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British power prices are increasingly independent from gas

An increasing proportion of clean power is already priced independently from fossil fuels in Britain, and a de-linking is beginning to emerge.

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Summary

Clean power deployment in Britain is steadily eroding the influence of expensive gas, helping to suppress power prices. As oil and gas prices spike in the second energy crisis in four years, power generation not subject to the influence of gas prices provides increased security.

- **15% of British power generation is already de-linked from the gas power price.** This is from 10 GW of operational renewable capacity currently covered by the price-setting Contracts for Difference scheme.

- **A third (36%) of power generation in Britain will be priced independently of gas by 2030**, according to forecasts of generation from the Contracts for Difference scheme. Up to 36 GW of competitively-priced new wind and solar is under development by 2032 through the scheme.

- **Hours where gas was below 20% of Britain's electricity mix averaged £60/MWh in 2025,** compared to £130/MWh in hours where gas made up more than 50% of the mix.

- **The gas share of power generation fell to a second record monthly low in a row** in Britain in April 2026. The gas share in both March (27%) and April (19%) was the lowest per month in over a decade. In March, wind supplied a monthly record 42% of all power generation.

Amid daily volatility, a more stable future for the power system is gradually emerging. Renewables are already helping keep wholesale power prices under control, and not a moment too soon. With many more wind and solar projects set to deploy under a price-setting scheme in the next five years, Britain can expect this foundation to grow in future, eroding the influence of gas price spikes.

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A weakening in the gas-price link is beginning to emerge

15% of Britain's power generation is already fully independent of the gas power price

New large-scale renewable capacity in Britain is already largely independent from the price of gas power. Under the 'marginal pricing' system, the most expensive power generation required to meet demand sets the wholesale price. Typically, this is gas, creating a link between gas and electricity prices. However, three-quarters of new wind, solar and hydropower built between 2023-25 was developed through the Contracts for Difference scheme, which provides a fixed price for power. The equivalent price of power for these schemes is set through annual auctions, independent of the influence of gas costs.

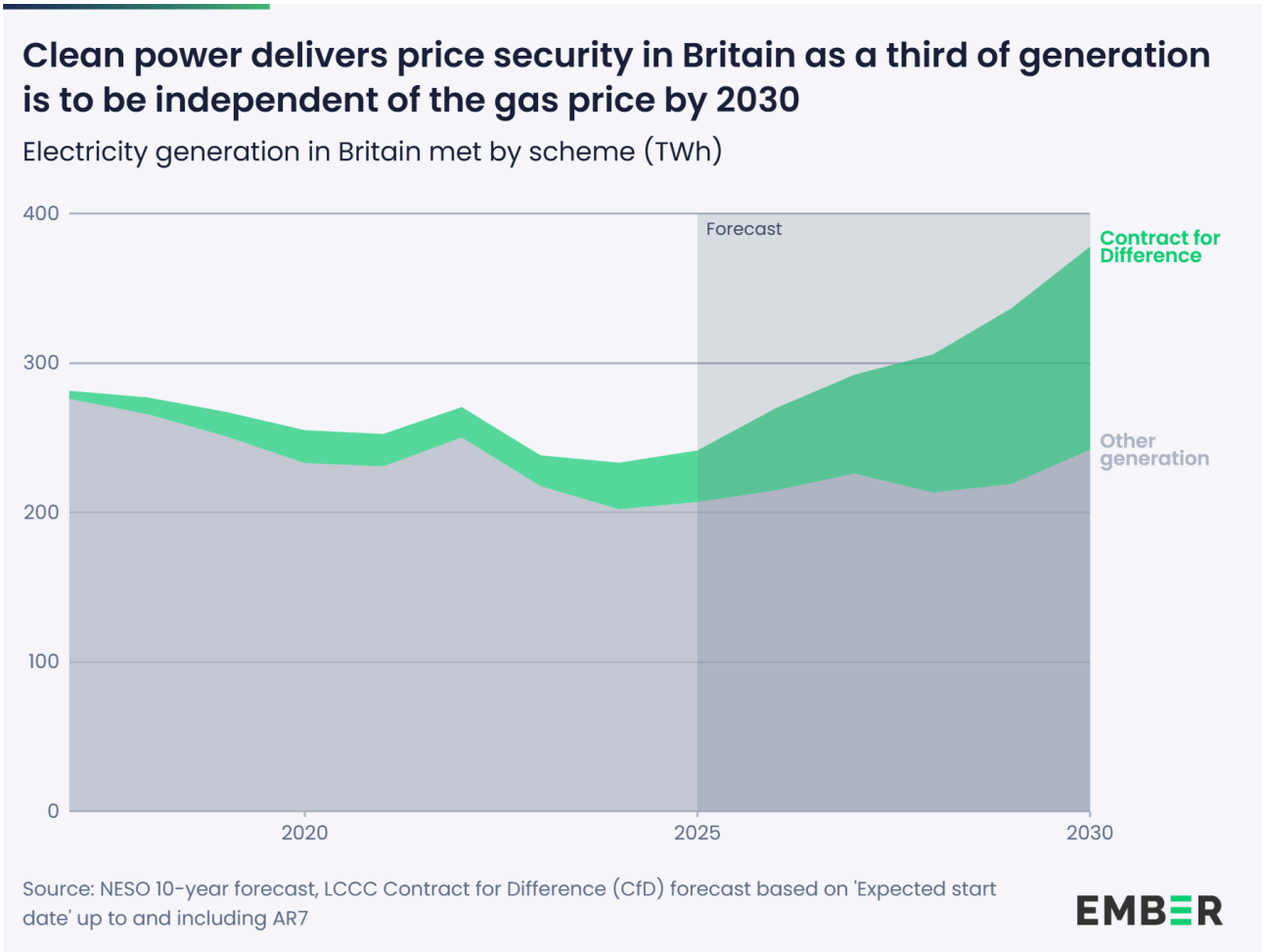
Though the earliest contracts under this scheme were far above the price of gas power, they have since fallen. The 2025 price auctions settled at £65/MWh for solar and £91.20/MWh for offshore wind. This means new solar power is far below the price of gas power, though offshore wind remains similar to the pre-crisis average cost of gas power in 2026 (£89.30/MWh in Jan-Feb). Furthermore, new wind and solar contracts are priced far below than the price of gas power in March-April 2026, which jumped to an average of £108/MWh and looks to remain volatile as geopolitical conflict continues.

