zenergi

July Market Report

10 August 2026

Keeping you updated with the latest trends, news and forecasts in the UK energy market.

Market analysis

Commentary

Global energy markets remained under pressure throughout July, with renewed tensions in the Middle East once again driving wholesale market prices higher. Electricity markets were particularly affected, with 12-month forward prices rising above the initial peak seen back in March. Gas followed a similar trajectory, although prices ultimately settled slightly below the peak. Day-ahead rates were comparably high for the summer, influenced by multiple bullish fundamentals such as the weather (higher cooling demand), supply uncertainty (nuclear and hydro generation), and lagging storage figures, which all added to price inflation.

Gas prices increased by:

27.63%

Electricity prices increased by:

19.98%

Commodity	Unit	Price 01/07/26	Price 31/07/26	% Change
Gas (12-month forward)	p/therm	99.16	126.56	+27.63%
Power (12-month forward)	£/MWh	90.63	108.74	+19.98%
Brent Crude Oil ($/bbl.)	$/bbl	72.95	89.03	+22.04%
Coal ($/tn)	$/tonne	110.69	124.28	+12.28%
Carbon (ETS Dec-26)	£/tonne	56.66	59.24	+4.55%

hello@zenergi.co.uk I 02380 286300 I zenergi.co.uk

Market analysis

Key drivers

US-Iran war

Geopolitical risk remained the dominant market driver during July. Escalating tensions between the US and Iran prompted a sharp increase in risk premiums early in the month despite the lack of actual fundamental changes in the situation. The IRGC attacked three commercial vessels in the Strait over the 6th and 7th, which prompted the US to declare the truce that had been in place void.

The US reintroduced its naval blockade on ports which put an end to near term optimism that more cargoes may flow through the Strait. Although military activity eased towards the end of July following renewed diplomatic efforts, the market remained highly sensitive to developments.

European weather

Another prolonged heatwave across Western Europe caused significant impacts on the day-ahead markets. In some countries temperatures climbed above 40°C which added significant demand-side pressures. Combined with the ongoing conflict, this created the perfect storm. Elevated temperatures increased cooling demand whilst simultaneously reducing the availability of some generation assets.

Low river levels in France and Germany heavily impacted nuclear and hydroelectric production. In the UK, electricity usage also increased, with daily demand sometimes reaching almost 35GWs which added further support to short-term power prices.

