flame
Energy Management

Energy Market Update

8th July 2026

FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT

07 July 2026

Energy Management

Wholesale Market Prices and Trends

Wholesale Gas Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Oct-26 12m	3.21	-2.5%	34.6%	16.3%
Oct-26 24m	2.82	-3.4%	26.9%	7.0%
Oct-26 36m	2.61	-2.8%	22.2%	1.6%
Apr-27 12m	2.73	-5.5%	24.0%	3.8%
Apr-27 24m	2.50	-3.8%	19.7%	-1.3%

Wholesale Power Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Oct-26 12m	8.71	4.2%	23.3%	17.7%
Oct-26 24m	7.83	3.1%	14.8%	8.0%
Oct-26 36m	7.38	2.3%	9.8%	3.4%
Apr-27 12m	7.70	1.8%	14.2%	7.0%
Apr-27 24m	7.09	1.6%	7.4%	0.2%

Wider Energy Complex	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Brent ($/bbl.)	71.99	-34.1%	5.6%	9.8%
Coal ($/t)	114.60	-3.1%	16.1%	15.9%
UK Carbon (£/t)	57.79	40.5%	-2.0%	6.1%
EU Carbon (€/t)	69.87	12.1%	-2.4%	8.0%
€/£	0.854	0.8%	-1.0%	-0.7%

UK NBP Gas

Wholesale Market Drivers

Bearish (Falling)

The European Commission reiterates that there are no immediate winter supply concerns and views 80% storage as sufficient, easing near-term risk sentiment despite analysts warning that weak LNG imports still leave refill risks.

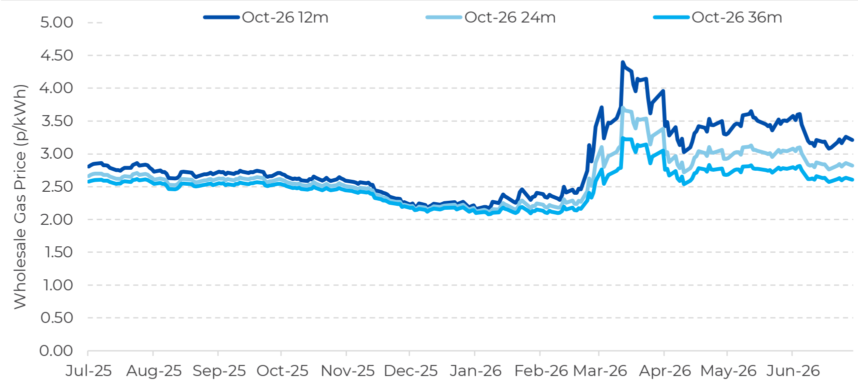
Russian gas flows to Europe have increased ahead of the planned ban, with pipeline imports up 7% and LNG up 11% in January–May. This eases near-term supply pressure but raises replacement risk once full restrictions begin in 2027.

Bullish (Rising)

European gas contracts remain supported as stronger Asian competition and record Egyptian demand draw US LNG away from Europe during the summer storage refill season, reducing its export share below 50% for the first time since Jul-24.

Analysts warn Qatar's Ras Laffan LNG recovery may face delays after Hormuz attacks disrupted tanker movements, despite nearby vessel availability. With activity signals at only around 40% of capacity, near-curve gas contracts remain supported.

Wholesale Price Graphs



UK Baseload Power

Market Drivers

Bearish (Falling)

Ukraine's power imports declined by 39% week on week, supported by stronger solar generation and the return of a nuclear unit. This improved the domestic supply balance and reduced short-term import needs, although continued Russian attacks keep regional power security risks high.

