



KYOS Energy Analytics

Insights in European energy markets



May 2023

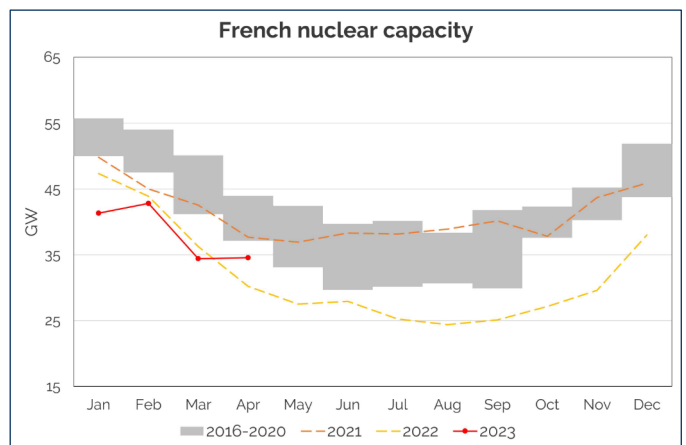
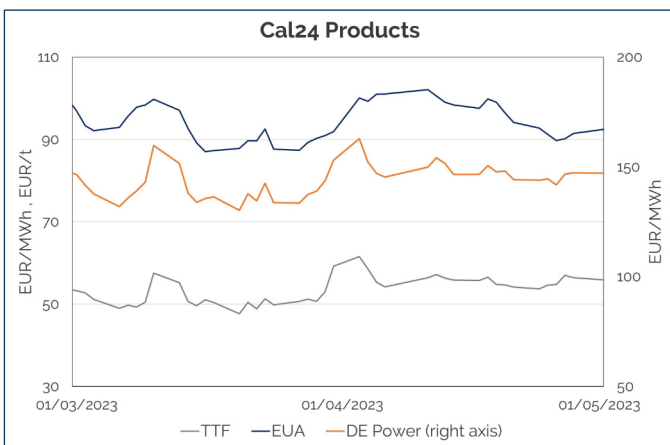
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April's slight increase in gas and power futures prices set an end to the bearish streak of seven consecutive months of price drops. Gas prices (TTF) for the calendar year 2024 surged briefly at the beginning of April but since then stabilized. The monthly average turned out 8% higher than in March. This effect echoed through other commodity prices with a m-o-m increase of 6% in the German calendar year for baseload power, and a 5% increase for the 2024 EUAs.

For the first time in history, renewable electricity (40%) surpassed fossil-based electricity (37%) in the past winter EU power mix. European nuclear power saw important transformations in April as well, with a monthly output reduction of 4 TWh (7%). The last three German reactors, with a combined capacity of 3.9 GW, were decommissioned on April 15th. This capacity thinning was partly countered by the connection to the Finnish grid of the long-awaited 1.6 GW Olkiluoto 3 reactor in the Baltic shore. Despite the strikes in France and the slight schedule delays, EDF reconfirmed their nuclear generation targets for 2023, and managed to maintain an average of 34.5 GW generation during April.

Moreover, May could show up to 2.8 GW increase of nuclear capacity in France, thanks to completed maintenance.

Hydropower in Europe is facing a more and more uncertain future due to climate change and strong variations in weather. Throughout the Alps, especially in Italy, snowfall was far below average, reducing the hydropower potential, which could lead to worrying effects. The ever-accelerating deployment of solar photovoltaics will only partly compensate for the expected lack of hydropower generation this summer. Under these circumstances it is very likely that the following months will see extreme price events with high volatilities, as was already the case in April. For example, on April 19th intraday electricity prices in the Dutch market reached -740 €/MWh. Similarly, negative intraday prices were observed on April 10th all over western Europe, reaching the Belgian, Dutch, German, and UK markets. In contrast, very high intraday price events occurred on for example April 11th, where prices of up to 390 €/MWh were seen in Germany. These peaked well above the day-ahead price for that hour of 130 €/MWh.



Source: EEX, RTE, KYOS Energy Analytics

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