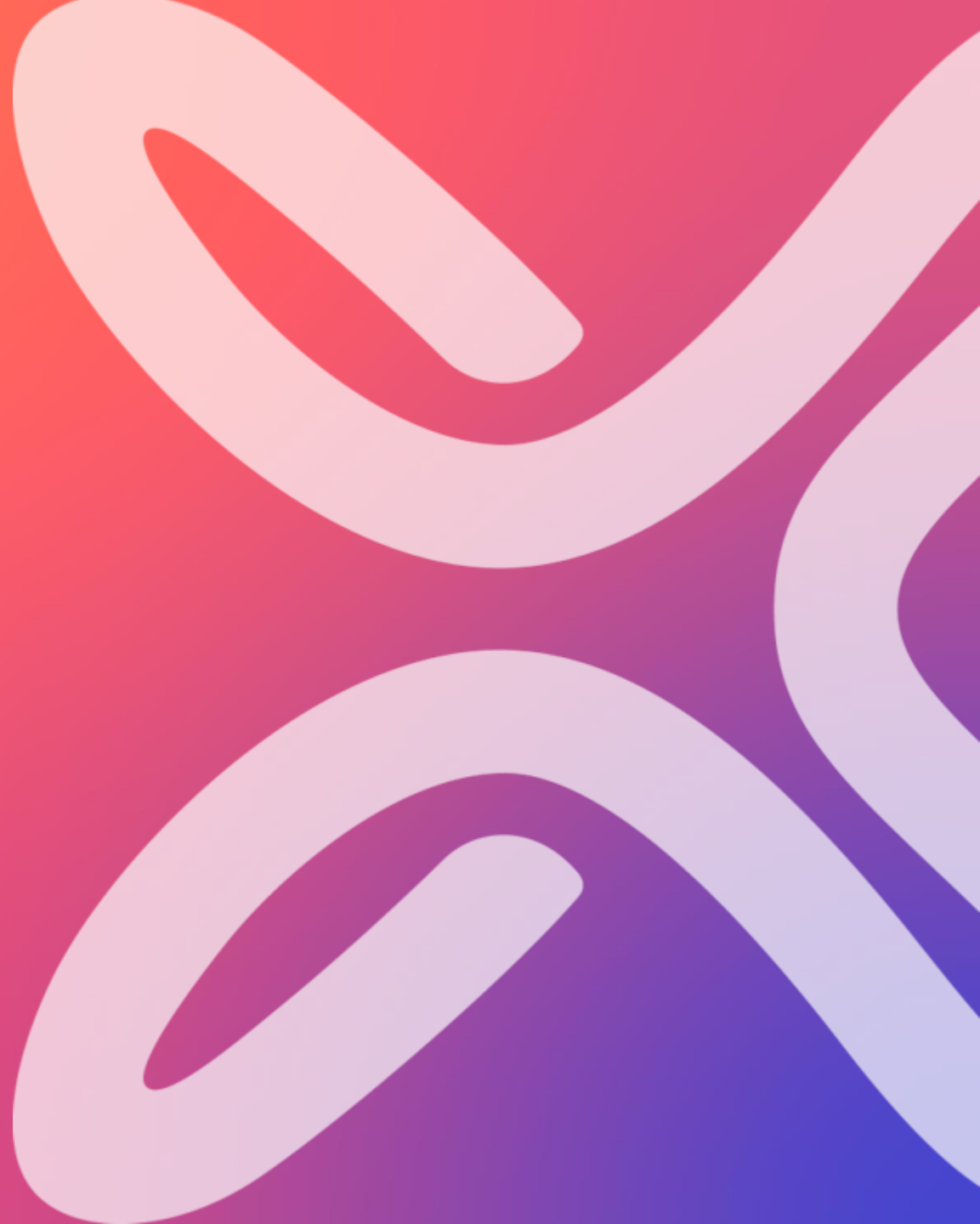


Energy market report

May 2026





Introduction

May 2026 clearly demonstrated that the modern energy market abhors a vacuum and operates as a system of interconnected vessels. In Poland, the almost summer-like, sunny weather periodically unleashed the enormous potential of photovoltaics, while at the same time mercilessly exposing the infrastructure challenges facing our power grid. At the same time, global oil and gas markets offered no respite, reacting dynamically to every signal regarding the situation in the Middle East. For energy consumers, this explosive mix means one thing—unprecedented and increasingly difficult-to-understand energy price dynamics, which prompt a reevaluation of existing procurement plans and more effective cost management. In this article, you can find what exactly determined price trends in the energy and energy commodity markets.