The Contracts for Difference scheme has increased in coverage in recent years, reducing the proportion of the electricity mix exposed to the gas price. Around 15% of generation in Britain was covered by the Contracts for Difference scheme in 2025, up from 6.1% in 2019 - more than doubling over seven years. The older 'Renewables Obligation' subsidy covers a higher but declining proportion of renewable generation as the Contracts for Difference scheme continues to expand.

The proportion of price-independent generation is set to rise to 36% by 2030

This pool of fixed-price generation is set to continue to grow, with 36 new wind farms (9.7 GW) and 128 solar farms (4.9 GW) supported through the latest Contracts for Difference auction 'AR7' in late 2025. The subsequent auction AR8 has been brought forward to summer 2026, and targets additional wind and solar capacity to be built before 2030.

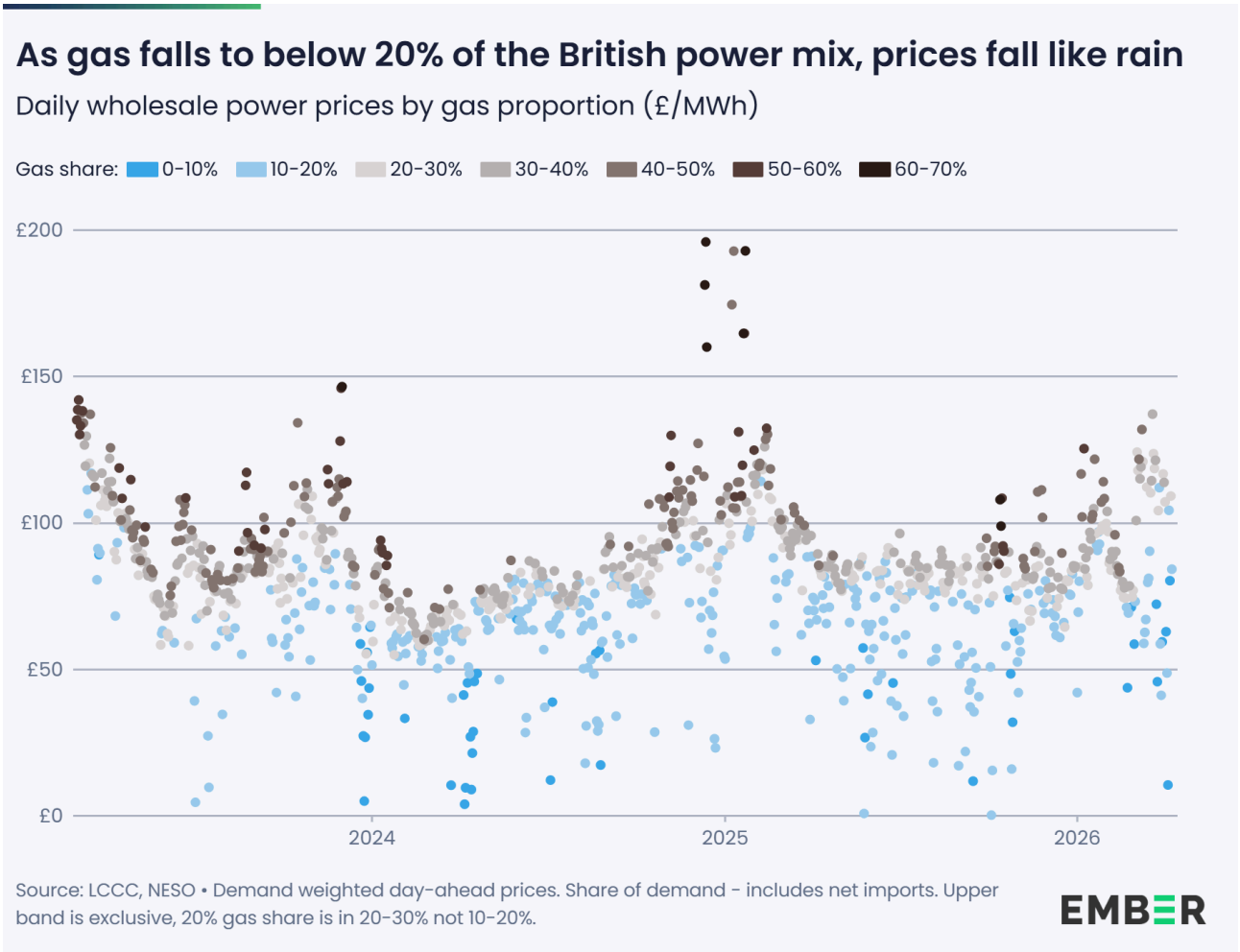
Increasing clean power under the Contracts for Difference scheme helps price stability by effectively limiting the proportion of the wholesale market that is exposed to the volatile price of gas. By 2030, a third (36%) of generation is forecast to be met by generators under the Contracts for Difference scheme - more than double the total in 2026. This proportion would be further bolstered by the AR8 auction results, not currently included in forecasts.



Rising clean power generation limits the role of gas in Britain's wholesale power market

The majority of power generation is not set via a fixed-price Contract for Difference, however rising renewable power helps displace fossil gas power regardless of support scheme. When gas generation is pushed to its lowest levels, the wholesale power price drops significantly. In 2025, hours with gas below 20% of the grid mix averaged £60/MWh compared to £130/MWh in hours

where gas made up more than 50% of the mix. In this way, low-marginal cost renewable power such as wind and solar contribute to reduced wholesale prices even before the full decarbonisation of the power system is achieved.



Record wind generation displaced gas in the critical months following price spike

