



KYOS Energy Analytics

# Insights in European energy markets



June 2023

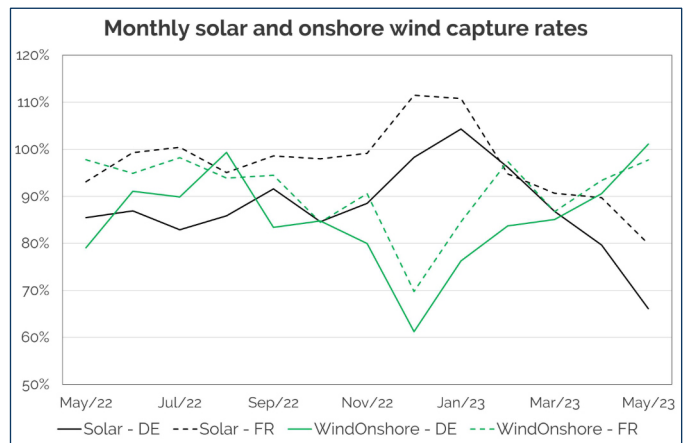
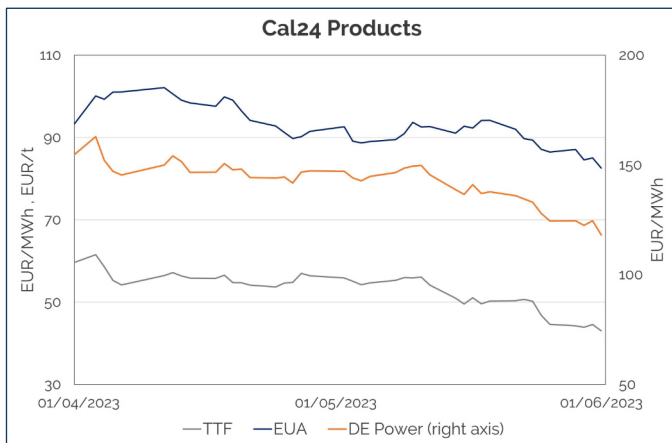
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Energy prices declined in May, both on the spot and forward markets, with low demand and strong LNG supply remaining the main bearish drivers. TTF spot prices registered a monthly average of 31 €/MWh, down 35% m-o-m and are at their lowest level since June 2021. Futures for 2024 delivery followed the same trend, with gas contracts down 10% m-o-m to a monthly average of 51 €/MWh and German Cal-24 Power contracts down 7% to 138 €/MWh over the same period. The continued decrease in gas prices pushed coal and lignite further out of the generation mix, depressing both coal and EUA prices, respectively down 15% and 7% m-o-m.

Solar and wind conditions were good in many European countries, which boosted the renewable generation. As a result, power prices, dropped for several days below zero in the central hours of the day across multiple countries; the monthly lowest was reached on Sunday 28th, when hourly Day-Ahead prices for German Power reached 130 €/MWh, while The Netherlands registered the European lowest hourly price of -400 €/MWh.

The sunny and dry weather, together with the continuously decreasing prices, strongly impacted solar capture rates, that dropped considerably compared to the same month in 2022: for example, in France they went from 93% in May 2022 to 80% in May 2023 while the effect was even stronger in Germany, where they went from 85% in May 2022 to 66% in May 2023. For more information on capture rates, please visit: [power.kyos.com](http://power.kyos.com). The website includes data on historical renewable generation and capture rates for different renewable technologies from 2016 up until the end of 2022.

The month of May was also characterized by extreme weather in southern Europe, with Italy and Spain experiencing rainfall levels way above seasonal expectations. While floods, especially in Italy, caused problems for people, livestock and crops, the heavy rainfall boosted the output of run-on-river hydro, whose average in Italy more than doubled m-o-m from 1.9 GW in April to 4.7 GW in May.

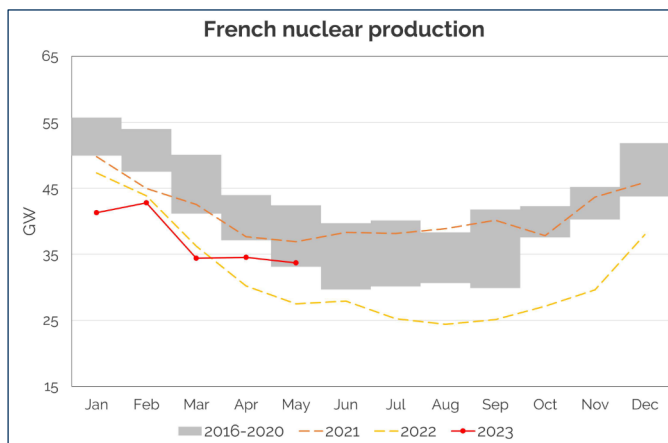


Source: EEX, ENTSO-E, KYOS Energy Analytics



The general outlook for gas and power prices over the summer months remains bearish as LNG supply stays strong and industrial demand slumps, with the latest Q1 data showing that Germany officially entered a recession.

The warm and dry weather in central Europe is expected to continue into the first half of the month. Solar output will put then continued downward pressure on power prices in the central hours of the day. A stabilizing trend may come from a decrease in wind generation, forecasted to be lower in June compared to May. On the other hand, Italy and Spain may keep experiencing a few more weeks of relatively cold and wet weather. Even though the reservoir levels for both countries remain below historical season averages, the recent rainfall and a continued wet forecast (up to 40% above average rainfall is expected) are easing the chances of a repeat of last year's draught.



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This is just a brief overview of what we can offer you. Have a look at our website [www.kyos.com](http://www.kyos.com) for more detailed information.

Do not hesitate to contact us for more information, or a short demonstration: [info@kyos.com](mailto:info@kyos.com)



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