# Energy Market Report

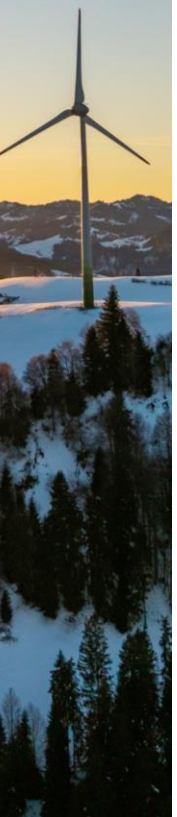
March 2026

# Introduction

In March 2026, the global energy and energy resources market faced one of its greatest challenges in years. **From the perspective of the global energy market, the most significant event of the month was the drastic disruption of shipping in the Strait of Hormuz**, which serves as the main artery of the global energy system. Although it is only 33 kilometres wide at its narrowest point—roughly the same distance as the stretch of highway between Warsaw and Grodzisk Mazowiecki—**nearly 25% of global liquefied natural gas (LNG) trade and one in every five barrels of oil passes through this route**. A halt in traffic here is not just a logistical problem—it is an energy "meltdown" that was immediately felt by stock markets around the world.

On Monday, March 2, 2026, prices on energy exchanges skyrocketed after the U.S. and Israel attacked Iran a few hours earlier. These events demonstrated just how vulnerable global supply chains are to any disruptions. The blockade of oil and gas transport through the Strait of Hormuz and attacks on the extraction infrastructure of Middle Eastern countries immediately led to drastic increases in energy commodity prices. Gas and oil prices reacted instantly, reaching their highest levels in months (gas) and years (crude oil).

The outlook for Poland is slightly better than the overall European outlook. Thanks to consistent diversification of its energy supplies, Poland is in a more secure position today than it was, for example, in 2022. The key question energy consumers are asking themselves today is: **How is the situation in the Middle East affecting global energy markets, and what will be the impact on our bills?**

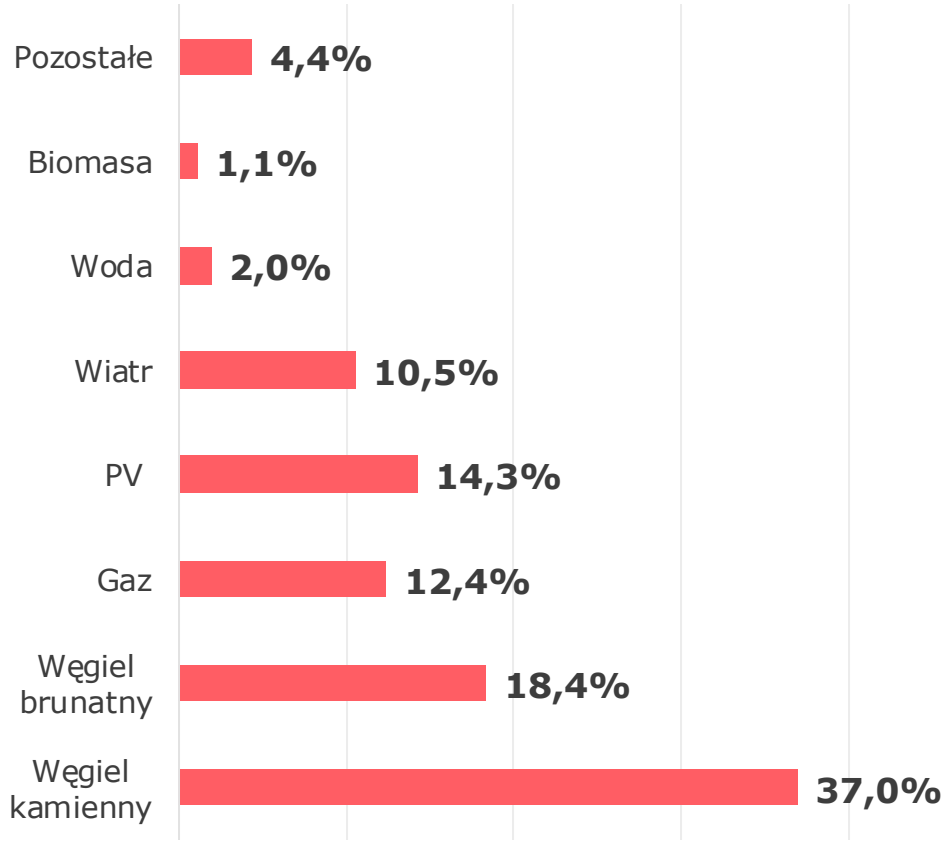


# The Power Grid – a Spring Revival and a Photovoltaic Push

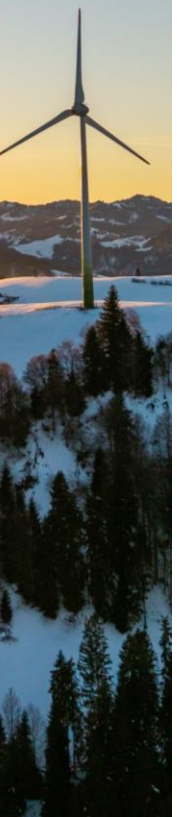
The milder March weather led to a decline in power demand—the average daily level stood at **18.4 GW**, a decrease of **13% month-over-month**. This is a clear sign that the power system is entering its "spring" phase. According to PSE data, the peak demand shifted to 7:00 p.m. and reached an average level of over 21 GW—this is a clear change, directly linked to lower heating demand and longer days. The structure of the energy mix is even more interesting**. The share of renewable energy sources exceeded 28% in March, up 6 percentage points month-over-month**. Wind power saw a month-over-month decline in production (-2 percentage points), which, however, was more than offset by solar power (+8 percentage points) to the benefit of renewable energy sources. To a large extent, it is precisely this electricity generation technology that is shifting the balance of power in the system and becoming a real force shaping the energy market in Poland.

The growing role of RES has impacted coal consumption—its share fell by 2 percentage points month-over-month to 55%. At the same time, following a record-breaking February, gas consumption declined, with its share dropping by 4.5 percentage points to 12.4%. **This power mix contributed to a decline in energy prices on the short-term market**. However, renewable energy generation was uneven, a trend reflected in March spot prices. There were days when the share of renewables reached an impressive 41% (March 13), but also days when it did not exceed 16% (March 20). This volatility creates both challenges and opportunities for energy consumers.