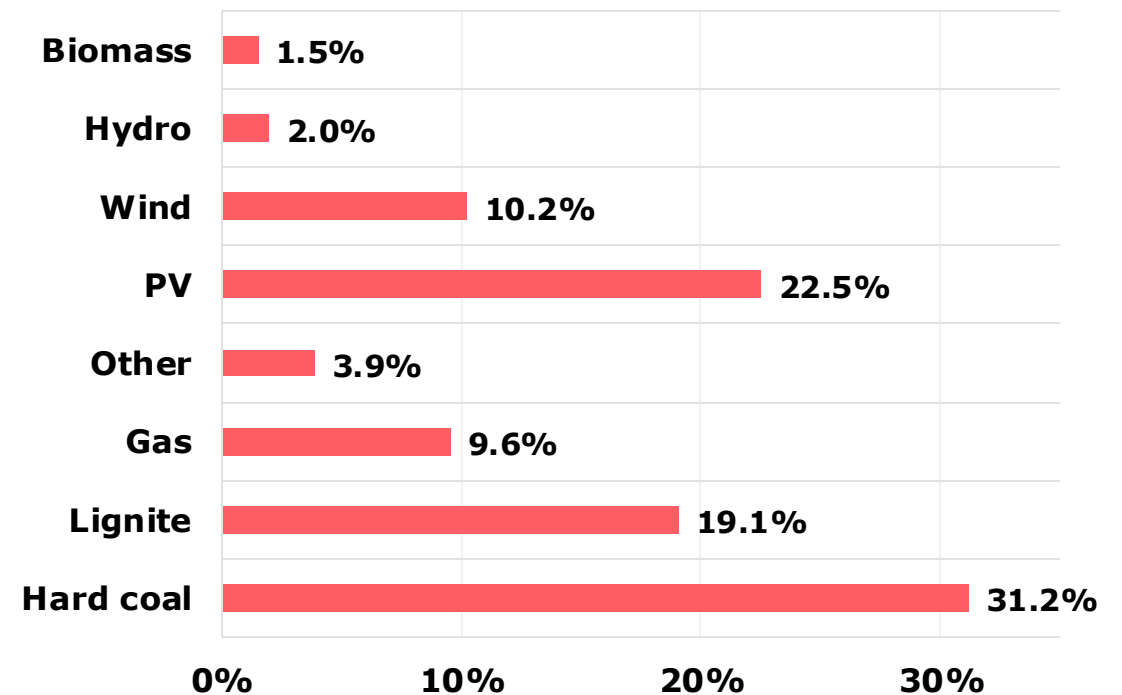


Energy system and energy mix

In May 2026, we observed shifts in Poland's energy mix, with the downward trend in power demand continuing for another month in a row. Average daily power demand stood at 17.3 GW, marking a decline of nearly 4% month-over-month. At the same time, we observed a veritable green energy offensive. The share of renewables in the energy mix rose to 36.3%, an increase of over 1% compared to April. The main driver of RES was photovoltaics, which increased its share in the mix by 3.4% month-over-month, reaching 22.5%. May 2026 will go down in the history of the Polish energy sector as a record month for solar generation. According to PSE data, on Wednesday, May 20, at 11:45 a.m., photovoltaics supplied an impressive 14,565 MW to the National Power System (KSE)—accounting for 60.3% of the country's power generation at that moment and covering 69.8% of the country's energy demand. In May, the share of wind power in the energy mix shrank by nearly 2.5% month-over-month, reaching 10.2%. This decline can be attributed to unfavourable weather conditions and weaker air currents, which is a typical seasonal phenomenon at our latitude. The lower share of wind farms in electricity production translated into a 1.9% m/m increase in the share of coal (bituminous and lignite), reaching 50.25%.

Another factor contributing to the increase in coal's share of the generation mix is the situation on the global gas market. Given the factors currently driving price trends in global energy commodity markets, the rise in the share of coal-fired units at the expense of gas-fired units reduces the sensitivity of electricity prices to fluctuations in natural gas prices. Gas-fired generation fell by over 2.5% month-over-month in May, reaching 9.6%.

Energy mix - May 2026

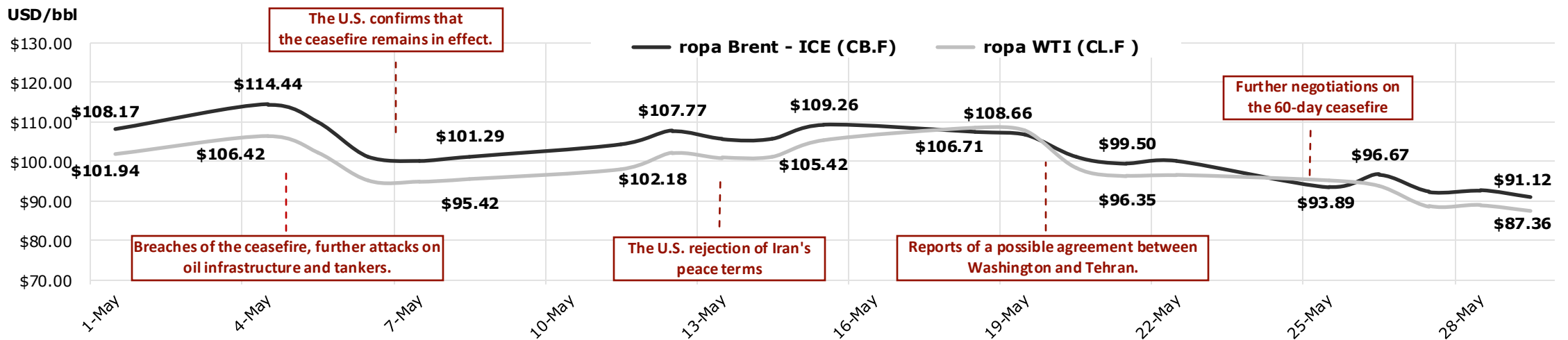




Crude oil

Sentiment in the oil market continues to be shaped by tensions in the Middle East. May began with declines—on May 1, Brent crude (ICE, contract LCOQ6) was trading at **108.17 USD/bbl**, and WTI (NYMEX, contract CLN26) at **101.94 USD/bbl**. In the following days, violations of the ceasefire and attacks on oil tankers and oil infrastructure in the Persian Gulf triggered sharp rises. By May 5, they had driven Brent crude prices to nearly **115 USD/bbl**, and WTI above **106 USD/bbl**. A temporary lull and correction (May 6: **Brent 110 USD/bbl**, **WTI 102 USD/bbl**) followed U.S. announcements regarding the maintenance of the ceasefire between Washington and Tehran. Two days after the launch of Operation “Project Freedom,” a decision was made to suspend it, citing progress in diplomatic talks. During its 48 hours of operation, the program provided cover for two U.S.-flagged ships. According to Pentagon estimates, more than 1,500 ships remain trapped in the Persian Gulf region.

In the days that followed, due to a lack of new information and the military stalemate surrounding the Persian Gulf, oil prices moved sideways, keeping Brent above **100 USD/bbl**. The situation changed on May 13, when Donald Trump rejected Iran’s peace terms, which entrenched the risk premium and sent prices soaring—Brent reached around **107 USD/bbl**, and WTI surpassed **102 USD/bbl**. In the third week of May, unabating tensions between the U.S. and Iran pushed Brent oil prices close to **110 USD/bbl**, and the scale of the increases was limited only after reports that Washington had postponed its planned attack on Iran. The real turning point, however, came on May 20, when oil prices plummeted—**Brent fell by over 5%, and WTI by nearly 9%**. The main cause of these declines was reports of a possible agreement between the two sides and a partial reopening of shipping through the strategic Strait of Hormuz.

