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Energy Market Review

February 2026

2nd March 2026

Market Context

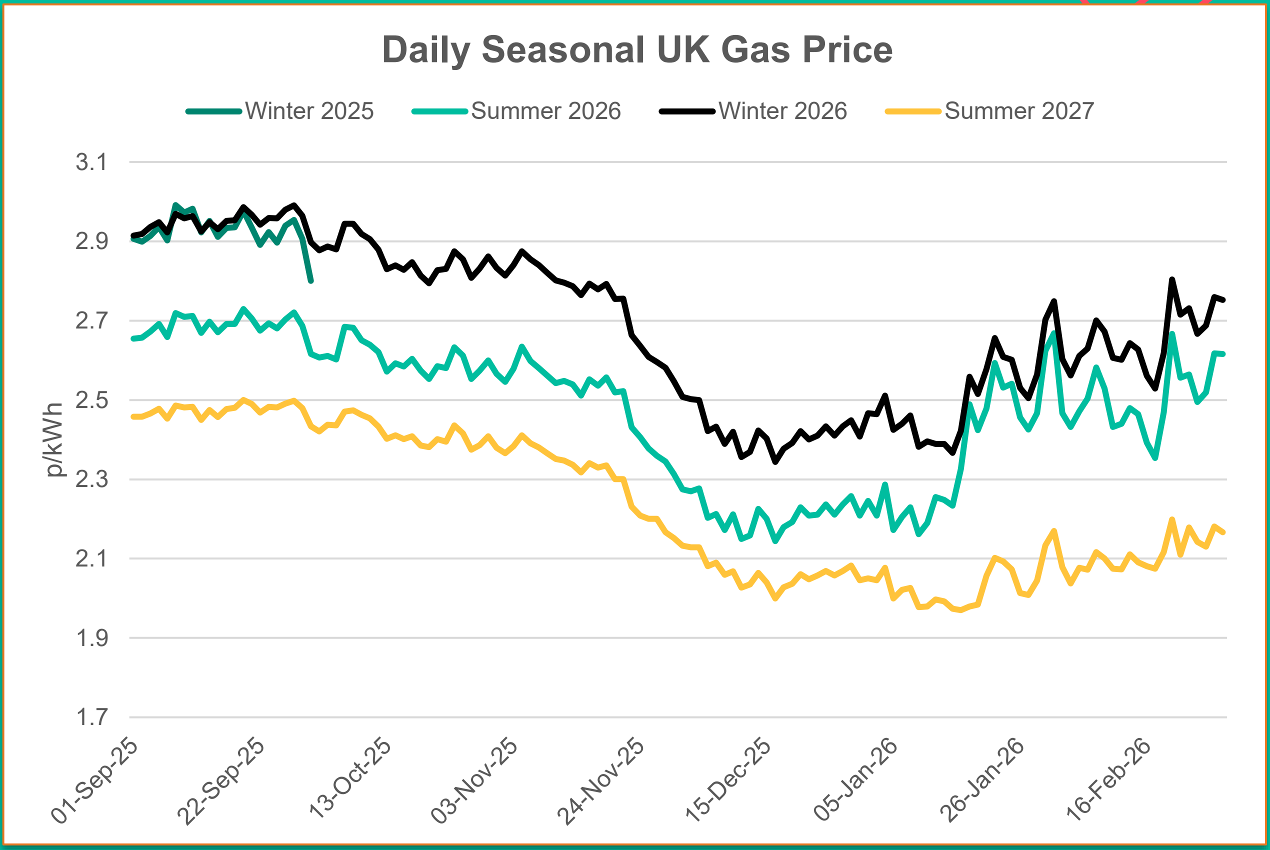
Seasonal prices retreated slightly from highs in late January as milder weather eased supply concerns amid growing geopolitical tensions. Negotiations between the US and Iran regarding Iran's nuclear program and further peace talks between Ukraine and Russia failed to deliver any meaningful results which has kept tension in the markets despite the more positive fundamental outlook due to warmer weather forecasts.

