

Insights in European energy markets

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Gas prices dropped furthermore in October (TTF Cal-23 lost 20% m-o-m) driven by mild spells and full gas storages, on top of healthy LNG supply. This somewhat eased the energy crisis in Europe.

The weather in the second-half of October has been very mild. On some days, temperatures in France and Germany have been up to 7° C above the seasonal average. This resulted in power demand levels about 10 GW below normal. Looking ahead, temperatures should normalize by mid-November. The risk of a cold winter remains a possibility and market participants will start monitoring weather teleconnection indexes such as El Nino/La Nina and the North Atlantic Oscillation, which usually give signals for winter surface weather.

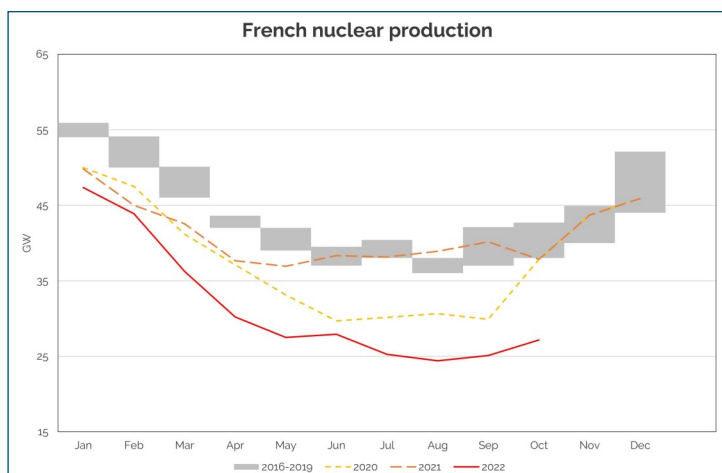
Last month, the French nuclear production averaged 27.1 GW (-10 GW y-o-y). Relying on EDF remit forecast at the start of October, out-turn production should have averaged 4 GW

higher. In addition to maintenance extensions, some strikes impacted the operations of many reactors. EDF however reached a wage agreement with the work union and the strike risk should be mitigated going forward.

On the German wind market, the BNetzA has released the results of the latest round of the 1320 MW tender volumes. The auction attracted only 58% of the offered capacity. While the aim was to award 4 GW of onshore wind capacity in 2022 (divided in 3 rounds), only 3 GW was effectively awarded in total. This indicates that significant barriers remain to reach the 115 GW capacity target by 2030.

With respect to carbon, low trading activity resulted in fairly flat prices in October. Going forward, policy discussions over the REPowerEU funding plan could bring more price movements. November will also be marked by the COP27 meeting in Egypt with a focus on voluntary carbon markets.

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Source: EEX, RTE, KYOS Energy Analytics