## Energy mix – March 2026



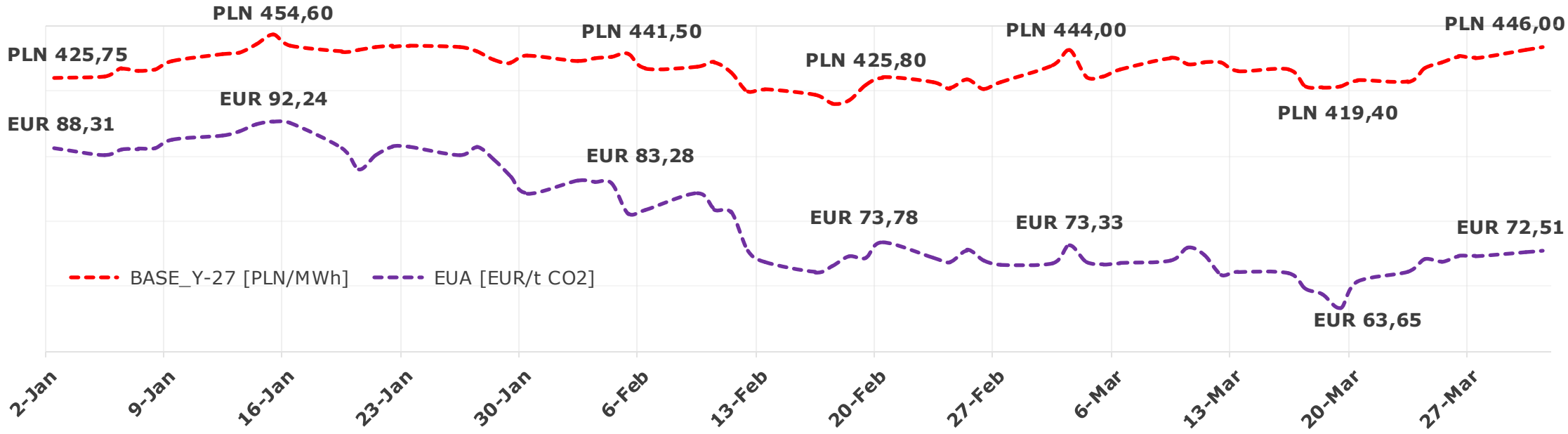

Source: PSE, Energy.Instrat.



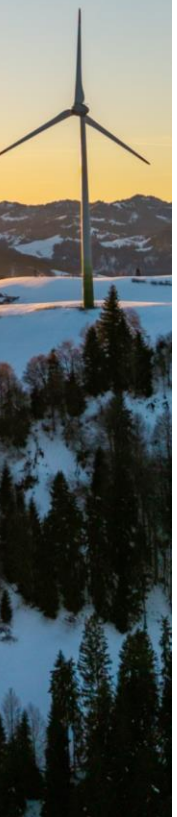
# Electricity – the futures market caught in a geopolitical stranglehold

March 2026 was marked by volatile energy prices, with price pressures in the gas and coal markets keeping futures prices at relatively high levels. Electricity contract prices decoupled somewhat from the price of CO2 emission allowances (EUAs), which in recent months had been a key factor shaping energy supply contract prices. **On average, the price of the BASE contract for 2027 stood at 432.39 PLN/MWh in March, up 6.82 PLN month-over-month**.

Since the beginning of the year, every sell-off in EUAs has clearly led to declines in electricity prices. Through the end of February and into March, we observed a very strong correlation between falling EUA prices and cheaper electricity on the futures market, both in the medium term (the coming months and quarter) and the long term. While this correlation remains noticeable, gas prices have become an additional factor driving up futures contract prices. Due to their flexibility, gas-fired power plants often serve as balancing units for the system—especially with the growing supply of energy from renewables. **Consequently, more expensive gas means more expensive electricity**. The chart below shows the relationship between the TGE BASE_Y-27 contract and EUA prices in the first quarter of 2026—a clear divergence has been visible since late February.

