

Energy Market Report

August 2026

At the time of writing (23rd August 2026) the supply situation in the Gulf and the Strait of Hormuz remains unclear. Nonetheless it is unlikely that shipments will recommence before the onset of the winter heating season (1st October). As can be seen from the chart, the price of gas and electricity (due to the reliance on gas for electricity generation) has started to climb because of the increased risk of near-term supply shortfall.

Gas storage in the UK is now 44% full. Excluding the decommissioned Rough facility the UK has around 33 TWh (terawatt-hour) of gas storage capacity - which at 44% full equates to only 3 days of average winter usage. The Jackdaw gas field located east of Aberdeen is ready to start production at around 6 weeks' notice and could supply 6% of UK gas requirements; however a final government decision on its implementation is still pending.

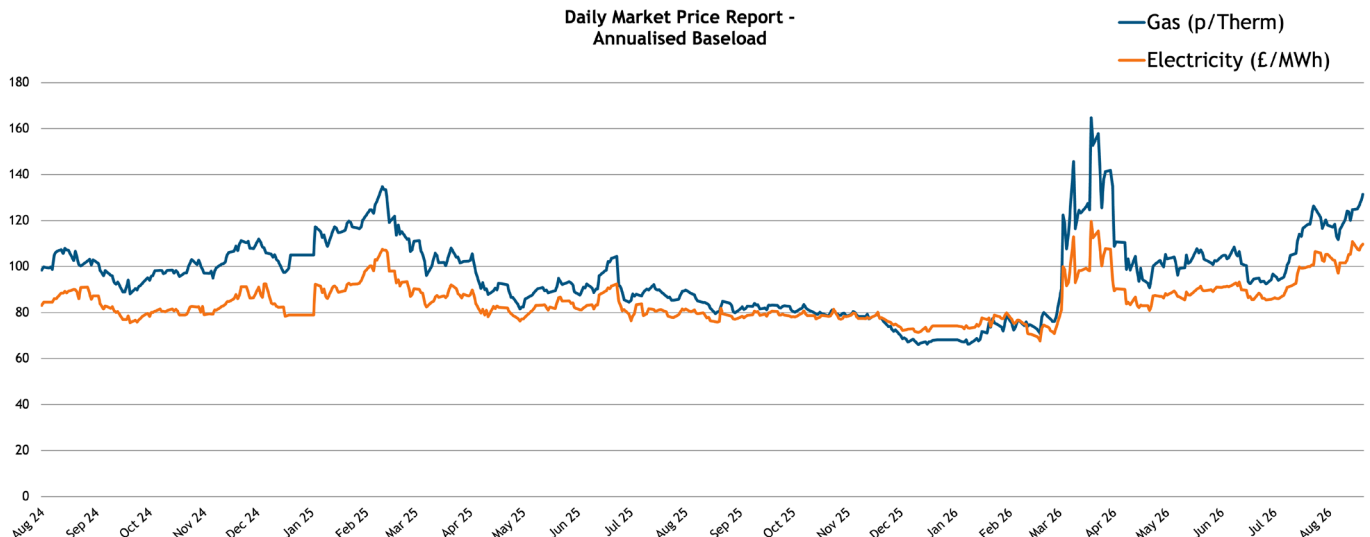
There will be a reliance on shipments from the US and goodwill from the EU in supplying any of their reserves should interruption to Norwegian flows into the UK take place over the winter months.

For the time of year gas storage in the EU is presently at its lowest level since 2009 - at 62% full against a target of 80% by November. The gas storage capacity of similar EU

economies is significantly greater in comparison. Germany has 124 TWh (currently 50% full), France 81 TWh (currently 65% full) and Italy 164 TWh (currently 81% full).

The energy element of UK electricity pricing continued to track the price of gas over the month. The price of the energy element now makes up less than 50% of the billable cost of electricity to the consumer - with the cost of net zero achievement ever increasing. On 30th June the National Energy Systems Operator (NESO) released a report stating the cost to upgrade the network beyond 2030 would be around £89bn (an increase from the 2024 forecast of around £56bn). Without this investment, the constraint costs - the costs paid to generators (new solar and wind developments) when the network can't carry their output - could reach £12.7bn in 2030 alone.

Daily Market Price Report -
Annualised Baseload



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