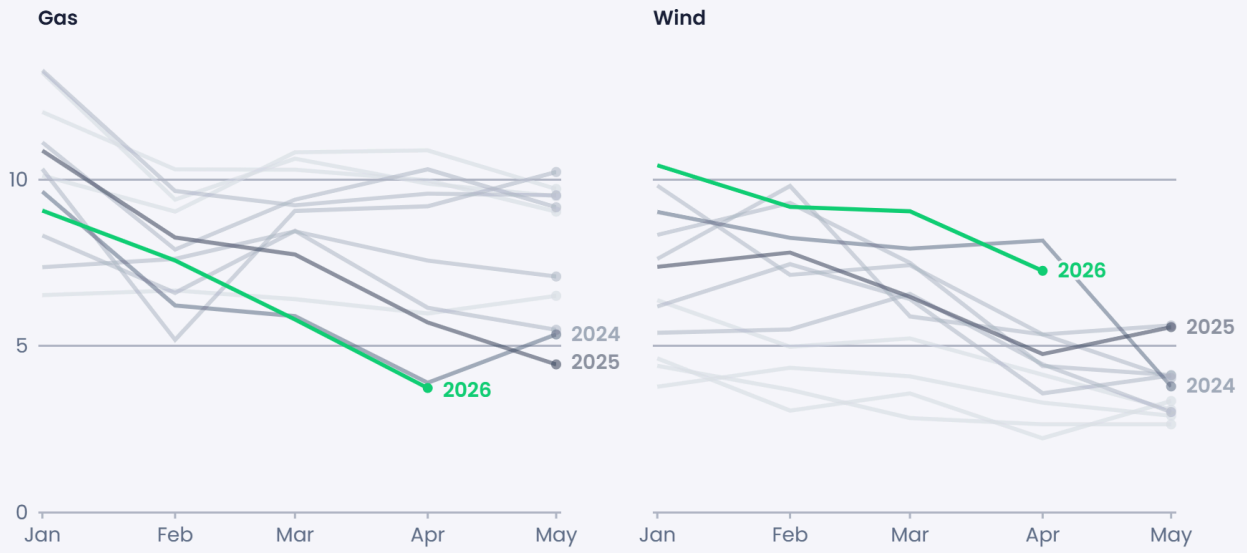
While global fossil markets reacted to the US-Israel war with Iran, British wind power was setting generation records, pushing gas to historic lows. Wind power delivered a monthly record of 42% of all British power generation in March 2026, while gas power fell to just 27%, its lowest March share for over 10 years.

Strong wind and solar generation continued in April, the second month of the latest fossil fuel crisis. On the afternoon of the 22nd of April the gas share on the electricity grid hit a historic low of 1.2%. Overall, the gas power share was pushed to a second record monthly low in a row (19% of generation in April, 3.7 TWh). British wind power generated almost double this total for the month, supplying 37% (7.3 TWh) of generation.

Clean power generation from wind was also supported by solar power, which in April generated its highest monthly total to date (2.5 TWh) and broke a peak generation record in April 2026, generating over 15 GW for the first time, temporarily supplying 45% of demand. The erosion of the role of gas power comes at a critical time, as the gas fuel costs soared in March 2026 .

Gas generation in Britain has fallen to monthly lows for both March and April 2026, while wind hit March record high

Monthly generation in Britain, 2015-2026 (TWh)



Source: Ember Electricity Data Explorer, NESO

Supporting information

Methodology

Monthly, hourly generation and price data
Hourly generation data has been sourced from NESO's historic GB generation data, paired with LCCC hourly day-ahead price data. Monthly data is from Ember's Electricity Data Explorer. Generation-weighted price data has been used for daily averages.

Contract for Difference (CfD) strike prices are in 2024 prices, as published by DESNZ. In AR7 (2025) - offshore wind strike prices are different for sites in Scotland £89.50 compared with the rest of Britain £91.20. The AR7 onshore wind strike is £72.24/MWh. The cost of gas-fired power generation soared to £110.42/MWh in the first four weeks of the crisis, up from £77.75/MWh in the week before. The pre-crisis average in 2026 for gas power generation was £89.30/MWh in Jan-Feb.

Proportion of generation covered by a Contract for Difference
The LCCC provides historic generation under the CfD scheme by generator. The historic LCCC CfD generation data is compared with the current annual generation data up to 2025, to provide a figure for the current proportion of generation met by a CfD - 14.8%.

The LCCC also provides generation forecasts per technology and auction type. However these forecasts are only updated annually and so the latest forecast data available excluded AR7. We have used the LCCC generation forecast for generators included in allocation rounds up to AR6, and then used AR7 capacity forecasts based on 'Expected Start Date' data, combined with DESNZ capacity factor data per technology to forecast AR7 generation out to 2030. It is acknowledged that the expected start dates are sometimes not met, but a more accurate dataset is not currently available. Generation curtailment is not included on top of that already within the DESNZ capacity factor data.

Total generation data to date is based on DESNZ data. The generation forecast is based on the 'ten year forecast' from NESO's 2025 Future Energy Scenarios Pathway data, a central pathway within its range of scenario pathways. Net imports are not included, however net exports in 2030 are included within national domestic 'generation' totals.

Acknowledgements

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