LNG supply and demand

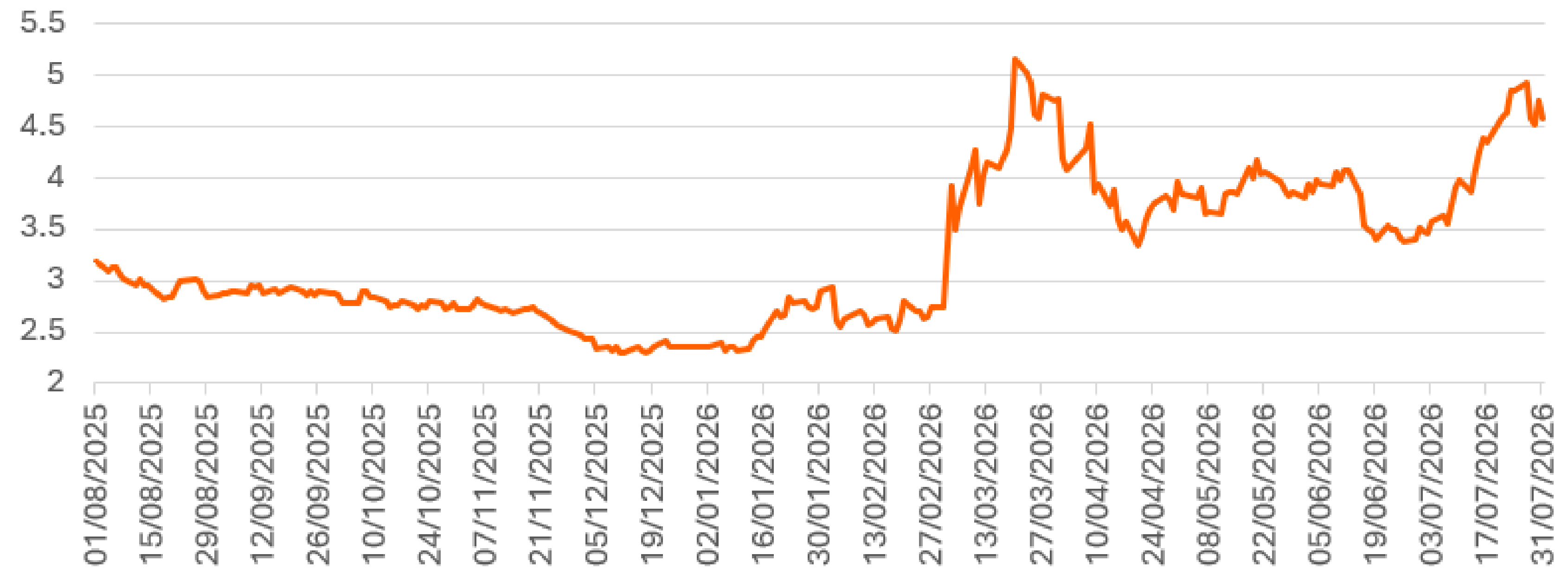
Global LNG fundamentals remained relatively comfortable during July. Weaker demand across Asian markets through 2026 (particularly in China) has been driven by unsustainable prices as the JKM soars. Seaborn import volumes of LNG had decreased from 5.24Mt to 4.15Mt when comparing July 25 to July 26, which is a 21% decline in imports, offering spare LNG capacity to the Global market.

Despite a minor bearish correction throughout June, the market trajectory once again flipped in July with a net bullish result emerging from month open to month close – highlighting volatility and price sensitivity along the curve.