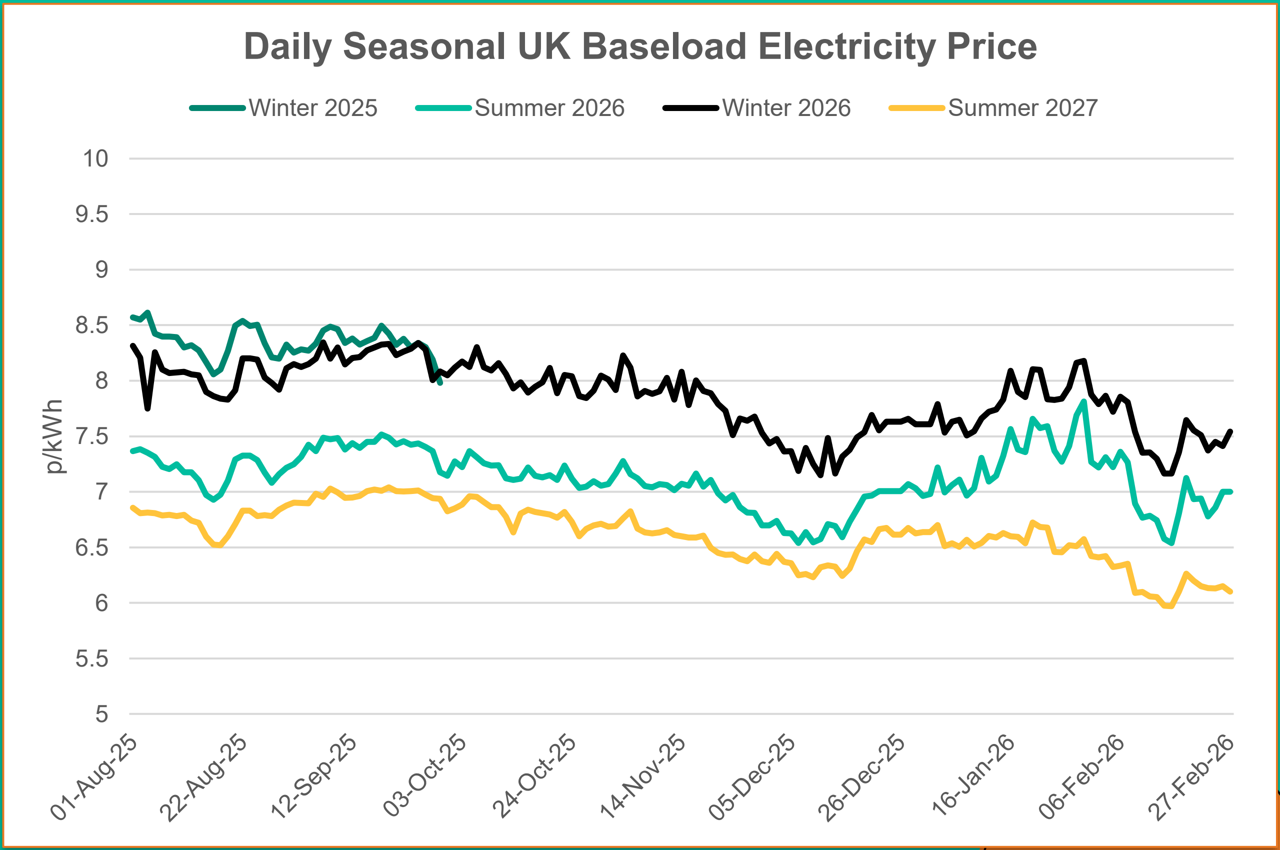
- Talks between the US and Iran regarding Iran's nuclear program took place through the month with no clear breakthrough and escalating rhetoric from both sides.
- In a response to growing US Military presence in the Middle East, Iran announced a temporary, partial closure of the Strait of Hormuz for military exercises Causing prices to rise sharply after descending for much of the month.
- Ukraine and Russia peace talks once again ended with no significant progress and territory continuing to be the main area of contention.
- LNG flows to Europe remained strong through the month as a Greek joint venture finalised plans to supply US LNG to Ukraine starting in March 2026 via transit through Bulgaria, Romania, and Moldova.
- Both milder weather and warmer future forecasts reduced immediate pressure on storage.
- EU gas storage was at 30% at the end of February, 13% lower than the 5-year average, however, the warmer conditions are reducing the immediate pressure and have even permitted injections in Germany where storage levels were particularly low.

In other news

From 1st April a new price cap will come into effect in the UK. Energy prices will go down by around £117 or 7% for a typical household who use electricity and gas. Much of the reductions due to the removal of government policy costs have been eroded by higher network charges.

Seasonal Prices





Price Table

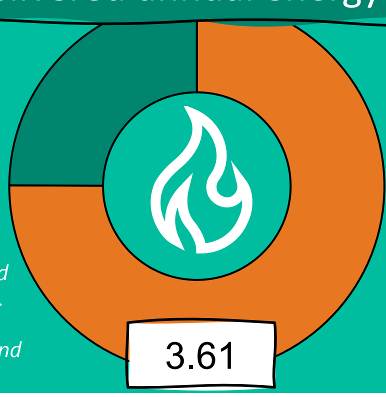
Front month prices saw the largest declines in February. The impending end to the winter season and milder weather forecast drove the declines. Seasonal prices have been less impacted as low storage means Europe is set for a busy summer injection season.