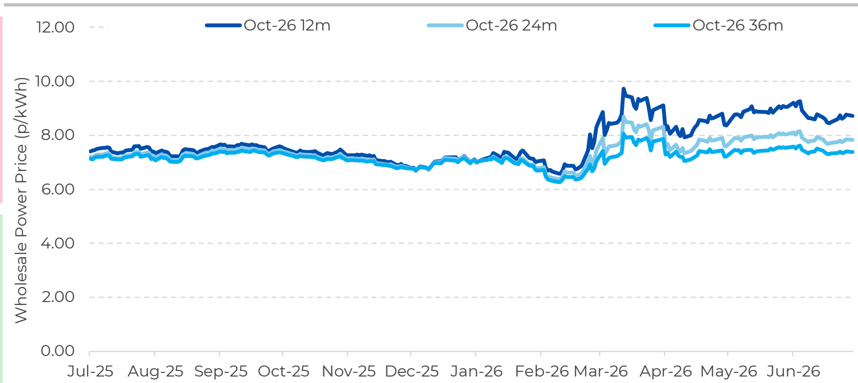
German renewables covered a record 58% of H1 consumption, led by stronger wind output. Higher green generation reduces reliance on fossil-fired power and import exposure, though lower hydro remains a modest balancing risk.

Bullish (Rising)

Recent forecasts indicate that the Arctic Oscillation will remain positive, raising the prospect of drier weather across Northern Europe over the next two months. This could reduce hydro generation and support near-curve power contracts.

Analysts expect southeast European power prices to stay supported in Q3, as fresh heatwaves may raise evening peak demand, reduce hydro output, strain nuclear and coal plants, and shift gas from storage injections to thermal generation.

Wholesale Price Graphs



Energy Market News:

Trump's NATO meetings put Ukraine diplomacy back in focus. President Trump will meet Ukrainian President Volodymyr Zelenskiy during this week's NATO summit in Turkey, as Washington looks to revive efforts to end the Ukraine war. A senior US official said the battlefield has largely stabilised in recent months, increasing the urgency for diplomacy, although Russia and Ukraine remain far apart on territorial terms. Trump is also expected to speak with Russian President Vladimir Putin after meeting Zelenskiy, while urging NATO allies to raise defence spending and support new defence-related agreements. For markets, any credible move towards a settlement would reduce geopolitical risk linked to European security and long-term energy uncertainty. However, the outlook remains fragile. Russia continues to demand control of the Donbas region, which Kyiv rejects. Until diplomacy produces clearer concessions, risk premium linked to Eastern Europe is likely to persist.

Get In Touch

FLAME UK ENERGY MANAGEMENT - DAILY MARKET INSIGHT

07 July 2026

Market Prices and Trends

Gas (p/therm)	Close	Indicative Price*	Change Today	Change Yetserday	3-Month Variance
Day-Ahead	104.50	109.50	4.8%	-6.7%	-21%
Aug-26	104.61	109.29	4.5%	-2.8%	-21%
Sep-26	106.12	110.79	4.4%	-2.7%	-20%
Oct-26	106.99	111.62	4.3%	-2.5%	-19%
Nov-26	110.73	115.17	4.0%	-1.8%	-19%
Q4-26	110.03	114.40	4.0%	-2.0%	-19%
Q1-27	107.99	111.85	3.6%	-1.5%	-20%
Winter-26	109.02	112.99	3.6%	-1.8%	-19%
Summer-27	79.21	80.79	2.0%	-1.2%	-18%
Winter-27	80.55	81.93	1.7%	-1.1%	-16%
Summer-28	61.94	63.50	2.5%	-0.9%	-10%
Winter-28	70.85	71.50	0.9%	-0.3%	-6%
Summer-29	56.84	56.84	0.0%	-0.2%	-12%