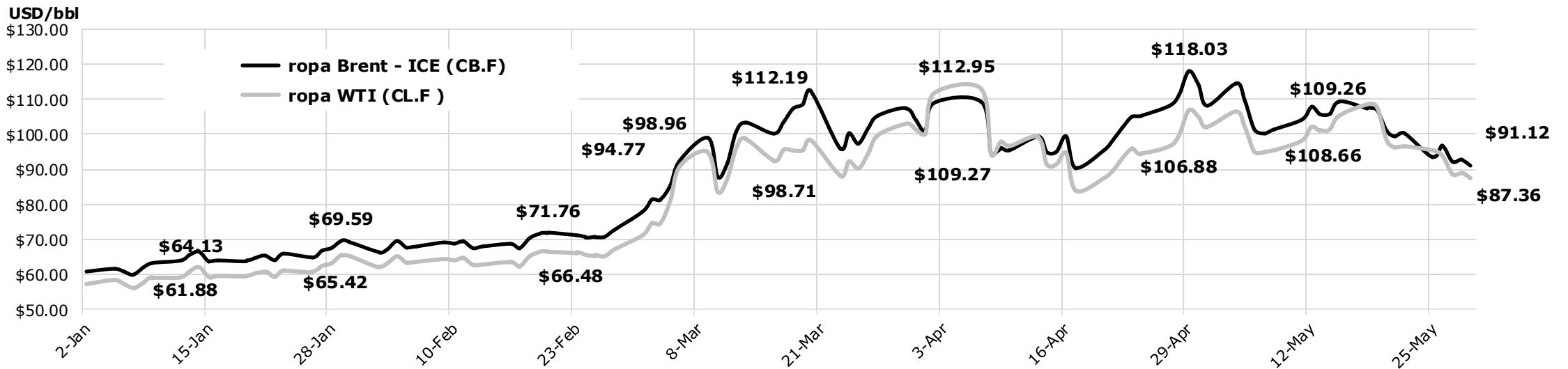




Crude oil

At the start of the last week of May, the market continued to trend downward, with de-escalation being the key theme. Brent crude prices fell by more than **6%** over the course of several trading sessions, reaching **93 USD per barrel** on May 25. This decline is a direct result of advanced negotiations regarding a 60-day ceasefire. Additionally, the prospect of reopening shipping through the Strait of Hormuz removes the geopolitical risk premium from the market; however, until the agreement is finalized, supply stability hinges on the PDO's statements. In the final days of May—in response to the ongoing peace negotiations—oil prices reached their lowest levels in over a month, with Brent at **91.12 USD/bbl** and WTI at **87.36 USD/bbl** (May 29). Since the U.S. and Israel struck Iran, Brent crude prices have risen by over 25% (from levels around \$65–70/bbl before the outbreak of open conflict).

Currently, **hopes for de-escalation are tempered by the lack of a lasting agreement**, which is causing price fluctuations. The main points of contention between the US and Iran remain the issue of Iranian enriched uranium (which Tehran intends to transfer exclusively to China) and **Iran's plans to introduce fees for passage through Hormuz**, which the Trump administration opposes. Despite supply disruptions, the global economy remains stable thanks to the consumption of reserves – currently, approximately **8.5 million barrels of oil per day** are being released globally – and growing US exports. At the current rate of reserve depletion, the world could fall below safe levels before the end of the year, and the lack of a lasting agreement threatens a return to price increases. From the Polish perspective, oil supplies to Poland remain diversified and secure, and geopolitical risks are minimized by long-term contracts with Saudi Aramco and Equinor.

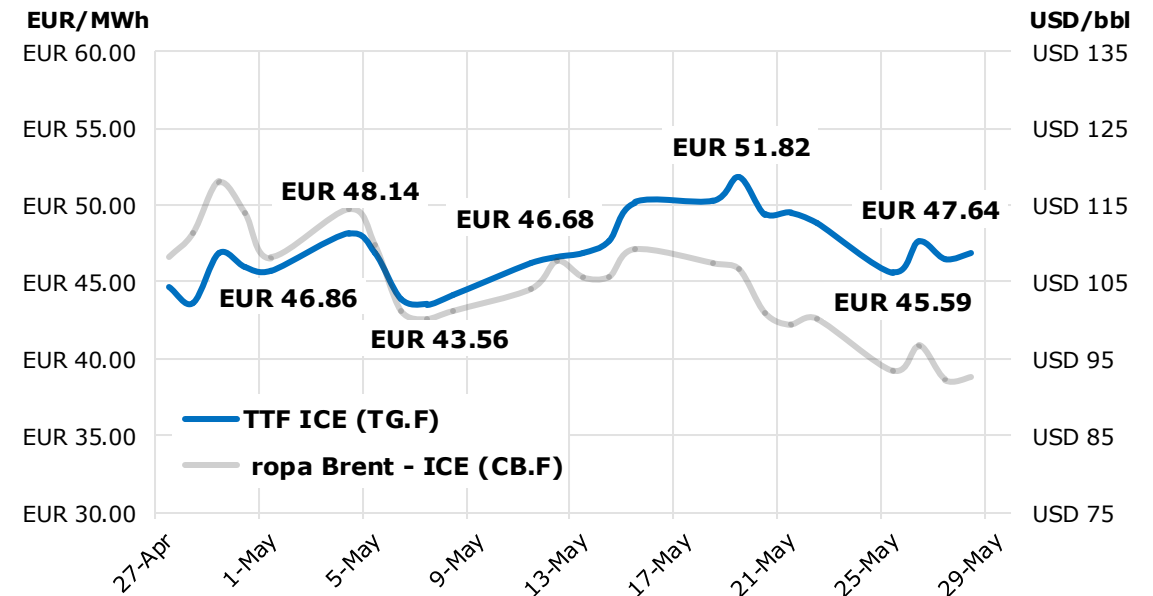




Gas TTF

The geopolitical standoff in the Middle East continues to dictate conditions in the gas markets. **Gas prices remain at the mercy of reports from the Persian Gulf region and the rhetoric used by the parties to the conflict.** As a result, gas prices on European exchanges are decoupling from local supply-and-demand fundamentals, reacting mainly to political impulses coming from Washington and Tehran. The May price landscape on the Old was essentially a direct reflection of the dynamics of this conflict, just as in the case of the global crude oil market. This was confirmed by price movements on the ICE (TTF) exchange, the European benchmark for gas prices. During the first trading sessions in May, the price of the contract for delivery in the following month rose to **48.14 EUR/MWh** [05.05]. In the following days, optimistic news from the U.S. regarding the ceasefire in effect led to a drop in the price to **43.56 EUR/MWh** [05/07]. However, the following days brought even more twists and turns in the US-Iran situation, and futures contracts on the Dutch gas hub reached monthly highs at the beginning of the third week of May. The futures contract for delivery in the following month reached a monthly high of **51.82 EUR/MWh**. In the following days, amid ongoing talks on de-escalation, a downward correction occurred due to a declining risk premium. The trading session closing out May ended at **45.92 EUR/MWh**.

The average price for the entire month stood at **47.26 EUR/MWh**, more than **5%** higher than in April, yet 10% lower than in March, when the price of the contract in question peaked at nearly **62 EUR/MWh**. In the medium and long term, the market is increasingly pricing in the scenario of prices becoming permanently anchored at higher levels following events related to the conflict in the Middle East and their impact on future natural gas supply. The global supply-demand situation has been severely disrupted due to the current energy crisis. Rebuilding infrastructure and, perhaps more importantly, trust in suppliers from the Persian Gulf region will take time.

