



KYOS Energy Analytics

Insights in European energy markets



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In September, TTF prices for next year delivery dropped by 10% and Cal23 German power prices averaged 6% lower m-o-m. The main reason for this downward move came from strong gas storage builds (EU levels stands at 88%, 2 points above the 10-year average). Daily price fluctuations remained bumpy though, especially with the sabotage of Nord Stream pipelines that blew away any hopes for potential restart of NS1 before the winter.

On 30th September, the EU energy ministers approved the awaited "power price mitigation package" which includes for each Member State a mandatory 5% cut in peak hour demand as well as a 180 EUR/MWh revenue cap for infra-marginal generators. This is mostly imposed on renewable, nuclear and lignite generators. The peak demand rule is to start in December 2022 and to last until April 2023 while the cap on market revenues is to last until June next year.

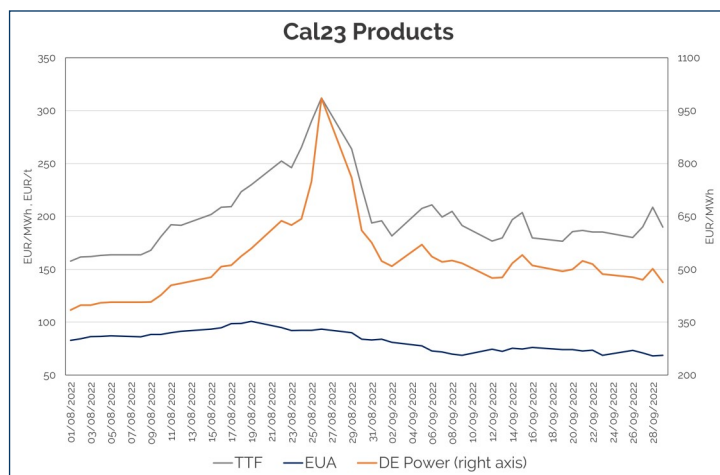
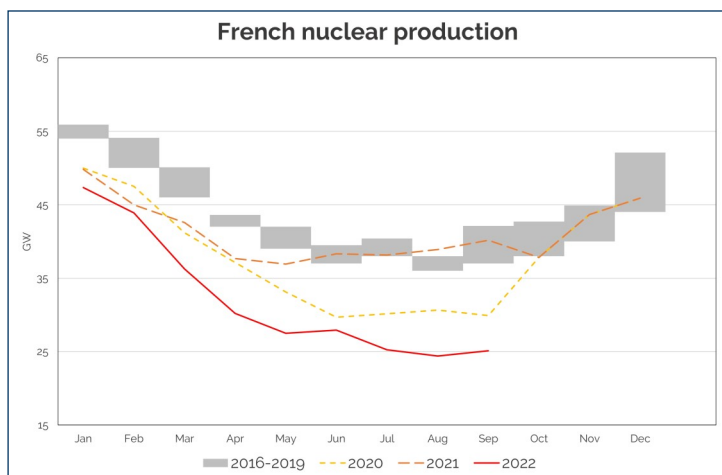
On nuclear, French production remained at record low levels at 25 GW. October will mark the return of several units and will give some indications whether EDF will actually manage to lift available capacity to 50 GW by the start of 2023.

Germany will keep 2 nuclear units in grid reserve until April 2023 while Belgium permanently closed its 1 GW Doel-3 unit. With that, Belgium export volumes are likely to shrink in the coming year.

On the weather, September has been more fresh and wet than the seasonal average. Rhine river levels at the Kaub checkpoint increased at the 5-year average height and this gives confidence for smoother coal transports. Looking ahead, the latest EC-Weekly forecasts show a tendency of windier and milder than normal conditions for October in South- and North-Western Europe, which should limit the level of price spikes.

On carbon, prices decreased as well last month, amid a bleak global economic context. Recession is getting closer and demand destruction became evident. For instance, European aluminum production is down 12% y-o-y, according to IAI data.

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Source: EEX, RTE, KYOS Energy Analytics

