



Insights in European energy markets



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The energy complex remained relaxed in the first part of November. Indeed, while EU gas storages normally lose 7% of their volumes during the November month, this one only lost 2%. This is partly due to the mild weather, but also thanks to European LNG imports that reached about 160 TWh in November, the highest in history. Moreover, Germany commissioned its first floating LNG regasification terminal - a 2nd one is expected before the end of the year - which represents another step forward towards energy security. LNG supply is predicted to remain at record levels in December.

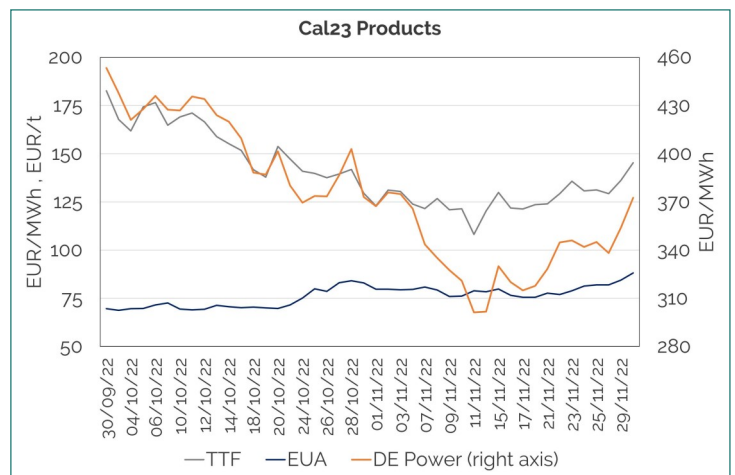
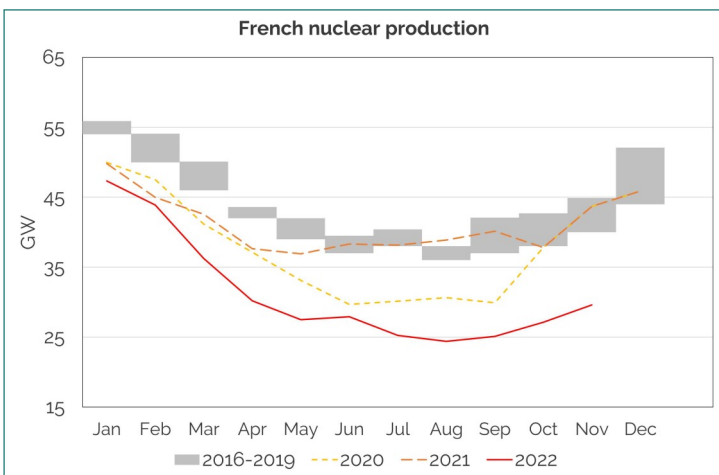
Nevertheless, later in November, weather models showed signals for a cold risk which instantaneously lifted forward prices. The signals confirmed that the first half of December at least will be dominated by a Greenland-blocking regime pushing for colder than normal temperatures as well as low wind and dry patterns. In addition, temperatures in the main gas regions of Asia and North America are also forecast below the seasonal average. In short, all conditions are met to drive prices higher.

On the French market, nuclear production averaged 29.6 GW (-14 GW y-o-y) in November, only a slight improvement versus October. The production will increase in December but won't reach the 45 GW that EDF promised. With that, France will continue to be a net power importer and use all available sources of power as it recently ramped-up its 2 GW of coal-fired plants.

These developments had an impact on carbon prices too, with higher thermal generation expected and therefore more demand for EUAs. On a positive note: a preliminary agreement has been reached to include shipping in the EU ETS as of 2024. Emissions from intra-EU voyages will be fully accounted in the ETS while half of the emissions during trips from and to non-EU ports will be covered.

Finally, to keep on the radar is the EU Commission decision on 13th Dec, whether to cap (or not) the TTF front-month price at 275 EUR/MWh for the 2023 trading period.

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Source: EEX, RTE, KYOS Energy Analytics