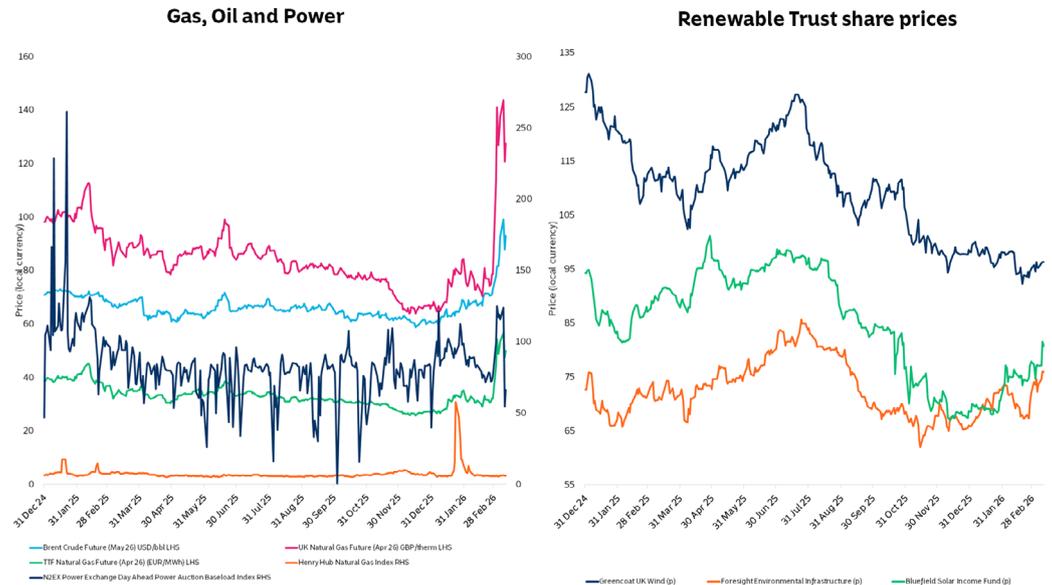


Oil, Gas, Power Prices and Renewables Richard Perfect



Source: Bloomberg Finance L.P., Momentum Global Investment Management as at 11 March 2026.

What does the chart show?

The top chart shows how the UK's Natural gas cost fell throughout 2025, that broadly had the effect of reducing wholesale power prices. Those lower power prices and also a weak first half in terms of the amount of wind available to generate power, meant that it was a difficult year for renewable investment trust share prices (although actual returns were better due to dividend income which is not included).

More recently with the outbreak of war with Iran and what appears to be the risk of a prolonged blockage in the Straits of Hormuz and damaged energy infrastructure in Gulf region, there has been a dramatic increase of UK and European gas prices. This has had an associated knock-on impact on power prices (as gas sets the marginal price of power). What is also noteworthy is how Henry Hub (US gas prices) barely flicker, although there was a significant impact from extreme (cold) US weather conditions in January 2026. Note too how the UK suffers higher gas prices (even adjusting for currency) than Europe.

The impact of weather is also evident in the most recent day ahead power prices. When wind speeds across the UK were low, gas prices were peaking, as higher demand increased reliance on gas fired generation. Since 11 March, however, wind speeds have risen sharply, leading to a significant fall in power prices as the need to rely on still expensive gas generation has reduced materially.

Ultimately it shows how global resilience to geopolitical shocks of the scale seen in the Iran War is very low.

Why this is important

Aside from showing how vulnerable the world economy is to such tragic events, it also illustrates, once again, how the renewable energy sceptics are on the wrong side of events. For countries such as the UK with a large installed capital base of renewable generation, anything that reduces the total amount of gas required to produce power helps reduce the amount of gas we have to buy off the global market. Contrary to President Trump's assertions, China is the world's largest electricity producer from renewable sources and its carbon dioxide emissions fell for the first time in 2025, with solar output increasing 43% year on year and wind by 14%.¹

Acting on these events, we have taken increased positions in the UK listed renewable trusts, Greencoat UK Wind, Foresight Environmental Infrastructure and Bluefield Solar Income Fund (as shown in the lower chart). Having seen their Net Asset Values fall in recent months due in part to falling forward power curve forecasts, we are now expecting to see increased cashflows from stronger near term power generation and the ability to lock in higher prices than previously expected for up to the next 2 years.

Source: 1 Analysis: China's CO2 emissions have now been 'flat or falling' for 21 months - Carbon Brief



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