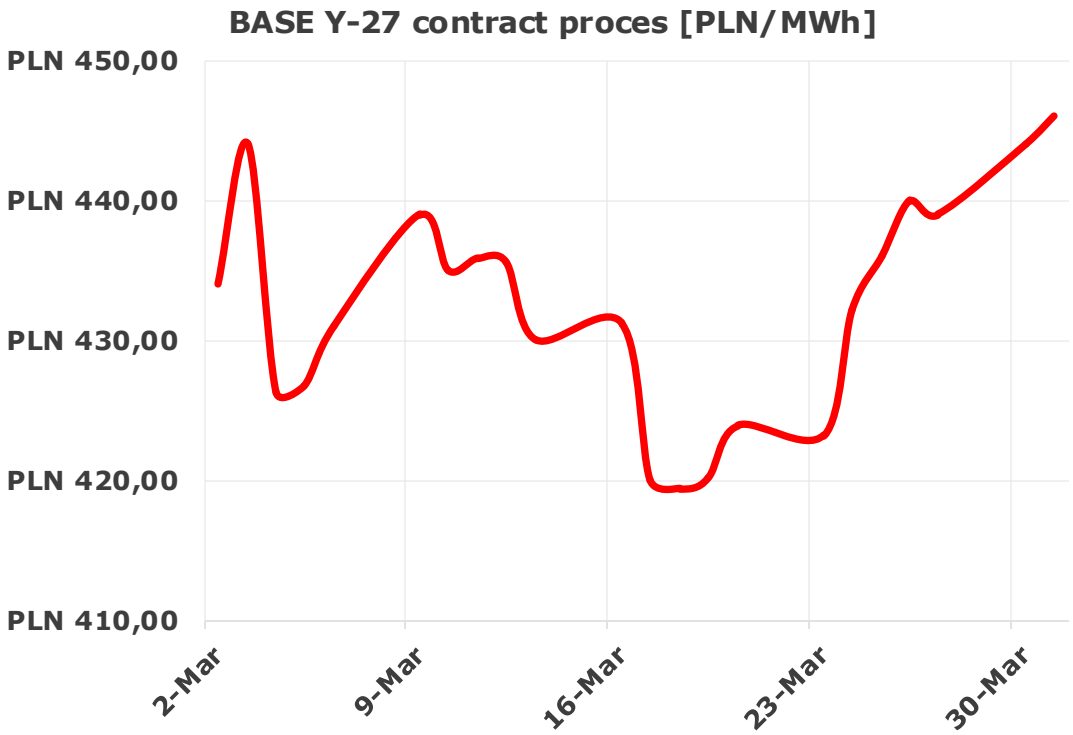


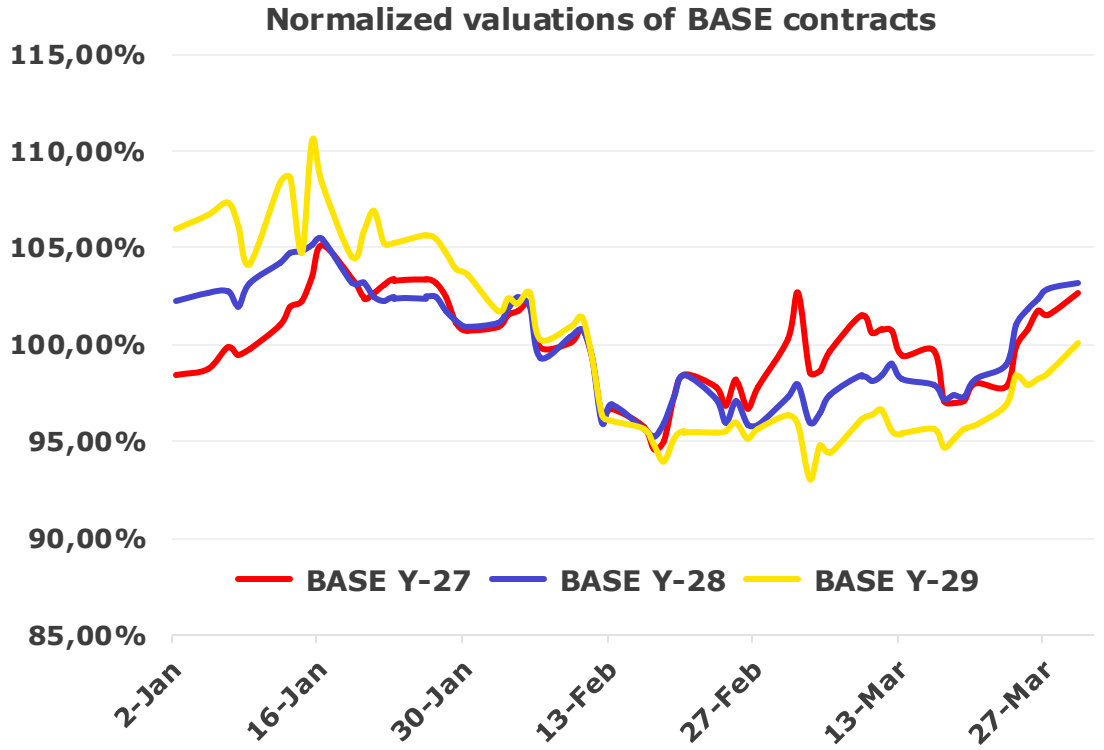

Source: TGE, Stooq.



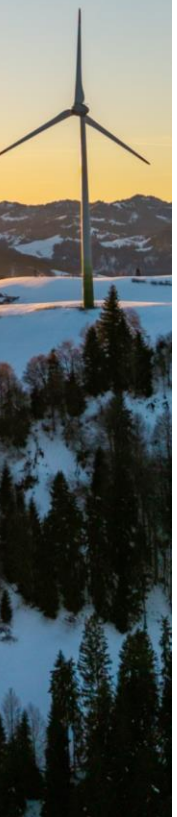
The BASE CAL27 contract on the Polish Power Exchange (TGE) opened in March at 434 PLN/MWh (on March 2), which was 11 PLN higher than the closing price of the previous session in February. A day later, the price of the BASE_Y-27 contract jumped to PLN 444.00/MWh, and in the following weeks, **we witnessed a real roller-coaster ride**. As energy markets reacted to every report regarding the situation in the Middle East, the price of the BASE contract for delivery in 2027 changed direction several times, fluctuating between PLN 419.40/MWh and PLN 446/MWh.

Contracts for subsequent years followed a similar trend. It is also worth noting that when the conflict in the Middle East escalated, the trend reversed, and BASE contracts for the near-term (CAL+1, CAL+2) rose in price faster than contracts for subsequent years. This trend applies to all OTF contracts on the TGE during this period—in accordance with the principle: **the closer the delivery date, the higher the "risk premium"**. In March, BASE CAL28 rose by PLN 3.46 month-over-month—averaging PLN 412.85/MWh. In contrast, BASE CAL29 fell by PLN 5.77—averaging PLN 400.28/MWh.




Source: TGE.

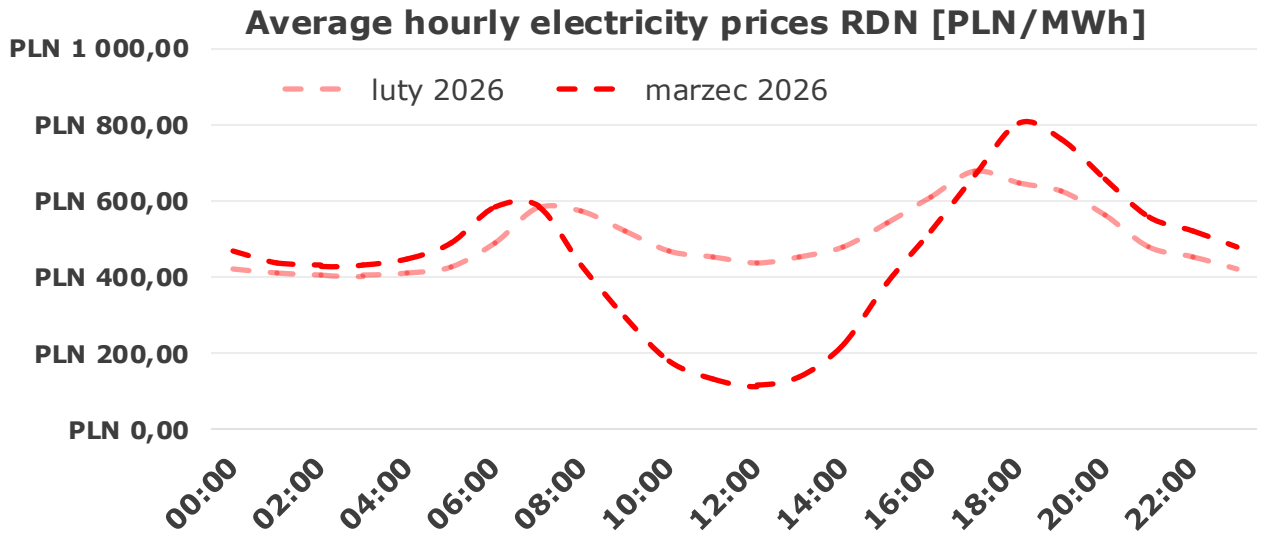


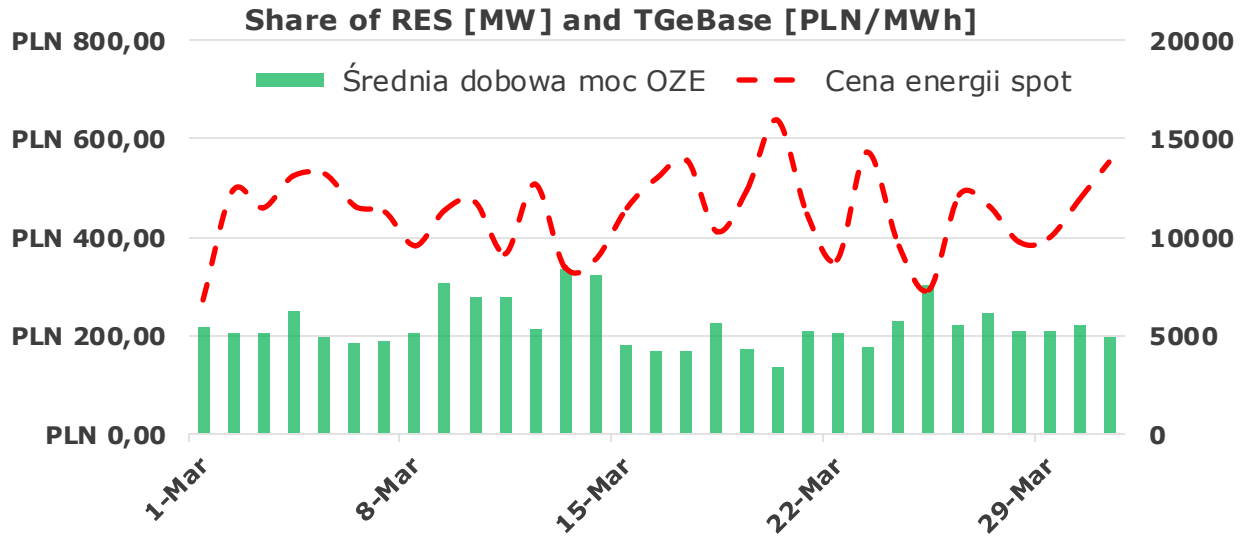
# Spot Electricity Market – Renewable Energy Sources Return to Price Setting

The March RDN was characterized by unprecedented price volatility—ranging from negative values to sharp spikes exceeding 1,000 PLN/MWh. The hourly price chart is increasingly taking on a duck curve. Overall, the month-over-month increase in the share of renewables at the expense of coal, coupled with $CO_2$ emission allowances trading sideways, were the main factors responsible for the decline in RDN prices, **which settled 11% lower month-over-month, at an average price of 448.93 PLN/MWh**.