zenergi

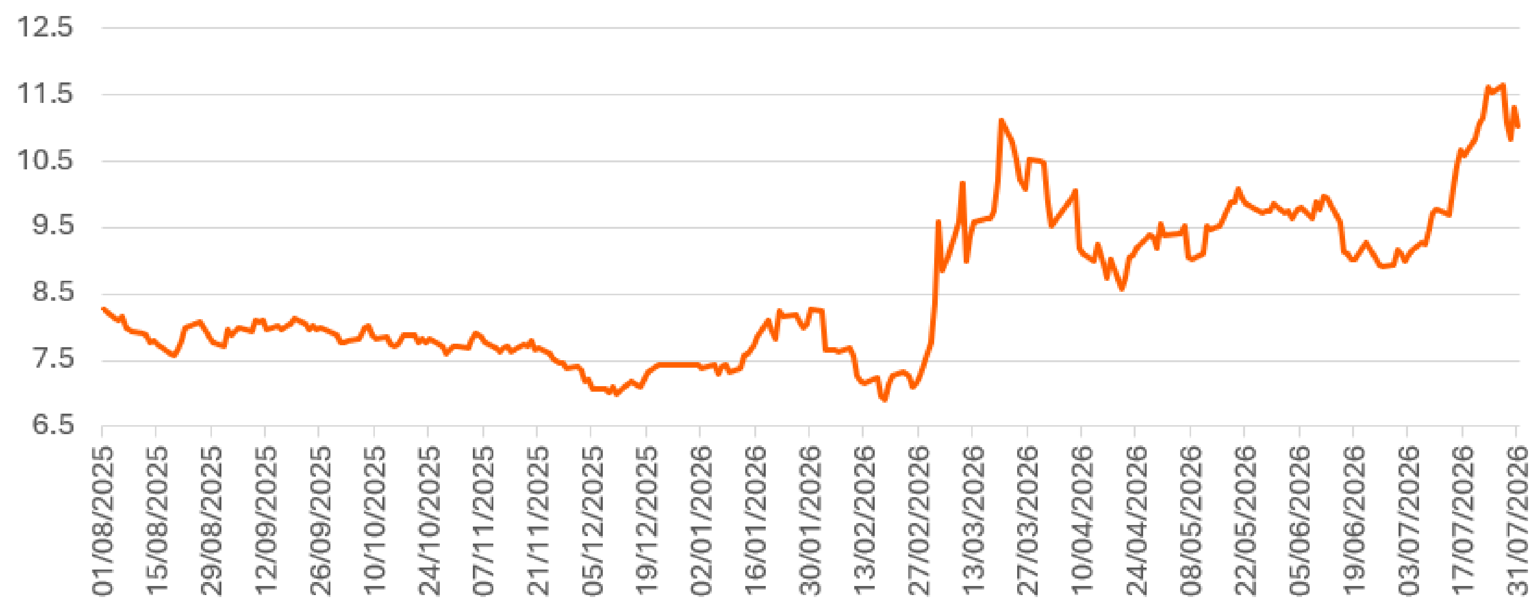
Wholesale market graphs

Gas market prices (p/kwh)



*Based on 12-month forward profiled data

Electricity market prices (p/kwh)



*Based on 12-month forward profiled data

Zenergi recommendation

July has seen prices reverse, eliminating reductions observed throughout June. Whilst the market offers limited opportunity, risk management strategies must be constructed carefully and limit exposure regardless. Zenergi advises that customers stick broadly to existing strategies, and do not panic in these heightened periods, whilst exploring options with their dedicated risk or procurement teams who will be able to offer guidance on the optimal portfolio allocations.