Baseload (£/MWh)	Close	Indicative Price*	Change Today	Change Yetserday	3-Month Variance
Day-Ahead	96.40	111.00	15.1%	75.3%	5%
Aug-26	95.50	97.70	2.3%	-1.1%	-7%
Sep-26	95.26	98.50	3.4%	-2.1%	-8%
Oct-26	93.62	93.62	0.0%	-1.3%	-7%
Nov-26	102.44	102.44	0.0%	-0.7%	1%
Q4-26	99.91	103.00	3.1%	-0.9%	-2%
Q1-27	97.61	101.25	3.7%	-0.7%	-7%
Winter-26	98.77	102.00	3.3%	-0.8%	-4%
Summer-27	75.52	76.00	0.6%	-0.3%	-4%
Winter-27	78.48	78.00	-0.6%	0.1%	-7%
Summer-28	60.42	61.50	1.8%	-0.6%	-9%
Winter-28	69.16	69.00	-0.2%	0.0%	-6%
Summer-29	60.65	61.25	1.0%	-0.3%	-8%

Wider Energy Complex	Close	Current Offer	Change Today	Change Yetserday	3-Month Variance
Brent ($/bbl)	71.99	72.58	0.8%	-0.2%	-34.1%
Coal ($/t)	112.35	112.60	0.2%	-3.6%	-3.1%
UKA Dec-26 (£/t)	57.79	57.12	-1.2%	2.6%	40.5%
UKA Dec-27 (£/t)	60.69	60.06	-1.0%	2.5%	17.0%
EUA Dec-26 (£/t)	**81.79**	81.08	**-0.9%**	1.2%	12.1%
EUA Dec-27 (£/t)	**84.46**	83.77	**-0.8%**	1.2%	11.5%
€/£	0.854	0.85	0.0%	-0.3%	-2.0%
€/$	1.144	1.144	0.0%	0.0%	-1.3%

Get in Touch

Current Market Drivers

- Prompt power contracts are supported by a 4.1GW drop in wind output to below seasonal levels and constrained nuclear availability at 54% after Heysham 2-7 maintenance was extended. Prompt gas is bullish, with gas-for-power forecast 14mcm/d higher at 49mcm/d.
- European gas contracts remain supported as Ines warns storage may only reach 76% by winter, below the EU target, with weak summer-winter spreads limiting injections. A severe cold spell could create shortfalls in early 2027, keeping winter risk premium elevated.
- Gas contracts are bullish as QatarEnergy halves scheduled 2026 LNG deliveries to Bangladesh, forcing buyers towards spot cargoes. Ras Laffan disruption and limited Hormuz transit deepen Asian competition for replacement supply, keeping LNG risk premium elevated.
- European power contracts remain supported as Italian heatwaves could lift cooling demand by 3-6GW, while weak wind, fading solar and potential import losses leave evening peaks exposed. Analysts warn Italian prices may reach EUR 300-500/MWh in stress scenarios.
- Global LNG trade hit a record in 2025, led by US exports and European buying, but Gulf conflict risks a 2026 contraction by disrupting regional infrastructure, lifting Asian flow uncertainty and keeping LNG risk premiums supportive for gas contracts.

Yesterday's Session

UK gas futures retraced yesterday, with near-curve contracts falling around 1.5% to 2.8% as Friday's risk premium eased and Brent remained broadly steady. Baseload also softened, losing roughly 0.7% to 2.1% across the near curve, although stronger carbon prices helped limit downside, while 2027+ contracts stayed sideways.

Weather Fundamentals

UK temperatures are revised slightly warmer this week, peaking above seasonal norms, before cooler revisions emerge from next week while still remaining above average. UK wind output drops sharply below normal tomorrow, briefly rebounds around 12-Jul, then stays mostly below seasonal levels. Solar generation remains firm this week before easing towards seasonal averages.

Gas Supply/Demand Fundamentals

Warmer temperatures are leaving UK domestic demand stable, with LDZ unchanged at 46mcm/d on day-ahead. Gas-for-power demand rises sharply, up 14mcm/d to 49mcm/d as wind falls further below seasonal norms. Norwegian flows increase 4mcm/d to 71mcm/d, supported by higher Langeled and FLAGS nominations.