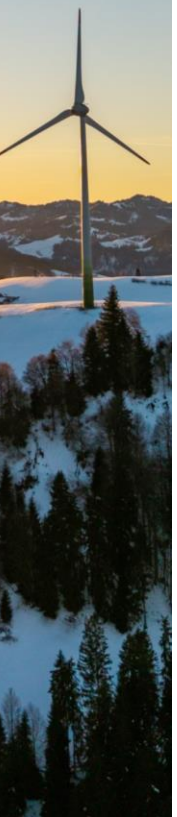
During off-peak hours, energy prices rose month-over-month. In contrast, during peak demand periods, prices fell sharply. **Last month, peak price stood at PLN 431.63/MWh, a decrease of over 20% month-over-month**. This drop in prices is great news for all energy consumers billed based on exchange prices.

There is a clear shift in the peak price as the days grow longer, and the average daily price spread has also increased significantly. The highest hourly RDN price recorded occurred on March 5 at 7:00 p.m., at **1,183.60 PLN/MW**h. The lowest RDN price was recorded at 1:00 PM on March 22, when the price per MWh was **-31.50 PLN**. In March, there were 24 hours on the RDN with negative electricity prices.



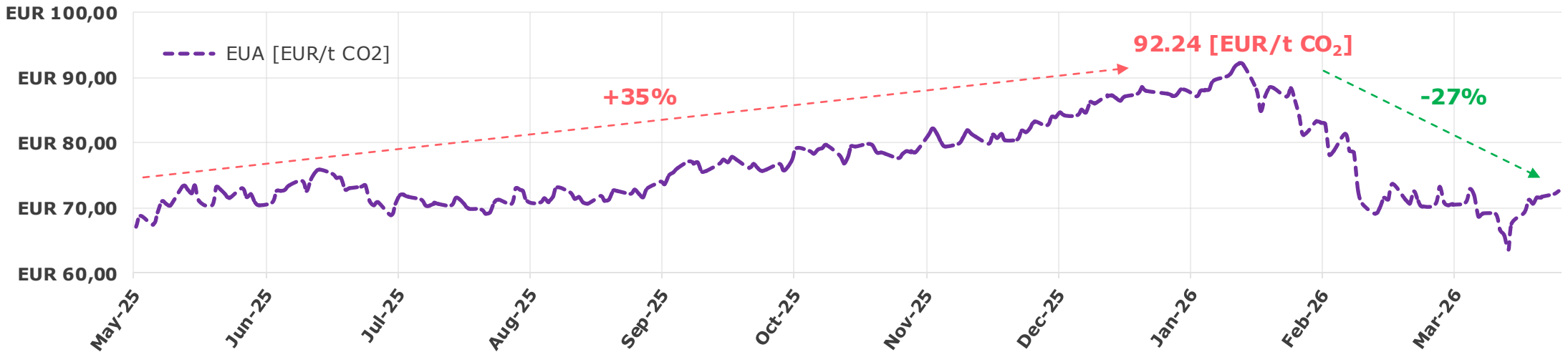

Source: TGE, PSE.



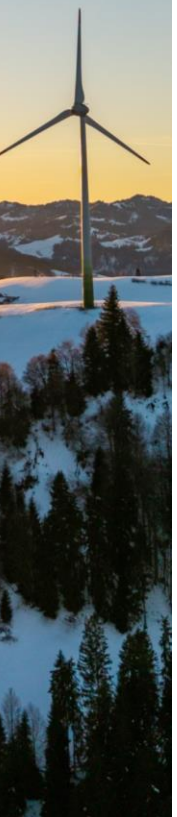
# EUA – Is the ETS reform an opportunity for European industry?

Following last year's gains and a correction at the start of the year, **$CO_2$ emission allowance prices fluctuated between €63 and €73 per ton of $CO_2$ in March**, reaching their lowest levels since May of last year in the middle of the month. The main driver of the declines was a weakening of investment sentiment caused by the geopolitical situation and a sharp rise in energy commodity prices, which cast doubt on the pace of industrial recovery in Europe. At the same time, the market was influenced by the Market Stability Reserve (MSR) mechanism and the Carbon Border Adjustment Mechanism (CBAM) entering its decisive phase, which forced market participants to redefine their strategies in light of the reduced supply forecast for the second half of the year.

Nevertheless, the EUA remains a key instrument influencing the formation and dynamics of energy prices. In the context of earlier EUA price declines, concerns about the competitiveness of EU economies in the global market—raised by leading European leaders and widely discussed in recent weeks—also played a significant role. On the other hand, decarbonization efforts suggest the need to maintain high EUA prices. **On April 1, the European Commission presented a proposal for changes to the ETS system**, including modifications to the emission factors for free allowances and a strengthening of the market stability reserve, which controls their supply. In practice, this means increasing the number of free allowances available on the market. The increased supply is intended to help lower energy prices.



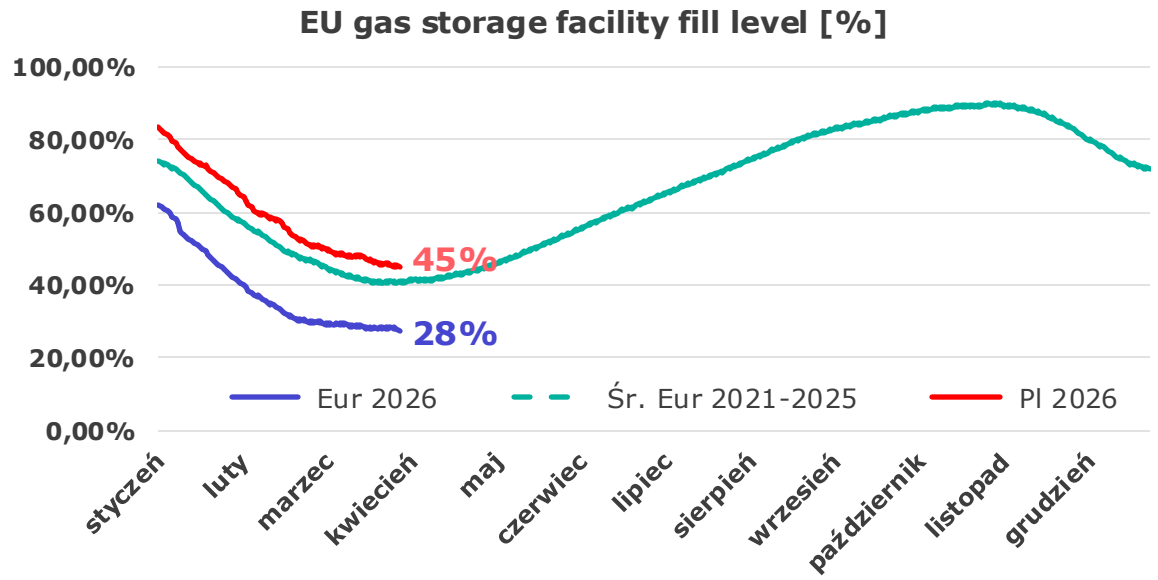

Source: Stooq.



