Energy Outlook

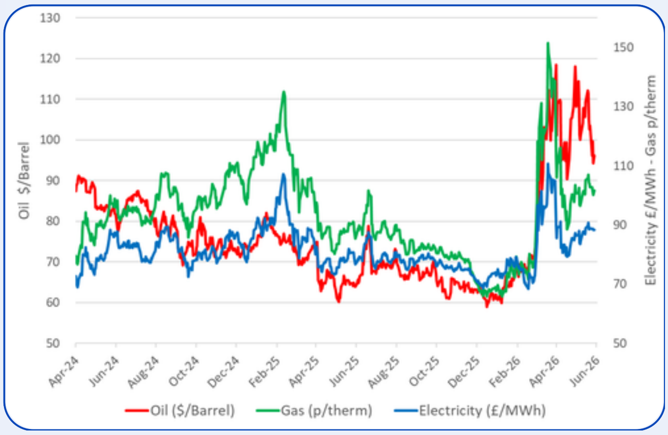
June 2026

Energy prices have risen since conflict began in the Middle East earlier this year. Oil and gas supplies have been disrupted, making markets nervous and causing prices to move up and down quickly. While prices are still below the extreme highs seen in 2022, there is concern that costs could rise further if the conflict continues into winter.

For charities and community organisations, this means energy costs are likely to remain unpredictable over the coming months.

Energy price history

The graph shows that since early 2024, wholesale oil, gas and power prices have been volatile but have generally trended slightly downward, with occasional spikes caused by supply, storage or geopolitical concerns.



A key shipping route called the Strait of Hormuz is being disrupted by the conflict. Around one fifth of the world's oil and liquefied natural gas (LNG) normally passes through this route.
When supplies are disrupted, energy becomes more expensive and wholesale prices increase.

What does this mean for your organisation?

Markets have reacted to every development in the conflict, with prices falling on news of possible peace agreements and rising again when fighting resumes.

Electricity

Electricity prices have also increased because gas is still used to generate a large proportion of the UK's electricity.

The good news is that renewable energy continues to grow and is helping to reduce some of the sharp price spikes that would otherwise occur.

Gas

Gas prices have increased, although not to the levels seen during the energy crisis of 2022.

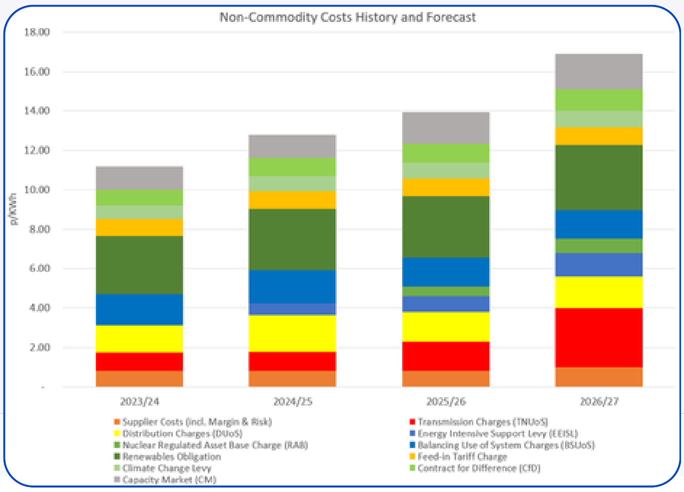
The bigger concern is winter. Europe currently has less gas in storage than it did at this time last year, and if supplies remain tight, prices could rise further as colder weather approaches.

Non-Commodity Costs

Non-commodity costs (also known as non-energy charges or NECs) cover:

- National transmission networks
- Local distribution
- Renewable and environmental levies
- Capacity payments to ensure security of supply

These charges now make up around 65% of the average energy bill.



Other charges on your bill
Not all of your energy bill is made up of energy costs.
Around two thirds of a typical bill now comes from network charges, environmental schemes and other government-backed costs.
Some of these charges increased in April and are expected to remain a significant part of energy bills in future.

What should you do?
Review contracts that are due for renewal.
Speak to your Account Manager if you are concerned about future budgets.
Continue focusing on energy efficiency where possible.
Keep an eye on market updates, particularly as we move closer to winter.

Our view
The energy market remains uncertain.
While a lasting peace agreement could help bring prices down, ongoing disruption to global oil and gas supplies means volatility is likely to continue for the time being.

For more information, please get in touch with your Utility Aid Account Manager or call us on **0808 1788 170**