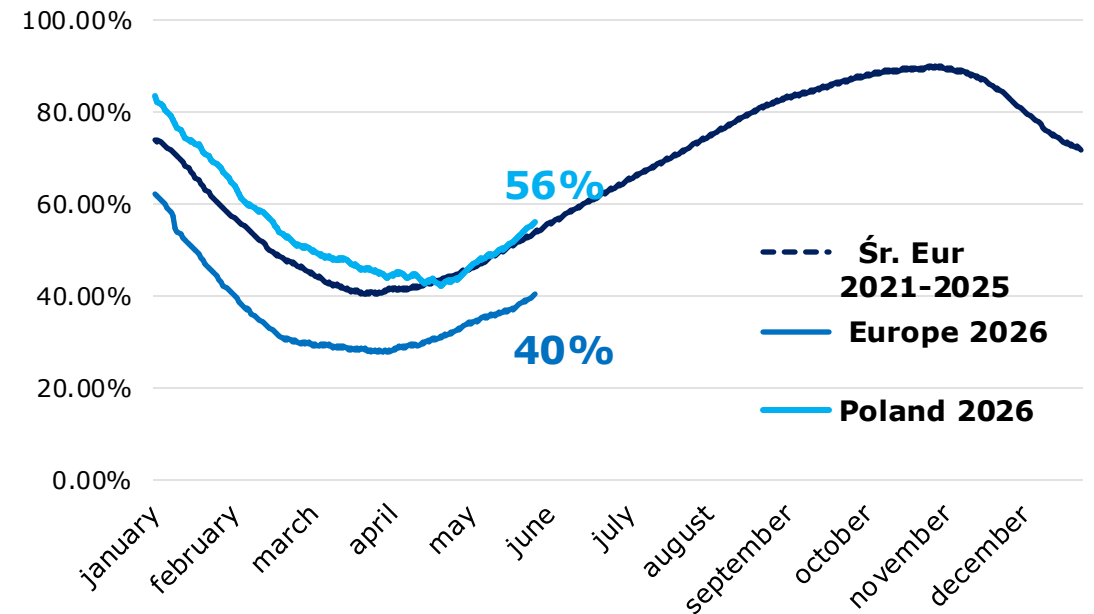




Gas Storage Facilities

Following one of the harshest winters in recent years, we are seeing an acceleration in the replenishment of European gas storage facilities. The lowest level of gas storage capacity, following the last winter, was recorded at the turn of March and April, amounting to 27.6% — significantly below the five-year average of approximately 40% for that period. In April, the fill level of European gas storage facilities rose by nearly **5%**, at a rate of **0.14% per day**. In May, the rate accelerated to 0.25 percentage points per day, reaching **40.1%** by the end of May. May’s analysis of the rate of gas storage injection in the European Union may raise legitimate concerns. The relatively low storage fill rate creates uncertainty, which directly affects market participants’ sentiment, shapes price sentiment, and intensifies trading activity on exchanges. The official EU target still calls for reaching a 90% fill rate by November 1. Even accounting for a seasonal rebound, the gas system would have to operate at maximum, uninterrupted injection capacity throughout the summer to make up for the resulting shortfall—which might still prove insufficient in the context of the 90% storage fill target. An additional risk factor is the dynamics of the conflict in the Middle East, which could potentially worsen the supply outlook.

Polish gas storage facilities ended the month with a fill rate of approximately 56%, which theoretically puts our domestic market in a slightly better position than other European economies. However, it's important to remember that Polish gas storage facilities are significantly smaller compared to the infrastructure of countries like Germany or the Netherlands and can be filled more quickly. We also need to be aware that the Polish energy market is not an isolated island. It operates as a system of interconnected vessels, so we are also influenced by the fill rate of storage facilities in other parts of Europe.

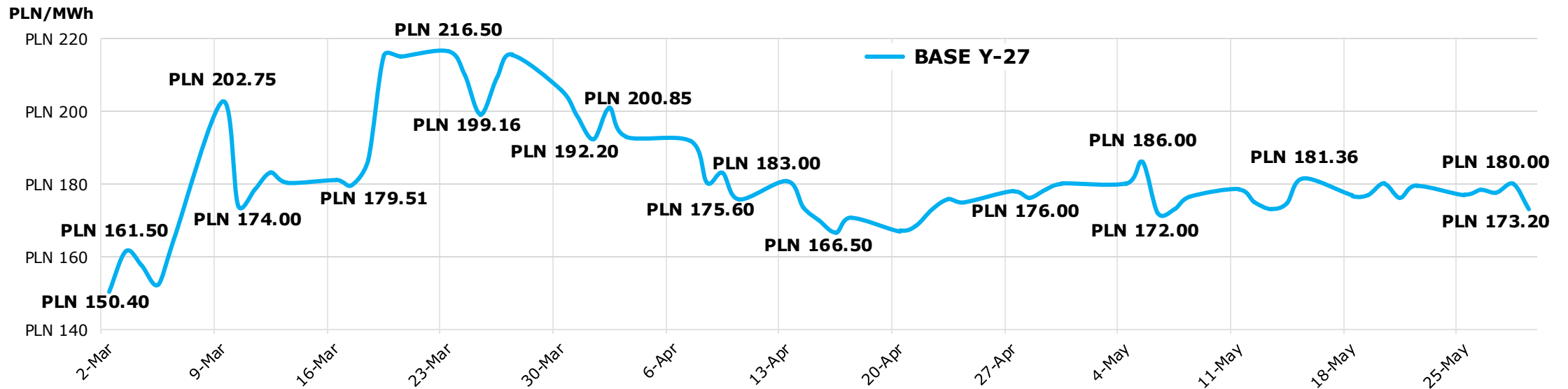




Gas TGE

The domestic gas market on the Polish Power Exchange was subject to the same global and European geopolitical and economic factors that shaped sentiment on Western stock exchanges. May trading in gas futures contracts got off to a strong start—the annual BASE_Y-27 contract hit a monthly high as early as one of the first sessions [May 5], reaching **186 PLN/MWh**. However, the initial gains were followed by a sharp downward price correction; during the next session, the BASE_Y-27 contract fell by nearly **8%**, reaching a monthly low of **172 PLN/MWh** [May 6]. Later in the month, we observed further twists and turns.