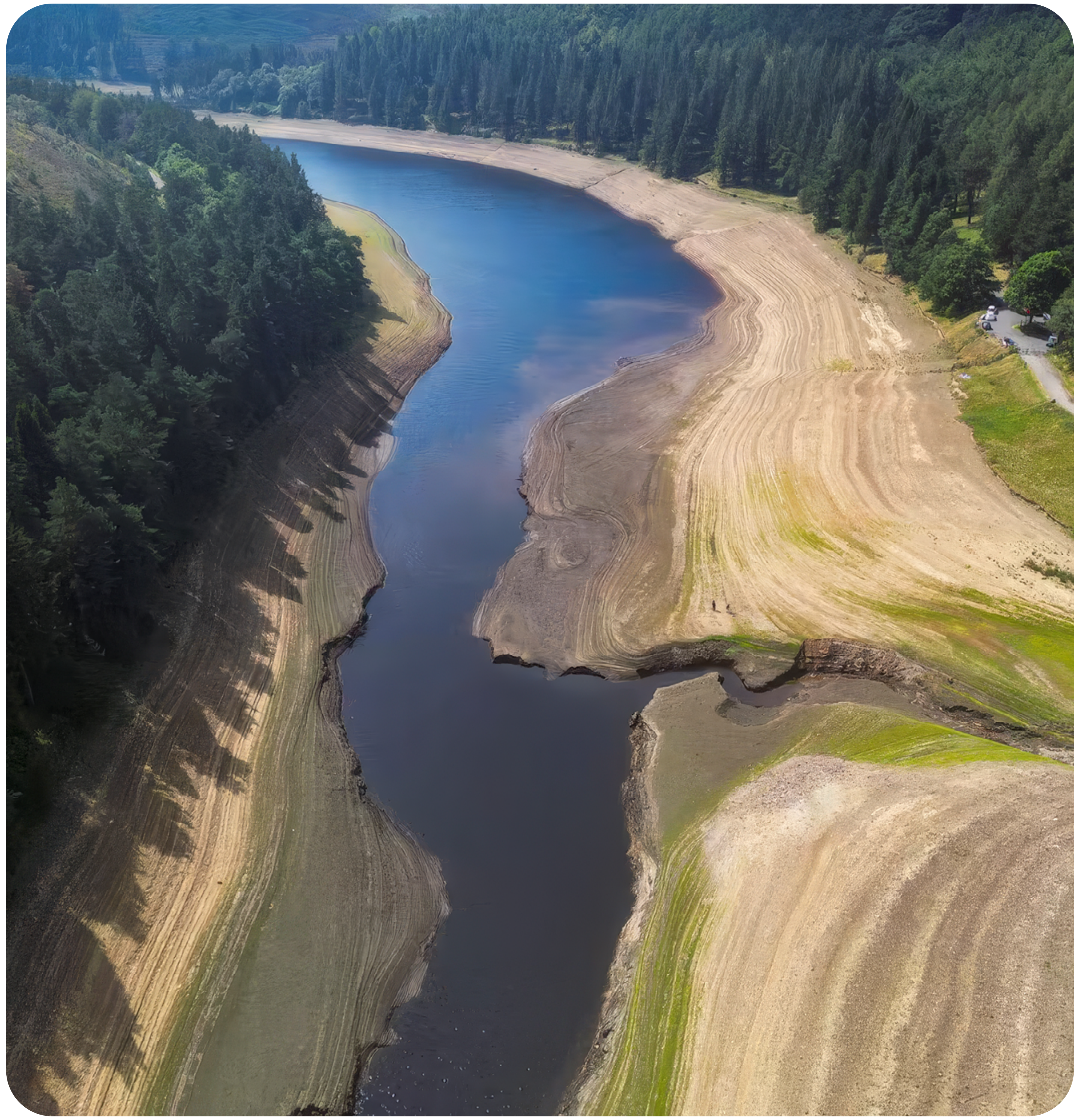
zenergi

July's highlights

June and July have been dominated by headlines of extreme temperatures:

- UK highs of 35.5°C recorded in Surrey on 9th, with record June temps exceeding 37°C during 2026
- France nuclear pressure building as a result of 40°C+ temps, curtailing 6.4GWs of capacity on one day versus the record of 6.5GWs (much earlier than expected)
- Second heatwave occurred from 6th July onwards, peaking around 9th and 10th in the UK
- North Africa, the Middle East and North West Asia greatly impacted – blow softened by slightly cooler temps in East Asia

July's European heatwave once again highlighted the importance of nuclear power. High river temperatures and low levels constrained output from some European reactors reducing available generation across Europe and contributing to higher prices in the UK.



Nuclear energy

Why is nuclear energy important?

Nuclear energy provides a stable source of low-carbon electricity and acts as a baseload for both the UK and European power markets. Nuclear plugs part of the supply gap which renewables cannot fully provide, since it is largely independent of weather conditions. The constant nature of the supply helps the UK grid with things such as frequency control to prevent blackouts.

In addition to this, nuclear has many other benefits in contrast to other sources of power generation, extraordinarily high-density fuel sources (one pellet of uranium contains as much energy as 17000cf of natural gas), virtually no greenhouse emissions, and typically long asset lifespans well over half a century.

The UK is closely connected to the European electricity market through interconnectors, meaning that nuclear availability overseas can have a direct impact on UK wholesale prices.

Why is the temperature important to nuclear?

Summer extreme temperatures reduced nuclear output in parts of Europe. Nuclear power stations rely on large volumes of water to cool their reactors and high river temperatures limited the cooling water availability. In 2022 similar occurred with a widespread outage across the French nuclear fleet. This caused significantly higher electricity prices across Britain.

Key stats:

- Nuclear accounts for just over **10% of the UK's total power demand**, with DESNZ estimates suggesting a figure between 11.2-11.7% of the generation mix
- European nuclear greatly **impacts UK energy market pricing**, with the UK and France in particular sharing a deep relationship via a 4GW subsea interconnector network, enabling both countries to achieve energy security via power flows
- The UK's nuclear capacity has contracted greatly over the past decade, with **operational capacity dropping from 9.2GWs to 5.9GWs** (35.87% reduction)

Simplifying complexity. Delivering progress.

Zenergi is committed to being your trusted energy partner, combining expertise and a personal service to deliver exceptional value and long-term resilience.

Let’s future-proof your portfolio

Get in touch with one of our experts today.

hello@zenergi.co.uk