

European Power Market Brief

A monthly review of European day-ahead and balancing markets — prices, drivers and the summer outlook.

Review June 2026 **Outlook** July – August 2026

BOTTOM LINE

Nordic hydro is the swing factor this summer. Reservoirs are recovering but still below normal, which keeps a floor under prices whenever wind drops. Base case: DK1 averages **€70–95/MWh** in July–August — broadly in line with 2025 — with risk two-sided.

- **Hydro:** Norwegian fill recovered to 60.2%, but sits 8–12 points below normal — the single tightest variable into summer.
- **DK1 in June:** €112/MWh on average, with a €787 intraday spike on 24 June — June's bimodal pattern in miniature.
- **Gas:** the European gas benchmark (TTF) sets the price floor in low-renewable hours. After trading near €37/MWh before the June Strait of Hormuz escalation, it has moved into a ~€40–44/MWh range — the supply-route premium this brief flagged is now partly realized.

01 JUNE IN REVIEW

A heat-driven spike against a tight hydro backdrop.

Across Northwest Europe the month split into two regimes. When wind and solar were abundant, day-ahead prices fell toward zero or below; when they faded, prices climbed fast. The spread between those states — not the monthly average — is where the value sits. Denmark, with a wind share above 50%, is the clearest example of a pattern that now also defines Germany and the wider Central-Western Europe region (CWE — France, Germany, the Benelux and neighbours).

<p>DK1 · JUNE AVG</p> <p>€112</p> <p><i>per MWh, day-ahead</i></p>	<p>INTRADAY PEAK · 24 JUN</p> <p>€787</p> <p><i>3–4× the seasonal norm</i></p>	<p>NO RESERVOIR FILL</p> <p>60.2%</p> <p><i>week 25 · 8–12pp below normal</i></p>
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For most of the month DK1 traded in a familiar band of roughly €46–152/MWh, supported by strong wind and solar. Prices broke higher around 24 June: the daily average reached €211/MWh with an intraday clearing price of €787, as load forecasts outran available low-cost generation. Heat kept building, peaking at 33.9°C on 27 June, before temperatures fell to 16–21°C entering July.

June also underlined Denmark's structural import dependence. Generation averaged 2,070 MW against 2,380 MW of load — a 310 MW deficit covered by imports — while high-wind days (4, 9,

15 June) pushed output to 3,100–4,500 MW and tipped the zone into export mode at near-zero or negative hourly prices.

The backdrop — a stressed but recovering hydro system. Fill entered the year at 69.5% and drew down sharply through an exceptionally dry winter and spring, bottoming near 32% in late April. Late snowmelt has since lifted it to 60.2% by week 25, but that still sits 8–12 points under the typical June range of 67–70%. The effect reaches well beyond Norway: thinner reservoirs mean less hydro available to export, which firms prices across the DK–SE–NO area and into northern Germany whenever wind is low.

Takeaway *June's spike wasn't weather alone — thin reservoirs are what let it run.*

02 ACROSS THE EUROPEAN STACK

If the Nordic driver is water, the continental one is gas and sun.

The Nordic and continental zones are linked through interconnection and a shared merit order, so the same handful of factors set prices across the region — they just take turns leading. Three are worth watching into summer.

Gas still sets the marginal price. Whenever renewables fall short, the most expensive running plant — usually a gas unit — sets the clearing price, tying European power to the TTF gas benchmark. TTF traded near €37/MWh through the earlier spring; the June escalation around the Strait of Hormuz then repriced the supply-route risk this brief had flagged as a tail. The front month has since run higher, settling in a ~€40–44/MWh range into late June — roughly €40.6 on 25 June, €42.8 on 29 June and €43.6 on 30 June — even though the month still closed down about 5% and the quarter down ~14%, a geopolitical spike off an otherwise softening trend rather than a 2022-style shock. At ~€40–44 gas, the pass-through to power stays asymmetric: it barely registers in windy, sunny hours and lands hardest in the low-renewable evening peak.

More solar, more negative hours, wider spreads. The continued solar build-out keeps pushing midday hours toward — and past — zero, with Germany and the Nordics leading the count of negative-price hours. That caps monthly averages but widens the intraday spread, which is the more important number for flexible assets. The pattern is structural now, not seasonal noise.

Nuclear and interconnection set the floor. Summer is the maintenance window for Nordic and continental nuclear; an unplanned Swedish outage (Ringhals or Forsmark, 1–1.4 GW) or extended continental maintenance removes baseload and tightens the regional stack. French nuclear availability remains the swing factor for CWE balance — and because the zones are interconnected, a squeeze in one bidding zone transmits quickly to its neighbours.

Region	Lead driver this summer	Bias
Nordics · DK/NO/SE	Hydro recovery pace + wind variability	Elevated vs. normal while fill stays below median
Germany & CWE	Solar/wind surplus vs. gas-set evening peaks	Wide spreads; more negative midday hours
France	Nuclear availability and export balance	Swing factor for the CWE region

Region	Lead driver this summer	Bias
Iberia · ES/PT	Solar saturation, limited interconnection	Relatively decoupled; low midday prices

Rows other than the Nordics are directional reads of structural drivers, not point price forecasts.