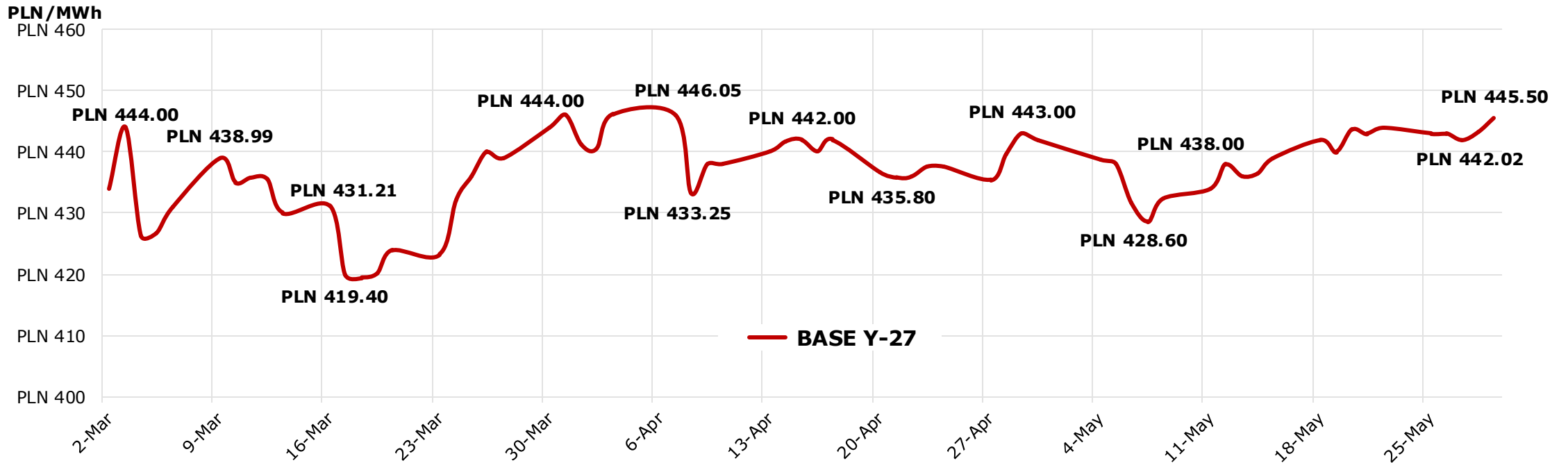
In the absence of fundamental factors capable of bringing lasting stability to the commodity markets, natural gas prices in the BASE contract for next year's delivery on the Polish Power Exchange (TGE) fluctuated between **173 PLN/MWh** and **181.36 PLN/MWh**. The final average price of this instrument last month was **177.25 PLN/MWh**, representing a decrease of **PLN 1.30** month-over-month. In the short-term market, we observed exceptionally volatile price dynamics, which reacted to changes in temperature and the supply of electricity generated by renewable energy sources, which affects demand for gas from the grid and in the power sector. The average gas price on the RDN in May was **212.05 PLN/MWh**, a decrease of **0.79 PLN/MWh** compared to April. Compared to March 2026, which set a record in this regard, the average price is **20.01 PLN/MWh** lower.





Electricity TGE

Trading in the BASE_Y-27 electricity futures contract on the Polish Power Exchange (TGE) opened in May at **438.70 PLN/MWh** (May 4). In subsequent trading sessions, the price of electricity followed the declining price of natural gas, and the BASE_Y-27 contract price fell to **428.60 PLN/MWh** (May 7), thus reaching its monthly low. Later in May, the price of the BASE contract for delivery in 2027 was subject to constant fluctuations, with a noticeable upward trend driven by correlation with current energy commodity prices. The gradual rise in the price of the contract in question led it to reach a valuation of **444 PLN/MWh** (May 22) at the beginning of the last week of May. In the last week of May, the price of the BASE_Y-27 contract on the TGE fluctuated within a narrow range from **442.02 PLN/MWh** to **445.50 PLN/MWh**—this was the closing price of the last trading session in May (May 29), which was also the monthly high for the index under review. The average price of BASE_Y-27 for the past month stood at **439.10 PLN/MWh**, thus very close to the April average (PLN 439.63/MWh).

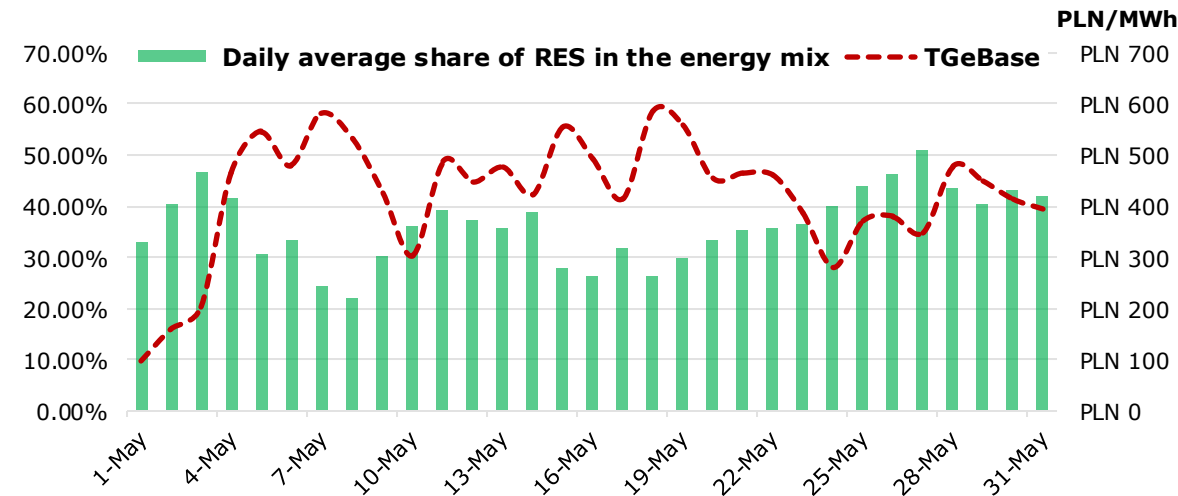
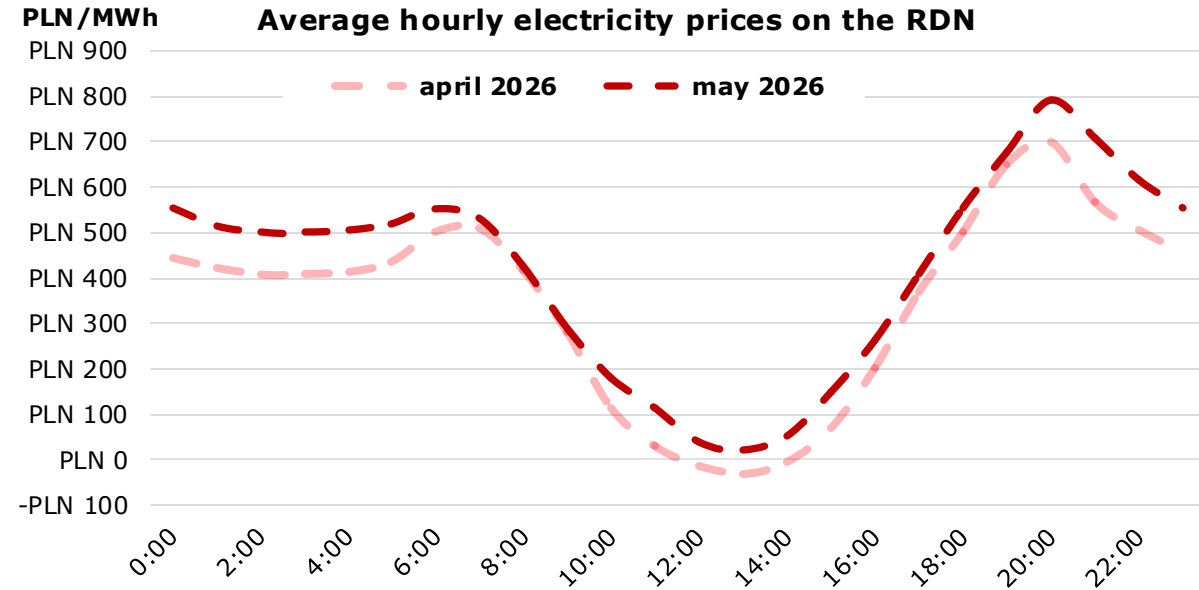




