Energy Market Outlook

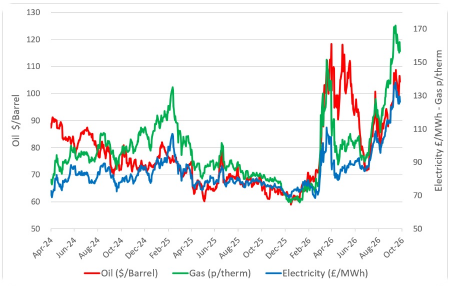
What does it actually mean for your energy bill?

The energy market can feel complicated. So, here's the simple version of what's happening — and why it matters if you need to renew or secure your energy contract.

1 Gas is still driving electricity prices

Even though the UK is generating more electricity from wind and solar, gas-fired power stations still play a major role in setting the wholesale electricity price.

Renewables are helping to reduce the size of price spikes, but they haven't removed the influence of gas from the market.



Oil, gas and power prices since 2024

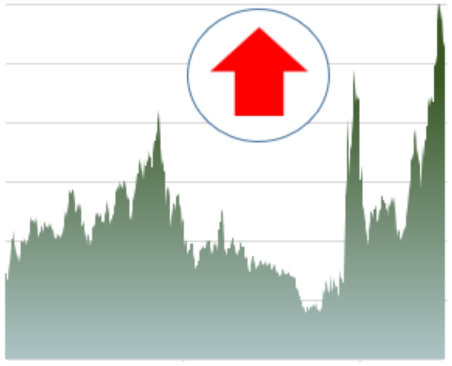
2 Gas supplies are tighter going into winter

The UK relies on a combination of LNG, gas storage and imports through pipelines during winter.

There are concerns on two fronts:

- European gas storage is 12% lower than this time last year
- UK storage was only 32% full at the beginning of September
- Supply of LNG from Qatar has been disrupted by the situation around the Strait of Hormuz
- Competition for available LNG from Asian markets is keeping pressure on prices

The increased capacity at Norway's Troll gas field is a positive development, but it doesn't remove the wider supply risks.



Wholesale gas

3 What does that mean for electricity?

Because gas still influences the wholesale electricity price, gas market volatility can feed directly into electricity prices.

Wind and solar are helping to soften the peaks, but electricity prices can still rise sharply when the market is under pressure — particularly during periods of high winter demand.



Wholesale electricity

4 Winter is the big unknown

A cold snap would increase demand for gas and put additional pressure on already lower storage levels.

That means the market could become more volatile if temperatures fall significantly.

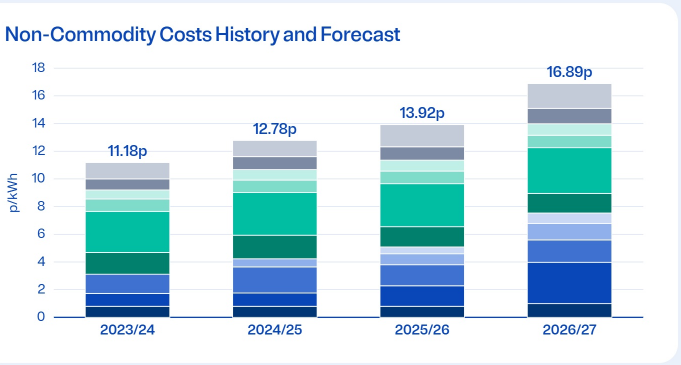
The outlook isn't necessarily about prices going up every day. It's about the risk of prices moving higher and becoming more difficult to predict.

5 And wholesale energy isn't the whole bill

Around **65%** of an average UK energy bill is made up of non-commodity costs — charges covering things such as the transmission network, distribution, renewable and environmental levies and security of supply.

Some of these costs are also expected to increase.

For example, transmission charges are expected to rise by an average **23%** for most non-residential customers from April 2027.



- Capacity Market (CM)
- Contract for Difference (CfD)
- Climate Change Levy
- Feed-in Tariff Charge
- Renewables Obligation
- Balancing Use of System Charges (BSUoS)
- Nuclear Regulated Asset Base Charge (RAB)
- Energy Intensive Support Levy (EEISL)
- Distribution Charges (DUoS)
- Transmission Charges (TNUoS)
- Supplier Costs (incl. Margin & Risk)

So, should you wait to contract?

There is no way to know exactly where energy prices will be in the future.

What we do know is that the market is currently facing significant supply and geopolitical uncertainty, with winter approaching and gas storage lower than last year.

If your contract is coming to an end, securing your energy now can remove some of that future price uncertainty rather than leaving your organisation exposed to whatever happens in the market between now and then.

The bottom line

More uncertainty + tighter winter supply + gas still influencing electricity prices = **a market where waiting carries risk.**

That's why it's worth reviewing your energy contract early and understanding what options are available to you.

Source: Utility Aid Energy Outlook, October 2026. This is provided for information purposes and does not constitute advice or a recommendation to enter into a specific transaction.