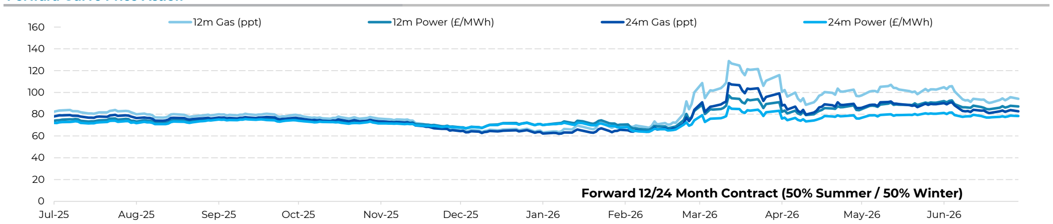
Market Focus

Fresh Hormuz vessel attacks renew supply fears and test ceasefire confidence. Reports that Iran's Revolutionary Guards fired missiles at commercial ships in the Strait of Hormuz have renewed concern over the safety of energy shipping through the region. Axios reported that two vessels suffered significant damage, while the United Kingdom Maritime Trade Operations agency (UKMTO) separately said a tanker caught fire after being hit by an unidentified projectile east of Oman's Limah. The incidents come despite safe-passage provisions under the interim US-Iran agreement and follow indirect talks last week that ended without visible progress. The Strait of Hormuz remains central to market risk, carrying around a fifth of global oil consumption and serving as a key route for LNG cargoes. Any confirmed attack on a gas tanker would sharpen concerns over Qatari flows and wider Gulf supply reliability. With Trump again warning of further military action if diplomacy fails, energy markets are likely to keep a firm geopolitical risk premium.

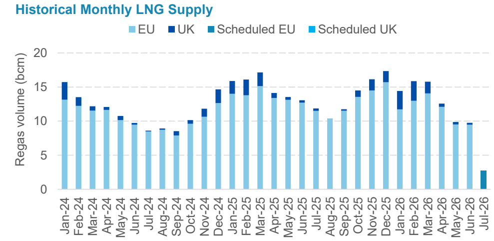
Trump's NATO meetings put Ukraine diplomacy back in focus. President Trump will meet Ukrainian President Volodymyr Zelensky during this week's NATO summit in Turkey, as Washington looks to revive efforts to end the Ukraine war. A senior US official said the battlefield has largely stabilised in recent months, increasing the urgency for diplomacy, although Russia and Ukraine remain far apart on territorial terms. Trump is also expected to speak with Russian President Vladimir Putin after meeting Zelenskiy, while urging NATO allies to raise defence spending and support new defence-related agreements. For markets, any credible move towards a settlement would reduce geopolitical risk linked to European security and long-term energy uncertainty. However, the outlook remains fragile. Russia continues to demand control of the Donbas region, which Kyiv rejects. Until diplomacy produces clearer concessions, risk premium linked to Eastern Europe is likely to persist.

Heatwaves expose growing stress across Europe's power system. Europe's 44°C heatwave has shown how climate change is turning extreme summer weather into a direct energy market risk. The pressure came from both sides of the balance, with air-conditioning demand rising while supply was constrained by overheated rivers, reduced nuclear output, and stressed grids. France was especially exposed, with EDF curtailing up to 8.4 GW, or 13.3% of its nuclear fleet, as river cooling limits tightened. Power prices spiked sharply during the event, including highs above EUR 1,000/MWh in Belgium and EUR 747/MWh in Germany. Britain also faced system tightness after cooling demand was underestimated, although batteries helped cover part of the evening peak. Similar pressure hit Southeast Europe through Paks curtailments and hydro stress. For markets, heatwaves are becoming structural risks for demand forecasting, nuclear availability, grid resilience, and peak power prices.

