

## UKUPC special member update bulletin 2 – March 2026

### Middle East situation – supply chain and category impacts

US/Iran War impact on Energy Markets so far:

- The Strait of Hormuz, through which 20% of global oil and LNG transits, is de facto closed. Gas prices roughly 80% higher than pre conflict levels.
- Qatar, the second largest LNG exporter behind USA, has ceased LNG exports. It will take some time to resume full flows once the conflict ends, infrastructure repair, production to recommence, ships in the wrong locations and insurers not commenting on when they will be comfortable to resume 'normal' service.
- Global LNG capacity and supply does not hold enough slack to make up the deficit. This has increased competition for remaining LNG cargoes, pushing up prices globally.
- If the conflict escalates and long-term damage is done to energy infrastructure in the region, we could lose up to 120bcm/year of gas (Russian flows to Europe in 2022 were 80 bcm/year). This could trigger a supply shock of similar magnitude to 2022 price crisis.

Recent Developments:

- Temporary relaxation of Russian sanctions in an attempt to ease supply concerns.
- Unprecedented oil intervention, releasing 400mn barrels from reserves, has not impacted markets and oil has continued to rise.
- Power prices have increased too but have only seen increases of about 30% relative to gas, due to diversity of the power fuel mix.
- Storage inventory levels are historically low entering summer at <30%, similar levels to 2022.

How does this end? Three potential scenarios:

- A drawn-out conflict closes the Strait for a period of time, but no long term damage done to critical infrastructure. Prices continue to steadily climb as global supply tightens and stockpiles diminish, with prices gradually falling post conflict as supplies resume.
- A swift ceasefire agreed without long term damage to infrastructure. There would be a temporary supply shock as production ramps back up, which would likely see prices fall but remain elevated to pre-conflict levels. Nervousness in the market would remain.
- Long term damage to critical infrastructure in the region - large supply shock could feasibly see prices rise towards levels last seen over 2022 price crisis.

TEC action on behalf of our Members given cost certainty and budget setting is at the forefront of our consideration:

- Risk Management Strategy had meant TEC Members were already well hedged.
- Accelerated action on small open positions for FY 2026/27, with some wholesale buying action and some offsetting against other areas of the bill.

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## Upcoming TEC Webinar

TEC will be hosting a second **Exceptional Market Update Webinar**:

- **Date:** Wednesday 1 April
- **Time:** 11:00am

The session will cover:

- Latest developments in the Middle East conflict
- Energy market impacts
- Recent trading activity
- Scenario analysis for the months ahead

Members are encouraged to attend, please register below.

[TEC's Second Exceptional Market Update Webinar](#)

Daily market updates are also available via the TEC dashboard (login required).

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## BOC Fuel Surcharge – Important Update

We have been made aware that BOC recently issued a communication directly to some university end-users regarding the introduction of a fuel surcharge from **13 March**.

This communication was issued in error and **should not have been sent ahead of formal approval and UKUPC member communication**.

- The surcharge has now been **suspended**
- Any affected accounts will receive a **full credit within 5 working days**

We have addressed this directly with BOC to ensure this does not happen again.

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## Temporary Fuel Surcharge (From 16 April)

Following further discussions with BOC, a **temporary fuel surcharge** will be introduced from **16 April 2026**:

- **£3** – Cylinder and Cryospeed deliveries
- **£22.50** – Bulk deliveries

This reflects current market pressures and has been agreed following detailed review.

- The surcharge will be **reviewed monthly**
- First potential change: **1 May 2026** (aligned for the HE sector)
- Members will receive **advance notice of any changes**

**Please note:**

There is **no profit element** included in the fuel or helium surcharges.

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Summary

- Energy markets remain highly volatile due to geopolitical disruption
- TEC continues to actively manage risk and support members
- BOC surcharge error has been resolved, with credits being issued
- A temporary, transparent surcharge will be introduced from 16 April

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Contact

If you have any questions, please do not hesitate to get in touch with your SPG lead.