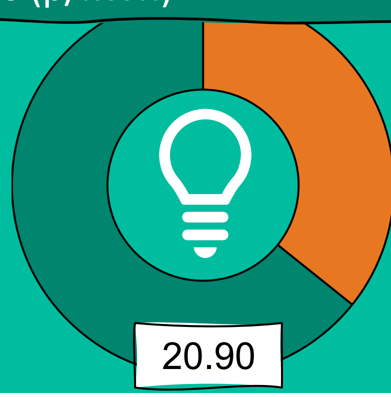
	Energy Only Prices			
	Fuel	Feb-26 (p/kWh)	Jan-26 (p/kWh)	Month-on-Month Difference
Spot Prices (Month Average)	Gas (NBP)	2.72	3.06	-11%
	Power (UK Baseload)	8.02	9.60	28%
Front Month (Month close)	Gas (NBP)	2.71	3.55	-24%
	Power (UK Baseload)	7.50	10.59	-29%
Front Season (Month close)	Gas (NBP)	2.62	2.67	-2%
	Power (UK Baseload)	7.00	7.81	-10%
Apr-26 Annual Price (Month Close)	Gas (NBP)	2.71	2.73	-1%
	Power (UK Baseload)	7.30	8.01	-9%

Fully delivered annual energy unit rates (p/kWh)*

Energy

Non-energy





*Quoted figures are approx. average prices for 12-month from April-26 and do not include supplier risk premiums. Actual prices vary dependent on, customer, meter type, size, location, and contract duration.

Outlook

Mild weather forecast provide a small amount of good news for prices as we edge out of winter but events unfolding in the Middle East are going to drive market sentiment in the coming weeks. If the Strait of Homuz continues to be closed to cargoes, then supply will be impacted in a market that was already dealing with thin global supply and demand margins. The majority of LNG from the region finds a home in Asia rather than Europe but buyers will now be required to source elsewhere increasing global competition and keeping prices elevated.

Bearish signals

- Mild weather forecasts for Northwest Europe.
- A ceasefire between US/Israel and Iran and local proxies and resumption of maritime traffic through the Strait of Hormuz.

Bullish signals

- Continued disruption impacting flows of oil, gas, and LNG through the Strait of Hormuz.
- Wider escalation of the current conflict throughout the Middle East or beyond.

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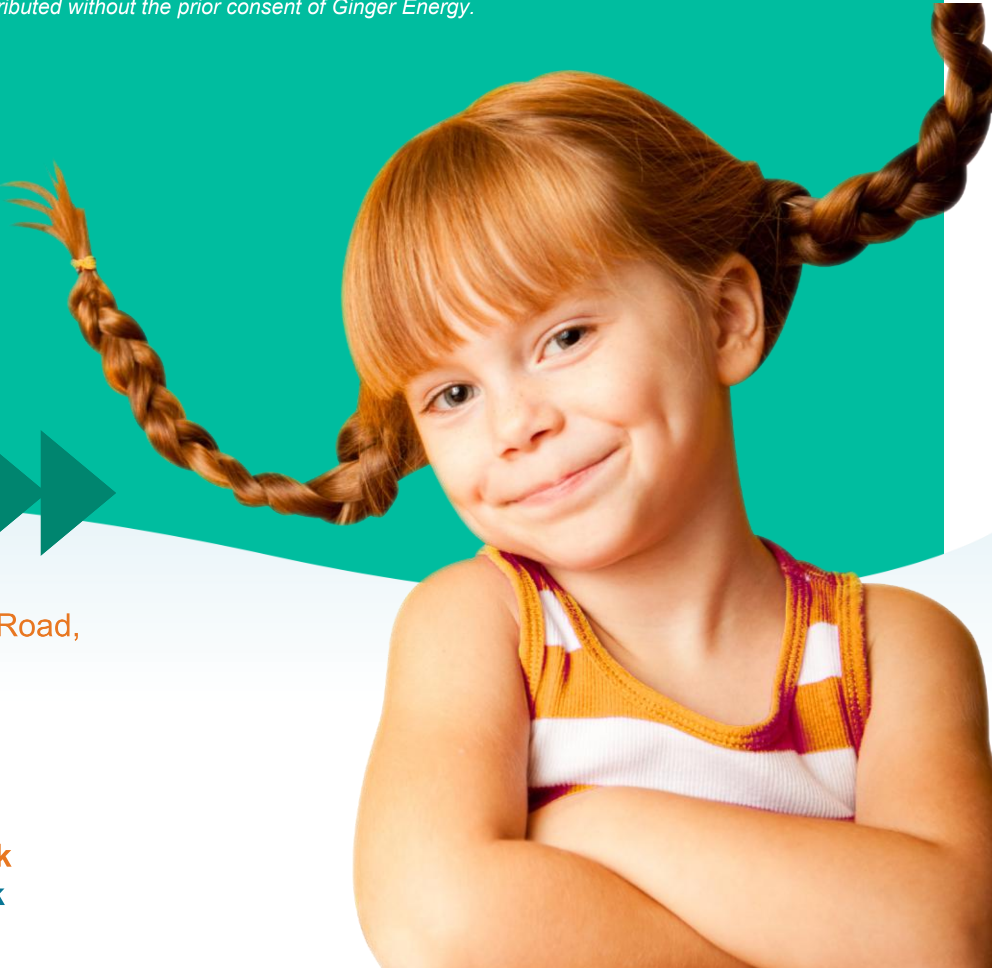

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