

European Power Prices Rose 6.5% in October on Scarce German Wind, Solar Output

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LONDON

-- U.K. and Continental Natural Gas Prices Also Increased Despite Ample Supplies

LONDON, Nov. 7, 2014 /PRNewswire/ -- European power prices rose in October as wind and solar output dropped from a month ago, but prices were still below year-ago levels, according to data just released by [Platts](#), a leading global energy and commodities information provider.

The Platts Continental Power (CONTI) Index* rose 6.5% in October to €39.50 per megawatt hour (/MWh) compared to September. It was down more than 8% compared to October 2013.

German day-ahead power prices averaged €35.42/MWh in October, the highest level since January and 2% greater than the September level. However, on a year-over-year basis, German spot power prices were down 5%.

"German wind and solar output in October was down 22% versus a year ago to 5.75 terawatt hours (TWh), and similarly, wind output was down 31% from year-ago levels," said Andreas Franke, Platts managing editor of European power. "A number of new coal-fired power plants and demand weakness due to the stagnating economy reduced the need for higher-priced fossil-fired generating units."

In France, day-ahead power prices averaged €41.50/MWh in October, up 14% from September but still 4% below last year. Higher nuclear production boosted supply and mild temperatures kept demand in check.

"French utility EDF hiked its national nuclear output 6% from a year ago to 32.6 TWh, while hydro production fell 16% to around 3.7 TWh," said Franke. "High levels of water supplies have been maintained after a wet summer. The mild October weather eroded peak demand, preserving hydro stocks at 70% of capacity, the highest level for late October since 2008."

Similar dynamics were at work in the natural gas market. U.K.** day-ahead natural gas prices in October rose from September to an average 50.41 pence per therm (p/th), but were 23% lower than October 2013. On the Dutch TTF, continental Europe's most liquid natural gas hub, day-ahead gas prices rose 2% from September but were 18% lower than October 2013.

"In 2013, traders were still filling natural gas storage at this time of the year," said Alex Frole, Platts energy analyst. "But this year, they finished restocking much earlier, and the weather was mild this October, which limited the expected winter increase in heating demand."

"The price of natural gas for first quarter 2015 is now around 55.50 pence per therm (p/th), and for summer, 51.25 p/th," Frole said. "A year ago a trader would have had to pay 72 p/th to lock in first quarter gas for 2014, and 64 p/th for the summer."

Since then, however, oil prices have dropped by around 25% from the start of June to the end of October, weakening global natural gas prices in countries that buy on oil-linked contracts.

"News of a price deal last week between Russia and Ukraine has also reduced the risk of a major interruption to European supplies this winter," said Frole.

	Oct-14	Sep-14	Oct-13
CONTI (EUR/MWh)	39.50	37.07	43.04
TTF (EUR/MWh)	21.15	20.78	25.87
U.K. Power (BPS/MWh)	44.12	41.72	47.80
U.K. Gas (pence/therm)	50.41	48.45	65.10

Source: Platts

NOTE: All figures are monthly averages of daily day-ahead contract prices as assessed by Platts.

*Platts Continental Power Index (CONTI) is a demand-weighted baseload average of day-ahead contracts assessed in Germany, Switzerland, France, Belgium and the Netherlands. The Platts U.K. assessments reflect day-ahead contracts assessed for firm delivery of power on the high voltage network of England, Wales and Scotland, and at the National Balancing Point** (NBP) for gas. The Platts assessments reflect prices as determined between buyer and seller in the open physical markets.

For more information on [electric power](#) or the [methodology used by Platts](#) in its power assessments, visit the Platts website www.platts.com.

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Platts Continental Europe and U.K. Day-Ahead Monthly Averages

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