winter-26	100.30	102.35	2.0%	-1.7%	33%
Summer-27	76.55	77.50	1.2%	0.6%	24%
Winter-27	79.49	81.00	1.9%	-1.0%	16%
Summer-28	61.00	61.75	1.2%	-0.7%	6%
Winter-28	69.69	70.25	0.8%	0.5%	6%
Summer-29	60.39	60.39	0.0%	-0.3%	6%

Weather Fundamentals

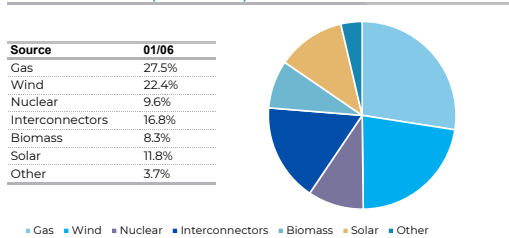
Wind forecasts across NWE and the UK have seen only marginal, mixed revisions, leaving the overall outlook largely unchanged. Temperature forecasts have generally been revised lower across NWE, with Germany and Austria seeing the more pronounced cooler outlooks into early Jun-26, but they remain above seasonal levels. The UK sees a slight dip into next week before rebounding to remain steadily above seasonal normal through the rest of Jun-26.

Trump faces tighter choices as progress with Iran risks political backlash at home. Trump appears to be moving closer to an interim framework with Iran that could preserve the ceasefire and help restore shipping through the Strait of Hormuz, but the emerging shape of any deal is exposing a growing political dilemma in Washington. While reopening the waterway would be welcomed by energy markets and ease pressure on fuel prices, deferring the nuclear issue risks criticism from within Trump's own party, who want a harder outcome after months of conflict. For markets, the attraction of even a partial agreement is clear. Restoring the flow of oil and LNG through Hormuz would remove a major source of disruption and reduce some of the inflationary pressure created by the war. However, many of the hardest questions remain unresolved, including sanctions relief, Iran's uranium stockpile and the longer-term status of the strait. That leaves traders weighing short-term relief against the risk that an incomplete deal may only postpone another period of instability.

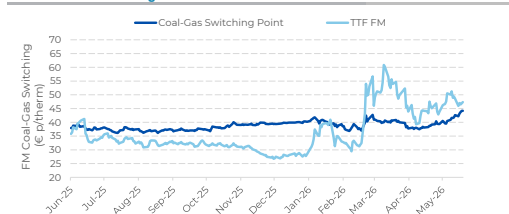
EU Gas Storage Levels



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)	91.12	94.40	3.6%	-1.8%	27.0%
Coal (\$/t)	124.41	126.25	1.5%	-0.2%	22.9%
UKA Dec-26 (€/t)	58.67	56.30	-4.0%	17.6%	27.9%
UKA Dec-27 (€/t)	61.64	59.36	-3.7%	17.2%	17.0%
EUA Dec-26 (€/t)	80.63	79.40	-1.5%	0.6%	10.5%
EUA Dec-27 (€/t)	83.35	82.13	-1.5%	0.6%	11.2%
€/€	0.866	0.87	-0.1%	0.0%	-1.2%
€/\$/	1.166	1.165	-0.1%	0.1%	-1.3%

Get in Touch



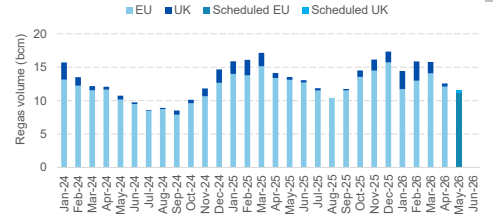
Gas Supply/Demand Fundamentals

Stable fundamentals are keeping UK domestic demand broadly steady, with domestic demand up 3mcm/d to 54mcm/d. Gas-for-power softens as stronger wind and solar generation weigh on burn. Norwegian flows to the UK remain broadly flat at 45mcm/d, with Langedal at 34mcm/d, while LNG sendout falls to 8mcm/d with no UK cargo arrivals scheduled over the next two weeks.

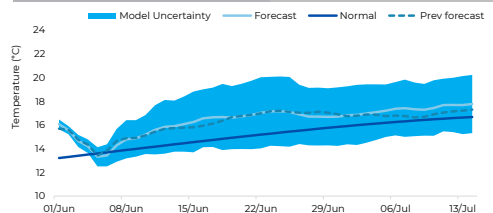
Renewed US-Iran strikes revive doubts over ceasefire and keep energy markets on edge.

Tensions between Washington and Tehran flared again after the United States struck an Iranian drone operation near Bandar Abbas and Iran's Revolutionary Guard responded by targeting a US airbase. The exchange came just hours after Trump rejected reports that a compromise deal on the Strait of Hormuz was close, underscoring how fragile the early-April ceasefire remains. For energy markets, the setback is significant. Hopes of a near-term agreement had supported the view that shipping conditions through Hormuz could gradually improve, but renewed military action has pushed that prospect further away. Oil prices rebounded after the latest escalation, reflecting concern that the waterway will remain a source of disruption. Talks still appear stuck on core issues, including sanctions relief, Iran's nuclear programme and future control of Strait traffic. Washington's decision to sanction the Iranian body set up to manage passage through Hormuz further highlights how far both sides remain from a workable settlement.

Historical Monthly LNG Supply



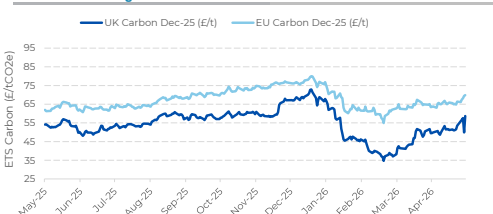
Temperature Forecast



Nuclear Outages

Facility	Capacity (MW)	Start Date	End Date
Heysham 1-2	580	28/04/26	19/06/26
Torness	595	06/05/26	17/06/26
Sizewell B 1-2	580	11/05/26	04/06/26
Sizewell B 2	610	22/05/26	19/07/26
Sizewell B 1	610	22/05/26	16/07/26

Emissions Trading Scheme Carbon



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