# Gas storage facilities—are we headed for a battle over LNG supplies?

The fill rate of European gas storage facilities, which is significantly below the 5-year average, stood at approximately 28% at the end of March. On a positive note, last weekend marked the first slight increase. The relatively low storage levels may be one of the factors determining market dynamics throughout 2026. This confirms industry forecasts of record levels of LNG imports to Europe in 2026. Flexible LNG supplies will be crucial for replenishing EU storage facilities to adequate levels—EU guidelines require storage facilities to be filled to 90% capacity before the heating season, although discussions have already begun regarding a revision of this guideline. The immediate risk of gas supply shortages for Europe is rather low, as direct gas imports from the Middle East are relatively small. **About 10% of the EU's LNG imports come from Qatar, which accounts for approximately 5% of total natural gas imports.** However, limited global LNG supply significantly impacts natural gas prices. Filling storage facilities at current high wholesale prices represents a massive financial effort. Gas is no longer a cheap given; it has become a strategic resource that will have to be fought for on the global market. For businesses, this means the need to develop strategies resilient to sudden spikes in gas costs.

Polish gas storage facilities are about 45% full, which is a comfortable level as the heating season draws to a close. The Ministry of Energy assures the public that the physical security of gas supplies is not at risk—thanks to the Baltic Pipe, the terminal in Świnoujście, and domestic production, **gas from Qatar accounts for only about 10% of our annual demand for gas**. Although Orlen has already been notified of the cancellation of two shipments scheduled for April and May, they account for only 1% of planned imports. While there will be no shortage of gas in Polish kitchens, we must prepare for a period of increased volatility. A global supply deficit typically translates into price pressure on end consumers.

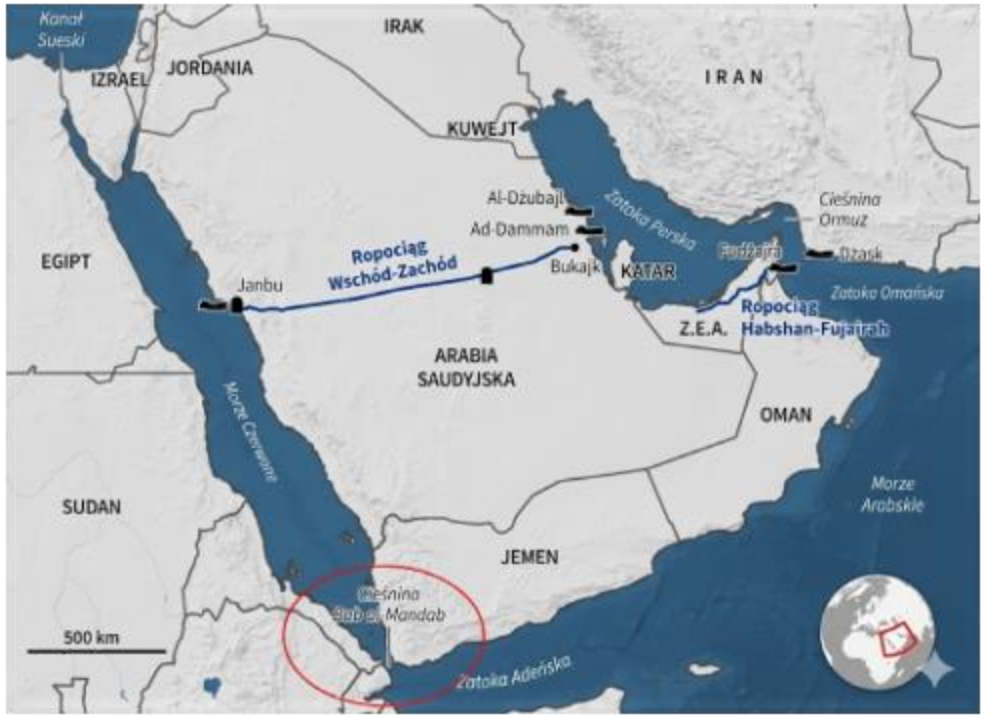


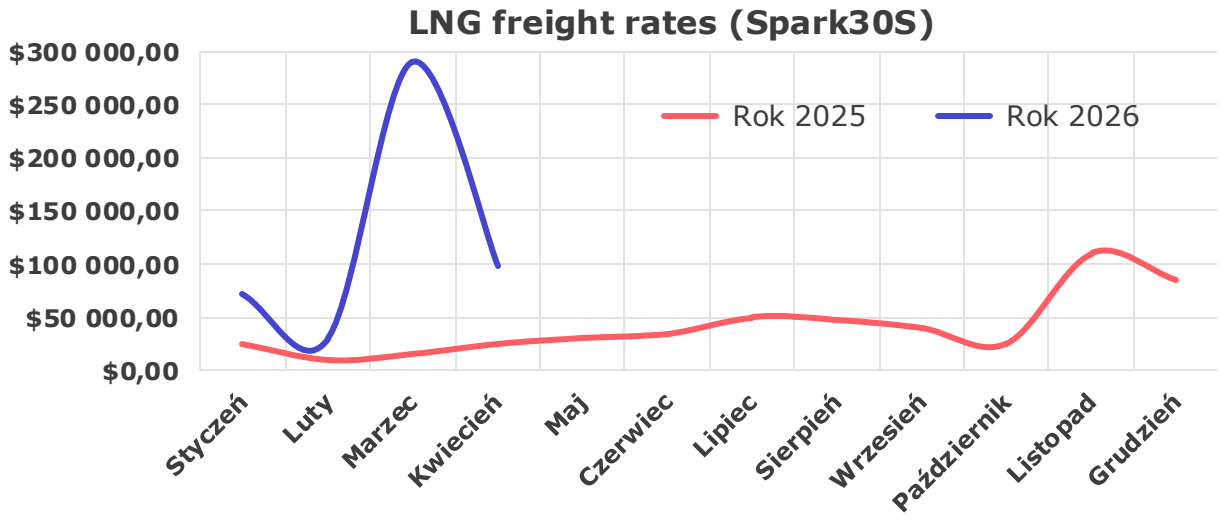

Source: AGSI.