Takeaway *Different zones, the same short list of drivers — they just take turns leading.*

03 OUTLOOK · JULY – AUGUST

Hydro and wind set the range; gas risk widens the tail.

Scenario	Prob.	Avg	Hourly range	Key driver
Low	25%	€35–65	–30 to 150	Hydro recovers to 68–72%, frequent Atlantic wind, mild temps. Negative pricing in 10–15% of hours.
Base	50%	€70–95	–20 to 280	Hydro 64–68%, wind near P50, gas risk persists without disruption, 1–2 heat waves. Most likely path.
High	25%	€110–160	0 to 600	Hydro stalls at 58–62%, 7–10 day wind drought, gas-price shock and heat wave coincide.

The base case leads because hydro is recovering and medium-range forecasts show no persistent blocking high through mid-July — early July in particular brings strong wind (31–37 m/s on 3–5 July) and cooler air, which should suppress prices and bring back negative hours before the paths diverge. For reference, last summer DK1 averaged €82.8/MWh in July and €73.4 in August, so the base range sits broadly in line with 2025.

Two variables dominate the spread. Hydro trajectory: each 10-point change in fill has historically moved Nordic spot ± 8 –15%, and a stall below 60% would deepen the squeeze. **Wind:** Denmark's 50%+ wind share splits the distribution — high-wind weeks average €10–30/MWh with frequent negatives, low-wind weeks €120–220.

The shared tail across Europe is the gas premium above: in a coincident heat wave, demand couples across Germany, France and the Nordics at the same time wind is weakest, so the upside is correlated rather than zone-by-zone. **Because fill still sits near 60% and below median, the same tightness behind June's spike continues to frame the summer.**

Next review trigger. A move in Norwegian fill below 58% during July, or a direct disruption to European gas supply, would shift the forecast upward by an estimated €25–40/MWh. Confidence this edition: medium — hydro and wind both carry wide uncertainty over a 60-day horizon.

Takeaway *The base case is benign; the tail is a hydro stall, a gas shock and a heat wave arriving together.*

04 BALANCING & DISPATCH

System stress lifts reserve and arbitrage value.

Hydro tightness and wind intermittency move the reserve markets alongside energy. European balancing is increasingly integrated: automatic and manual restoration reserves (aFRR and mFRR) are activated through the cross-border PICASSO and MARI platforms, and frequency containment through the FCR cooperation — so stress in one zone lifts reserve value across the region rather than in isolation. As units shift toward energy during price events, balancing capacity firms across the stack, and the wide intraday swings open repeated arbitrage windows.

Observation	Estimate	Notes
Reserve capacity	+20–40%	FCR-D / aFRR vs. the 2024–25 summer average, on hydro stress and volatility.
Arbitrage windows	20–30 / wk	Base case — hours with a >€100/MWh intraday range.
Negative-price hours	5–8%	Base case share; up to 10–15% in the low case during high-wind weeks.
Stress-hour revenue	€400–600 / MW	High case — single-hour potential during low-wind, high-demand coincidence.

The intraday pattern is consistent: charge through high-wind, negative-price windows (typically 02:00–06:00 and 11:00–14:00 CEST) and discharge into the low-wind evening peak (17:00–21:00 CEST). With the system this tight, the value sits with assets that can move between reserve and energy as conditions change rather than committing capacity ahead of a price event.

Takeaway *The tighter the system, the more the premium rewards flexibility over commitment.*

05 WHAT WE'RE WATCHING

The signals that move the next edition.

Signal	What it tells us
Norwegian hydro	Weekly NVE fill prints. A drop below 58% in July is the threshold that revises the forecast upward.
Weather regime	Blocking high-pressure (low wind, heat) vs. Atlantic low-pressure (high wind, mild) — the biggest week-to-week swing factor.
Gas & supply routes	TTF level and any disruption to LNG or pipeline flows that lifts the marginal cost of gas-set hours.
Nuclear availability	Swedish and continental summer maintenance, and any unplanned outage that removes baseload.
Demand coupling	Continental heat waves that raise cooling load across Germany, France and the Nordics at once.

SOURCES & METHOD

Prices and fundamentals: ENTSO-E Transparency Platform (EU-wide day-ahead, load and generation), EnergiNet (DK1 Elspot day-ahead), NVE (Norwegian reservoir fill, weekly), Open-Meteo (weather, 16-day horizon), and TTF as the gas reference. The geopolitical gas-price premium reflects the June 2026 Strait of Hormuz escalation alongside 2022 pass-through analogues; scenario probabilities draw on historical hydro-price correlation (the 2010, 2019 and

2021 dry years) and the current setup. Confidence is rated medium this edition. The brief is published monthly.

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