Electricity TGE

The Day-Ahead Electricity Market in May 2026 was characterized by high volatility and record price spreads. Comparing the hourly RDN price profiles for April and May, it is evident that average prices for all hours of the day in May increased. The average daily price peak in May, as well as the midday price trough, occurred at the same hours as in April. Taking into account the average for each hour throughout May, statistically the most expensive hour was 8:00 PM with an average price of **792.34 PLN/MWh**. In turn, the lowest price in May could be expected at 1:00 PM — the average for that hour was **19.68 PLN/MWh**. The arithmetic mean of spot prices in May stood at **417.51 PLN/MWh**, representing an increase of nearly 20% compared to April. In May, during peak hours (Peak 7:00 a.m.–10:00 p.m.), the arithmetic mean price of RDN electricity was **347.09 PLN/MWh**. For off-peak hours (22:00–7:00), this average stood at **535.02 PLN/MWh**.

It is worth noting that renewable energy generation in May was characterized by high volatility. The market had to adapt to extreme scenarios, ranging from the “black” scenario on May 8, when capricious weather limited the daily share of RES to **22.1%**, all the way to the absolute generation peak on May 27. On that day, green sources covered **51.1%** of the total demand of the National Power System (KSE). The spring-summer period drastically increases the risk of periodic PV energy surpluses, which exacerbates and will continue to exacerbate daily volatility in the electricity spot market.





Electricity TGE

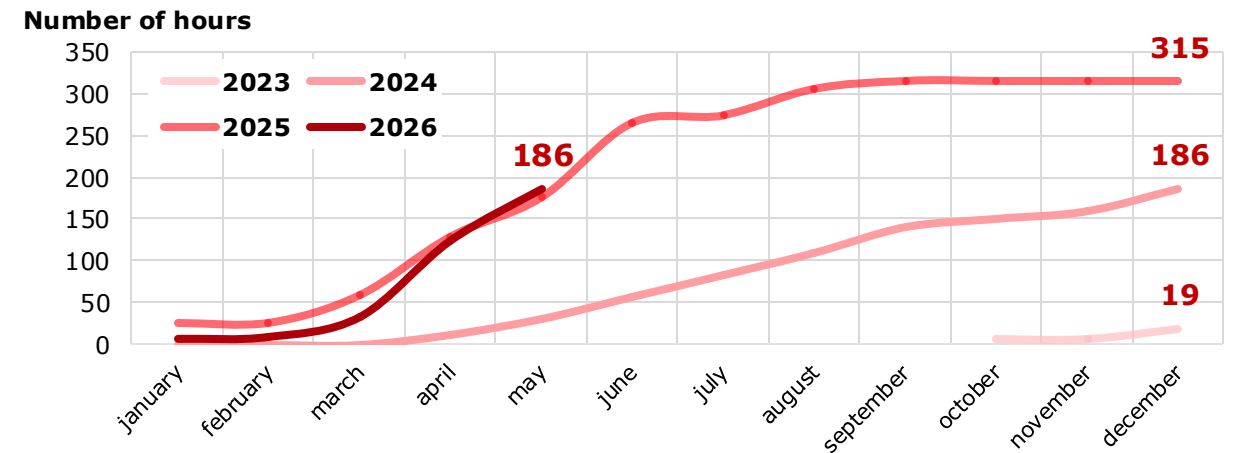
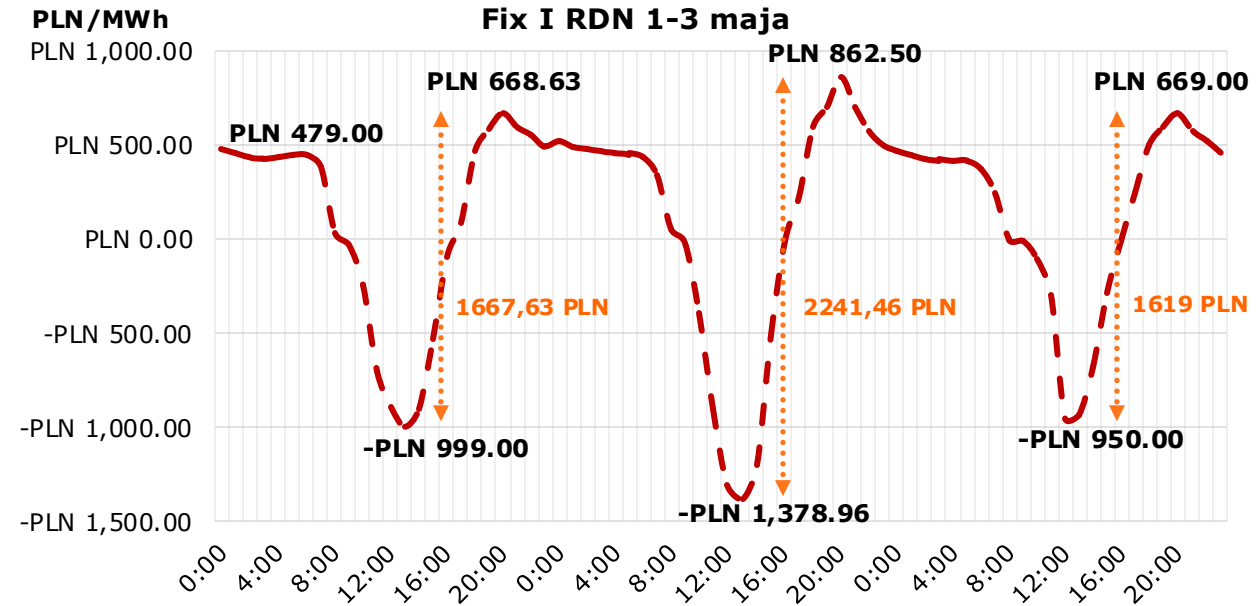
The beginning of May brought unprecedented developments on the RDN. The long May weekend was characterized—as is traditional—by reduced energy demand, which coincided with weather conditions favourable to renewable energy sources. The result of this correlation was high PV generation, which led to an oversupply of power in the National Power System (KSE) and pushed hourly electricity prices on the RDN deep below zero:

Friday (May 1): The first wave of oversupply brought the price floor down to **-999.00 PLN/MWh**, while the price ceiling reached **668.63 PLN/MWh**.

Saturday (May 2): This day proved to be the culmination of the market anomaly. A historic low of **-1,378.96 PLN/MWh** was recorded. With the maximum price reaching **862.50 PLN/MWh**, the daily price spread widened to a whopping **2,241.46 PLN**.

Sunday (May 3): Although the market began to stabilize slightly, minimum prices continued to scrape the bottom, reaching **-950.00 PLN/MWh** with a maximum of **669.00 PLN/MWh**.

It is worth noting that the number of hours with negative energy prices in May (on the spot and RDN markets) clearly shows that we are on track to break the current annual record in this regard.

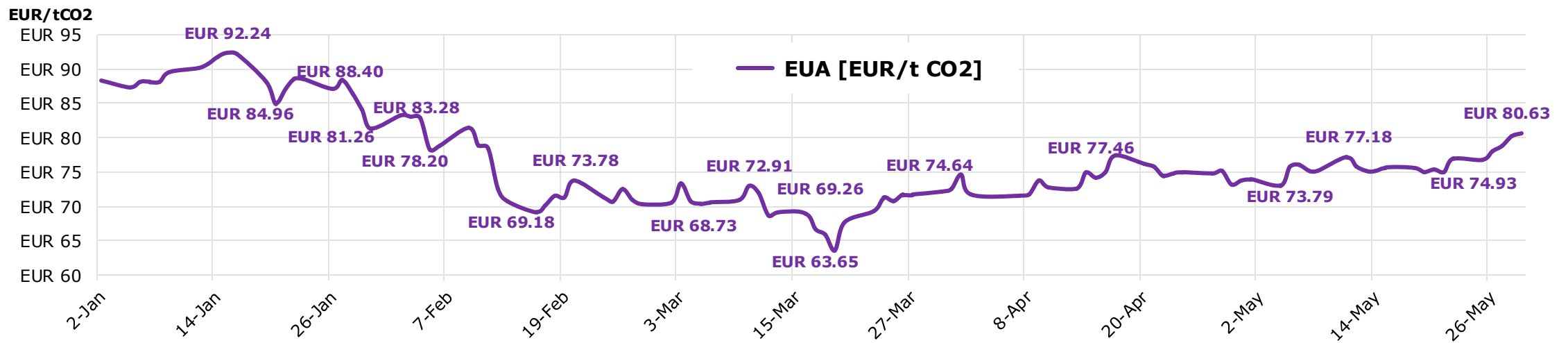




EUA

Following the March plunge in EUA prices to this year's minimum (**63.65 EUR/tCO₂**), triggered by discussions on EU ETS reform, April and May brought a calming of market sentiment. Although concerns about economic growth in Europe dampened optimism, rising gas prices and forecasts of a higher share of coal in power generation provided the impetus for gains. Following April's consolidation, EUA prices fluctuated between 73.04 and **77.18 EUR/tCO₂** during the first three weeks of May. However, the end of the month brought a stronger upward trend, causing the last trading session in May to close at **80.63 EUR/tCO₂**. The average price for the entire month of May stood at **76.18 EUR/tCO₂**, marking a nearly 3% month-over-month increase.

The EUA market has shown little correlation with the current situation in the Middle East, entering a sideways trend due to expectations surrounding the comprehensive review of the EU ETS system scheduled for July 2026. The European Commission has been required to present a formal reform proposal by that time. **Its main strategic goal will be to compel member states to redirect 100% of revenues from national auctions directly to supporting industry and clean technologies**, without the option of allocating funds to other budgetary objectives. In the short term, the EC will propose increasing the capacity of the Market Stability Reserve (MSR) to more effectively control price volatility. Free emission allowances for industry will also be revised, and work will begin in parallel on a new, more flexible decarbonization path for the European economy after 2030.