# The last LNG shipments from Qatar?

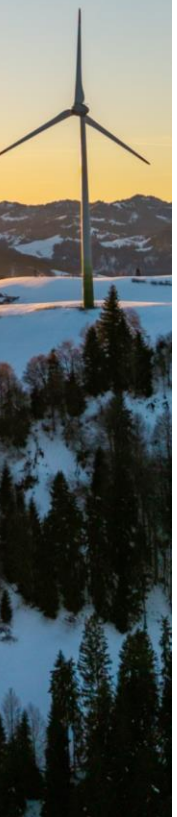
On Tuesday, March 24, the Duhail— an LNG carrier loaded with LNG from Qatar—arrived at the Świnoujście LNG terminal. **This may be the last such delivery for months, or even years**. The Duhail departed Ras Laffan—Qatar's LNG export hub—on February 15. The next delivery was scheduled for March, but due to the escalation of tensions in the Middle East, it did not proceed. This marks the end of an era, as shipments from Qatar have long been the main source of supply for our terminal. Many other European LNG terminals are in a similar situation.

The war affects not only commodity prices—it also creates risks along trade routes**. LNG freight rates soared to astronomical levels at the start of the conflict in the Middle East, approaching $300,000 per day in some cases**. Additionally, on the last weekend of March, the Yemeni Houthis threatened to disrupt shipping in the Bab al-Mandab Strait, at the entrance to the Red Sea, through which 15% of global shipping traffic passes. Under such circumstances, ships must sail around Africa, which lengthens the route and increases freight costs. The fact is, however, that LNG shipments from Qatar to Europe have already been taking a longer route for some time. This is due to concerns about the safety of cargo in the Red Sea, where the Yemeni Houthis operate.



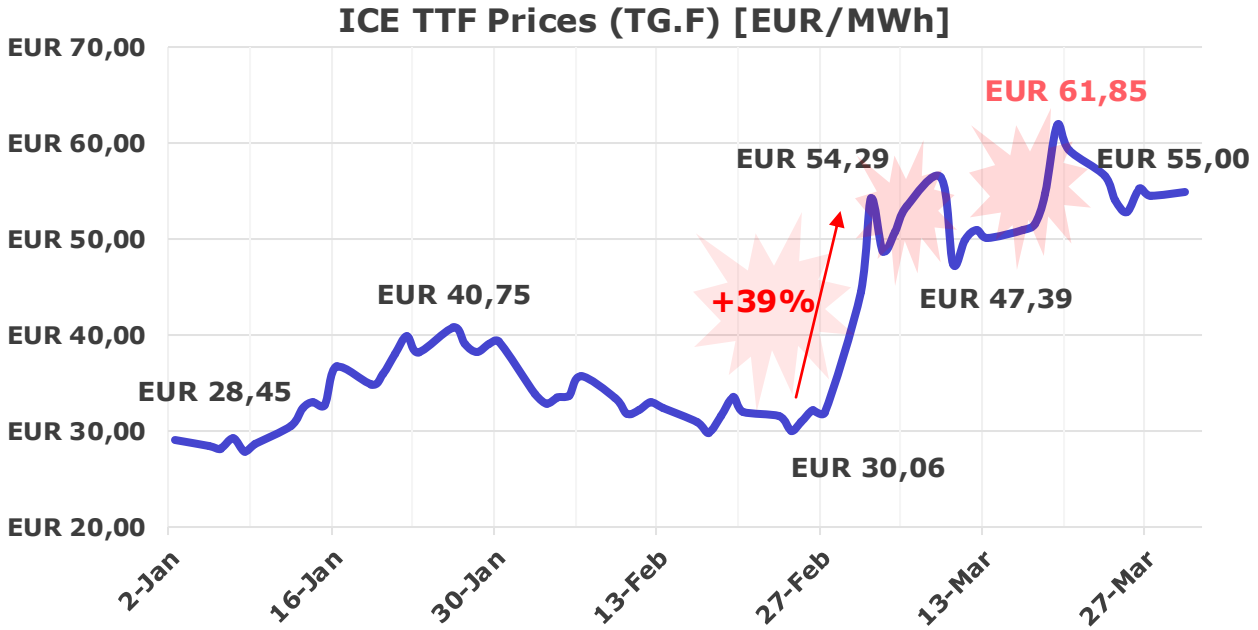




Source: Spark Commodities, Centralna Agencja Wywiadowcza (CIA), Departament Energii USA (DOE).



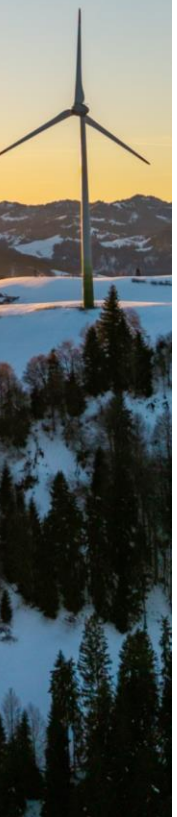
# TTF Gas – A Shock to the Markets

What happened in March at European gas hubs can be described as extreme. We are seeing price volatility whose intensity resembles the most turbulent moments of the 2022 energy crisis, but this time against a new geopolitical backdrop. The natural gas market has once again reminded us that it is an organism extremely sensitive to geopolitical shocks. In early March, following an Iranian attack on gas infrastructure, QatarEnergy decided to declare a state of "force majeure" and temporarily suspend part of LNG production at the Ras Laffan and Mesaieed terminals, thereby triggering a shockwave effect on European exchanges. According to the latest data, 17% of Qatar's processing capacity (the world's third-largest LNG exporter) remains inactive. The market reaction was immediate and violent. Benchmark gas contracts in Amsterdam (TTF) reached €31.96/MWh during the session closing out February on Friday, February 27. This was the day before the conflict escalated. **On Monday, March 2, we saw the largest single-day price spike in many months; a 39% increase between consecutive sessions drove prices up to €44.51/MWh. The following day, prices rose another 22% to €54.29/MWh.**




Every attack on energy infrastructure is clearly reflected in the price curve. The same is true of Donald Trump's statements, which effectively—albeit in the short term—calmed the situation. In early March, President Trump declared that the U.S. would ensure safe passage through the Strait of Hormuz—it quickly became clear that these declarations would not be fulfilled. On March 9, D.T. announced the imminent end of the conflict, which the markets received with optimism. Following another price surge, Trump announced a peace plan, which was again positively received by the market but, unfortunately, had no real impact on de-escalating the conflict. **This demonstrates how powerful a tool for influencing markets is a policy based on social media communication and public statements**, in which a single declaration by the U.S. president could shift commodity prices by over a dozen percent within a few hours.