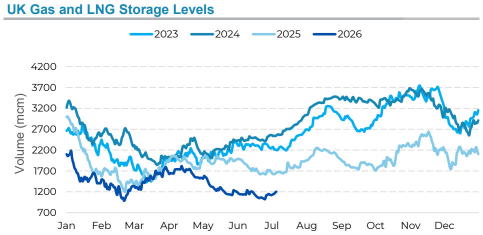
Forward Curve Price Action



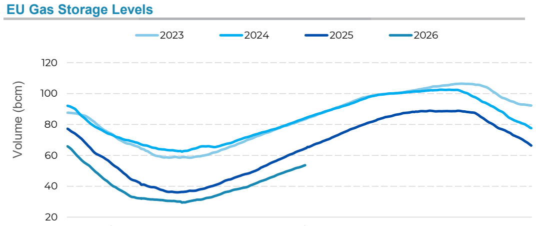
Historical Monthly LNG Supply



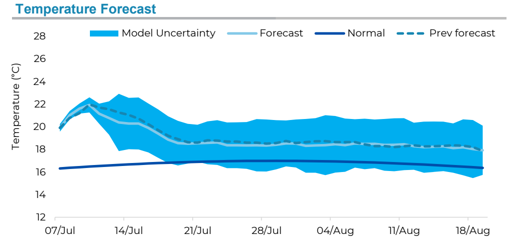
UK Gas and LNG Storage Levels



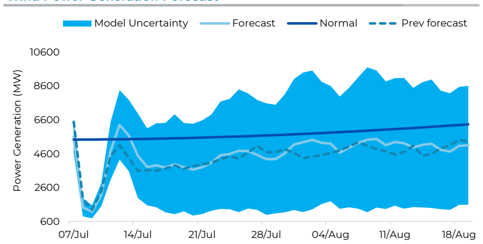
EU Gas Storage Levels



Temperature Forecast

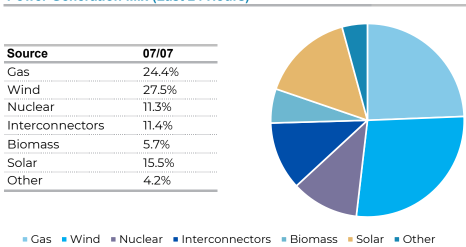


Wind Power Generation Forecast



Power Generation Mix (Last 24 Hours)

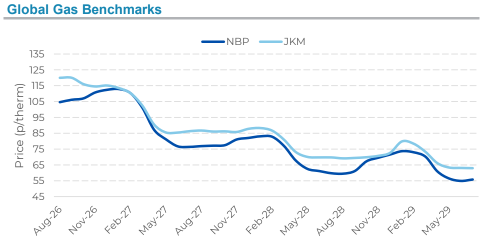
Source	07/07
Gas	24.4%
Wind	27.5%
Nuclear	11.3%
Interconnectors	11.4%
Biomass	5.7%
Solar	15.5%
Other	4.2%



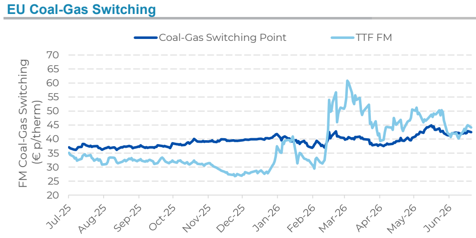
Nuclear Outages

Facility	Capacity (MW)	Start Date	End Date
Heysham 1-2	580	28/04/26	01/08/26
Hartle[illegible]	595	02/06/26	15/07/26
[illegible]	610	22/05/26	26/07/26
Sizewell B 1	610	22/05/26	23/07/26
Heysham 2-7	595	#VALUE!	#VALUE!
Current online capacity	6500 MW		100%

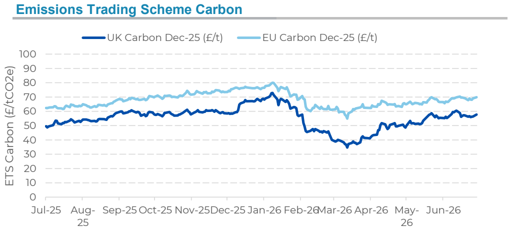
Global Gas Benchmarks



EU Coal-Gas Switching



Emissions Trading Scheme Carbon



*Indicative prices represent the market's view of the contract offer price at time of writing. This price may not be achieved in trading at any time after report publication.