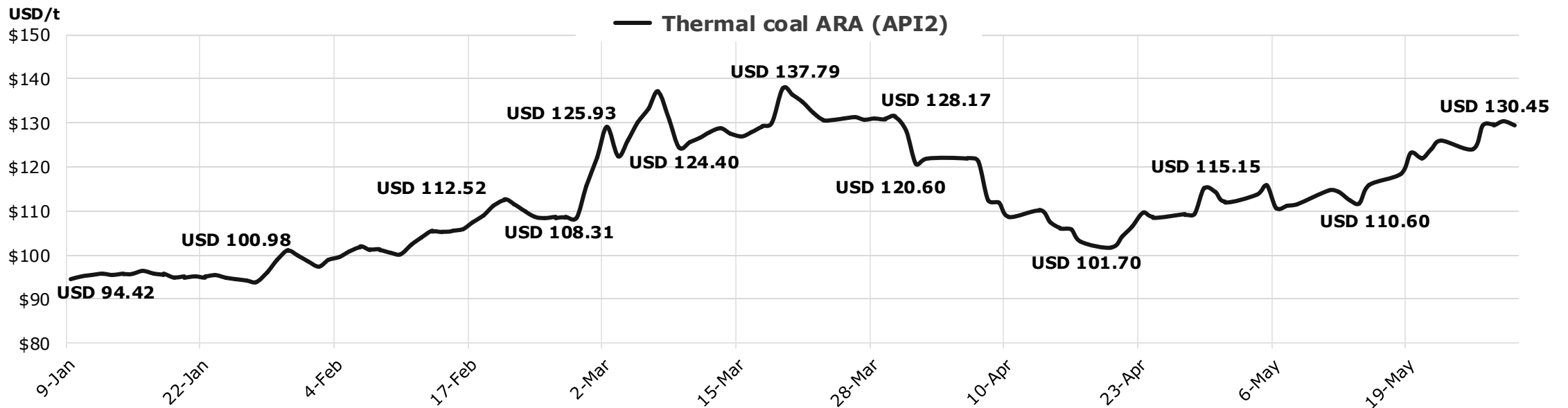




Thermal coal

The escalation of the conflict in the Middle East and the resurgent gas crisis have forced a revision of previous forecasts for the European power sector— a temporary resurgence of coal is shielding the system from drastic price hikes and gas shortages. This fundamental shift was fully reflected in May’s coal prices. In the first half of the month, marked by consolidation of the contract under analysis (API2), prices fluctuated between **110–116 USD/t**; the second half of May brought a dynamic price surge up to **130 USD/t**. This strong upward momentum is a direct result of rising Europe—driven by geopolitical tensions and shrinking global LNG supply—and rising demand from Asia.

Interestingly, within Europe, market dynamics acted as a safety brake, preventing API2 from reaching further highs. Although coal has remained a more profitable fuel than gas since March 2026, other factors, such as the ETS, mean that coal consumption is not increasing. Price pressure was also effectively tempered by record-breaking renewable energy generation and a dynamic increase in inventories at ARA ports, which rose from **2.7 million to 3.2 million tons**. As a result, although total energy production in the EU in the February–April period rose by 2% y/y, demand for fossil fuels had to give way to green energy, which, however, did not prevent the API2 annual contract from recording a sharp, over **7%** increase m/m.

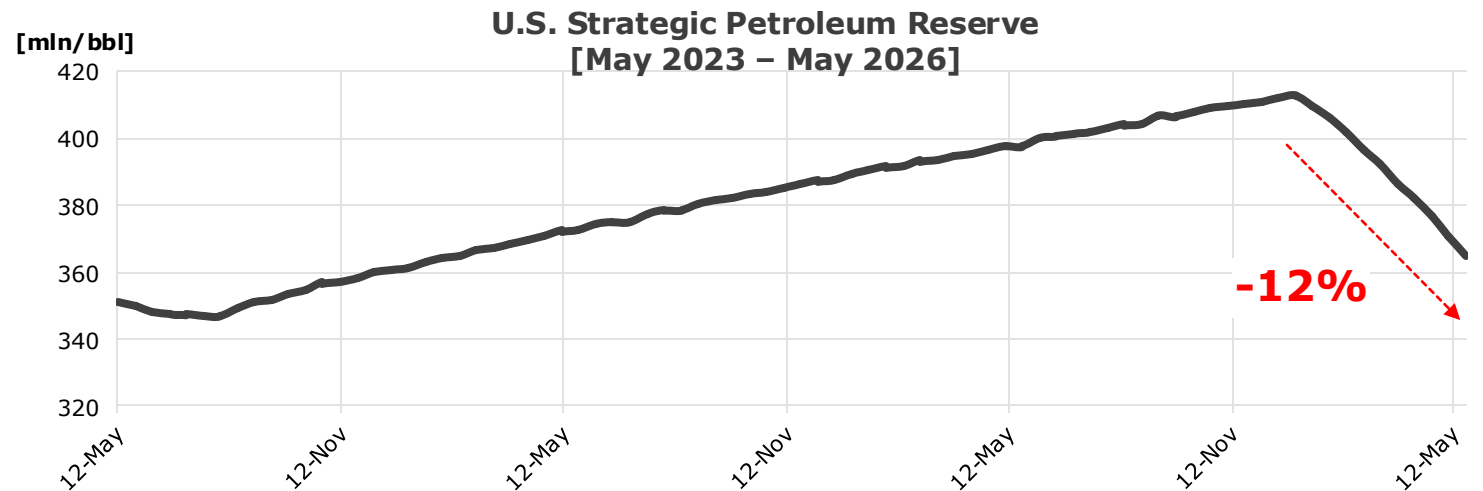




Summary

Global Resource Chess Game – The Economy in the Shadow of a Blockade and Geopolitical Choices

The global economy has proven its resilience, successfully absorbing the impact of the first two months of the Strait of Hormuz blockade. The worst-case scenario—a sustained surge in oil prices above \$120 per barrel—has not materialized so far. This was made possible by the coordinated and rapid action of the International Energy Agency, which released global reserves, and by a significant reduction in consumption in Asia—where demand for oil and gas has shrunk by nearly 10%. At the same time, we are seeing shifts in global trade; the United States is now a net exporter of crude oil to Europe and Asia, assuming the role of the main stabilizer of global supplies. The tense situation in the Middle East is clearly strengthening the U.S. dollar, which in the long term may slow the growth of commodity prices denominated in that currency. However, serious political and trade risks are looming on the horizon. Rising fuel prices are becoming a direct burden for the U.S. administration in the context of the upcoming November congressional by-elections. Moreover, the specter of a trade war looms over Europe—Washington’s threat to impose 25% tariffs on EU cars poses a critical risk to the automotive sector and could drastically dampen demand for commodities in the second half of the year.





Summary

The Domestic Energy Market: Time to Change the Rules of the Game

From the perspective of Polish energy consumers, the events of May offer one key lesson: we have entered an era of unprecedented volatility, and traditional energy procurement models are becoming obsolete. Dynamic price fluctuations in the wholesale market and the spread of negative electricity prices clearly demonstrate that the Polish power system has changed beyond recognition over the past few years. For businesses and smaller consumers, this means one thing: selecting the optimal purchasing strategy and the right timing for contracting electricity and gas has become a key element in the fight for competitive advantage. Flexibility, quick responses to market signals, and moving away from outdated approaches are today the only effective way to optimize costs in this demanding energy landscape.

The Climate “Black Swan” and Challenges to Economic Growth

Meteorologists confirm the formation of the extreme El Niño phenomenon, which is emerging as a structural, pro-inflationary “Black Swan” for energy markets in the coming months. El Niño is highly likely to develop between May and July of this year and persist through the winter, which could mean further global weather anomalies: heat waves, droughts, floods, changes in hurricane seasons, and a higher risk of record-breaking temperatures. High and rising energy costs remain the main drag on the global economic recovery, as clearly confirmed by the International Monetary Fund’s (IMF) downward revisions to its forecasts for Poland and all of Europe. Although the Polish economy began to recover in March following a difficult, cold winter, the further momentum of this improvement will be directly determined by developments in the global energy market.



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