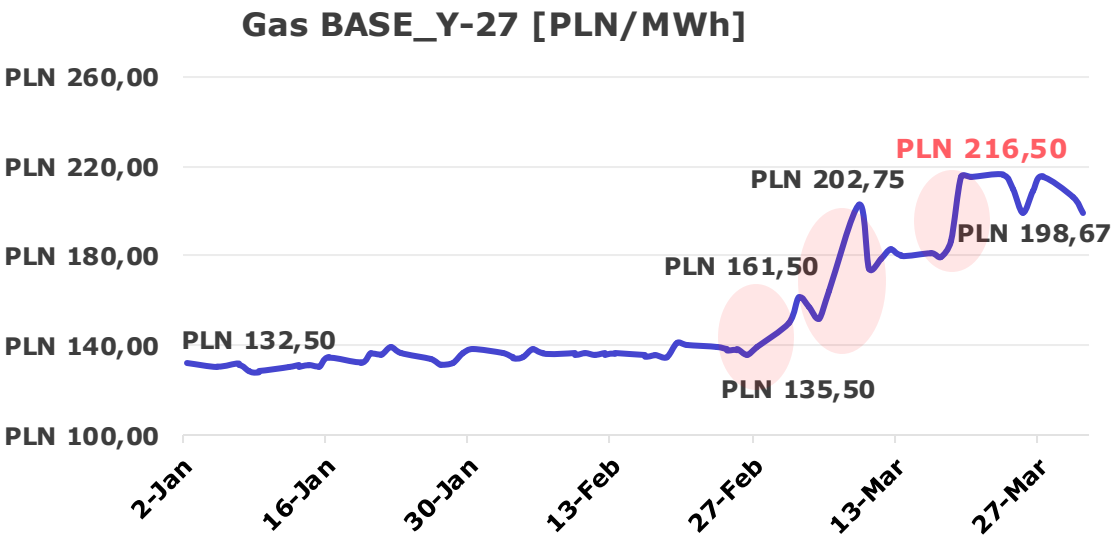
Source: Stooq.

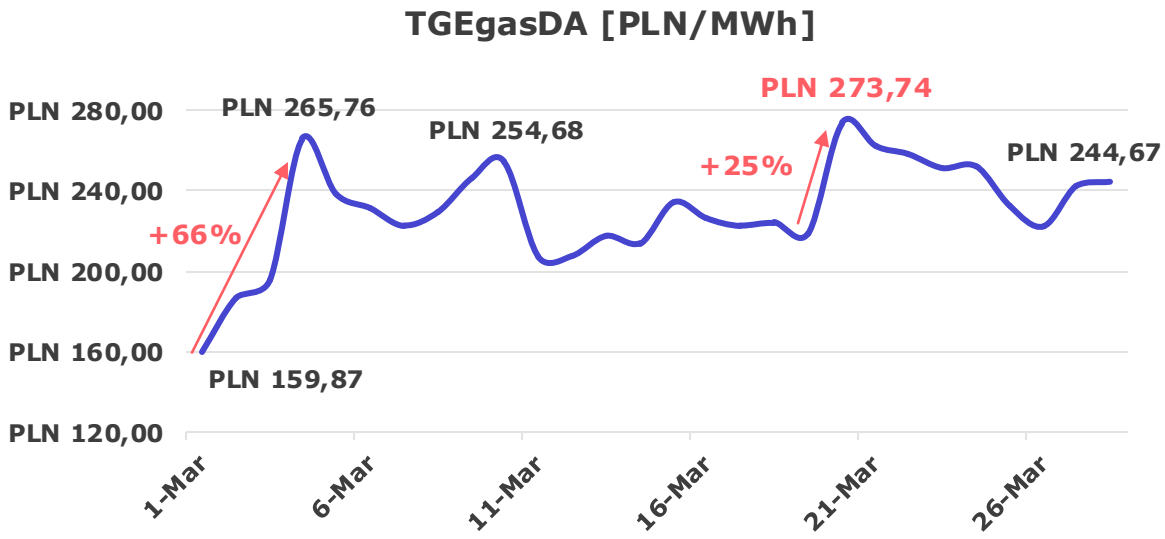


# TGE Gas – Geopolitics as a Fundamental Factor

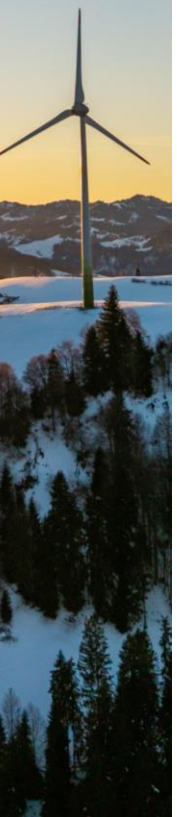
March 2026 on the Polish gas market was marked by significant volatility, driven by uncertainty regarding the stability of global supplies and the end of the heating season, coupled with relatively low inventory levels in European gas storage facilities. The gas market once again reminded us that it is an organism extremely sensitive to geopolitical shocks. Gas prices on the Polish Power Exchange (TGE) skyrocketed in the first week of March. The BASE CAL27 contract opened March at 150.40 PLN/MWh (March 2), only to rise to 202.75 PLN/MWh (March 9) over the following week. In the following days, they fluctuated within a wide range between PLN 174/MWh and PLN 216.50/MWh. **On average, the contract price stood at PLN 188.01/MWh, which is PLN 50.95 higher month-over-month.**

The SPOT market also saw a clear upward trend, reflecting the escalation of tensions in the Middle East and technical outages at key LNG terminals. **Gas prices on the RDN climbed steadily, reaching an average of 232.06 PLN/MWh. This represents an increase of over 30% compared to February.** Although winter is now behind us and European gas storage facilities have not been completely depleted, the market is pricing in fear of the future rather than the current state of affairs. The main factor determining sentiment on the Polish Power Exchange (TGE) was the high correlation with European hubs (TTF), where limited supply from the Middle East and Norway coincided with increased demand from the power sector, driven by low renewable energy generation in Western Europe during the first half of the month.



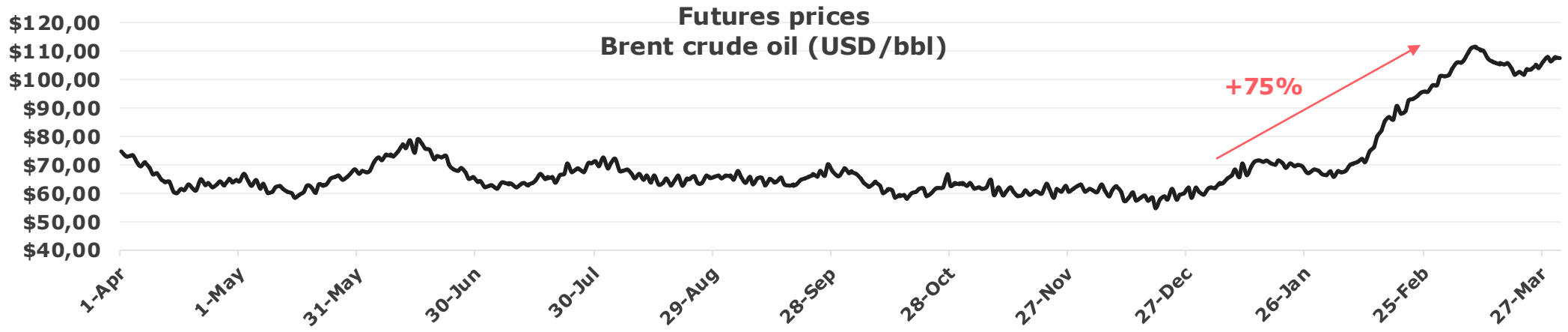

Source: TGE.



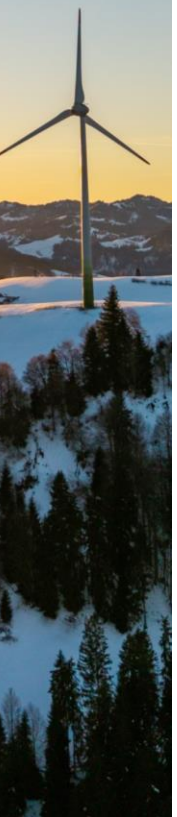
# Oil – A New Chapter in the Global Oil Crisis

March brought a sudden end to the relative price stability of previous years. The escalation of the conflict in the Persian Gulf region has led to the most severe disruptions in oil supplies in history. What we are witnessing is not a mere price correction but a fundamental realignment of forces the likes of which we have not seen in years. The current situation in the oil market will go down in history—it was a price "surge" the likes of which we have not seen in over four years. Geopolitical instability was the key factor driving the sharp rise in prices. **Investors began pricing in the worst-case scenario—the destruction of oil infrastructure in the Middle East and a permanent blockade of the Strait of Hormuz, through which 20% of the world's oil supply is transporte**d. The escalation of the conflict led to a flight of capital from risky assets toward increased exposure to the energy commodities market, driving up their prices.

There has been a significant disruption to market balance in the crude oil trading sector. The latest reports from the U.S. have revealed an unexpectedly sharp drawdown in inventories. OPEC+ has no intention of easing its production cut policy. As a result, we are facing a situation where the "safety cushion" is thinner than at any time in the past four years. **BRENT crude prices rose by over 75% from the start of the year through the end of March. During the same period, WTI rose by over 71%**. This increase is a direct precursor to higher transportation and logistics costs, as well as higher prices for thousands of products—from plastics to fertilizers. Further developments depend on a potential de-escalation of the conflict and the restoration of shipping in the Strait of Hormuz—without this, further increases in oil prices are possible. Even if the Strait of Hormuz is reopened, supply will not return to normal quickly due to infrastructure damage.



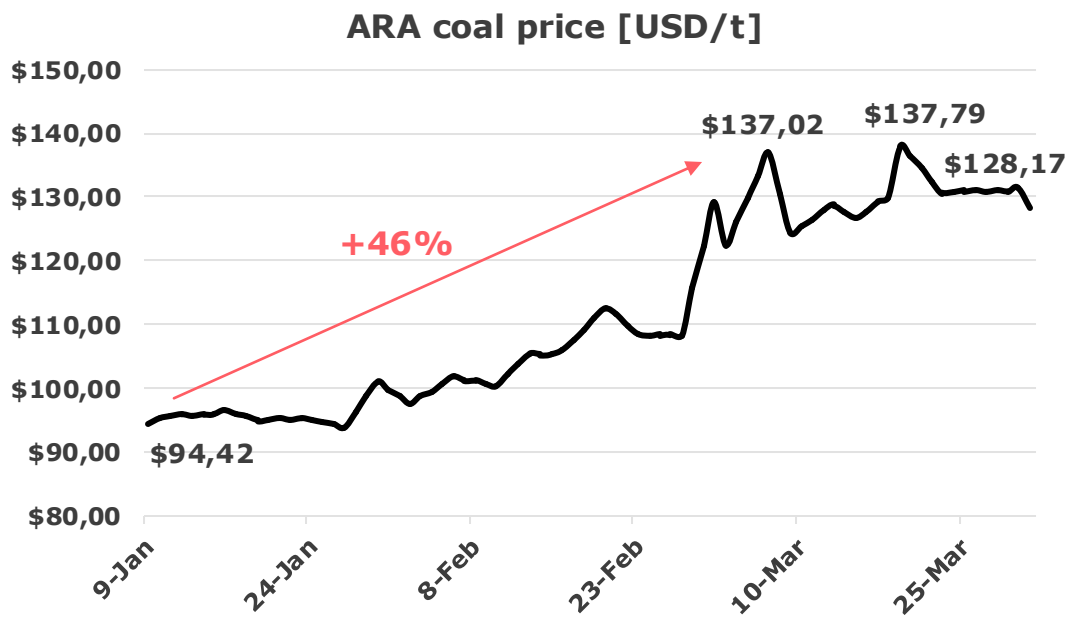

Source: Trading Economic.



# Coal – has the issue been sidelined?

The situation in the thermal coal market is currently very interesting from a global perspective. Despite global declarations regarding decarbonization, the destabilization of the geopolitical situation in the Middle East has led to a revision of energy strategies. Current data confirm an upward trend in coal use by key Asian economies, which is a direct consequence of regional armed conflicts. As a result, many countries are increasing their use of coal, which can be sourced regionally or even locally, to prevent power outages and protect citizens from price shocks. Over 80% of the crude oil and LNG passing through the Strait of Hormuz is destined for Asia. Qatar has already signaled the possibility of invoking a force majeure clause regarding selected long-term commitments, which casts doubt on the full timeliness of future deliveries. Key emerging economies, India and China, in the face of global instability, are maximizing the use of coal-fired power plants, treating them as a stabilizer for energy security. **Coal is easier to store and transport from alternative sources (e.g., Australia or Indonesia), which, in the eyes of policymakers, makes it a "drone-proof" fuel.**

The current price of thermal coal in ARA ports is approximately $130/t. **Under current conditions, coal is about 30% cheaper than gas on a gigajoule basis, even after factoring in $CO_2$ emission costs**. Since around mid-March, the share of energy produced from conventional sources has been rising significantly in Europe. There is a notable trend in which ensuring energy security is becoming a priority over the implementation of climate policy. Rising energy demand means that global coal consumption, rather than declining, remains at historic highs. The current situation shows that coal remains the "fuel of last resort."




Source: WNP.

# Summary

- March 2026 will go down in history as the moment when the global energy market faced a "geopolitical meltdown." The escalation of the conflict in the Middle East and the blockade of the Strait of Hormuz struck the foundations of the global economy, triggering an oil and gas supply shock that immediately affected stock market indices.
- From the perspective of the Polish energy sector, the tense international situation coincided with the spring solstice. The sun revolutionized the energy mix. The National Power System (KSE) had to contend with extreme price volatility. March confirmed one thing—the energy transition in Poland is gaining momentum, and renewables are a real force shaping the energy market along the Vistula. This statement may seem like a truism, but it bears repeating—flexibility has become just as valuable as energy itself.
- At the same time, the gas market has been thrown into deep turmoil. Sharp price spikes have exposed the European energy market's vulnerability to global disruptions. Gas plays an increasingly important role in stabilizing and "balancing" the system, which to some extent makes electricity prices dependent on the natural gas market. The sharp rise in energy commodity prices and the destabilization of global supply chains have forced global economies to revise their fuel strategies, resulting in a return to coal as a resource that guarantees energy security.
- The conclusions are quite clear: there is no such thing today as cheap and predictable energy sources. In March 2026, the priority was security and resource sovereignty, which currently outweigh purely economic considerations. That month forced a revision of existing assumptions and values in the global energy industry. Passive energy procurement strategies may now prove to be a trap. In the face of the "new normal", active risk management becomes even more important; in an era of global turmoil in energy markets, it is becoming the only effective insurance policy for stable business operations.

# Axpo View

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