

Platts: European Power Prices Revived On Higher Demand, Lower Renewables Production

Natural Gas Prices Boosted by Dutch Production Squeeze, Russian Supply Anxiety

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LONDON, March 5, 2015 /PRNewswire/ -- European day-ahead electricity prices bounced back in February from January lows as colder, calmer weather conditions combined with rising natural gas and carbon prices, according to data just released by [Platts](#), a leading global energy, petrochemicals, metals and agriculture information provider.

The Platts Continental Power (CONTI) Index* rose 21.25% in February to EUR43.42 per megawatt hour (/MWh) compared to January's EUR35.81/MWh. The Index was up 13.4% compared to February 2014's EUR38.28/MWh.

Platts' regional analysis of European power and gas markets in February showed the following:

- Germany: Day-ahead power prices averaged EUR35.98/MWh, up 23% from January and 8% from February 2014. Colder weather saw demand pick up as solar and wind output dipped below year-ago levels. Nuclear availability at its full 12 gigawatts (GW) to end-February kept a lid on prices ahead of the start of the maintenance season in late March and closure of E.ON's 1.275-GW Grafenrheinfeld nuclear plant in May.
- France: Day-ahead power prices averaged EUR49.02/MWh, up 23% from January and 29% year-over-year. Significantly colder weather drove demand up, with peak consumption exceeding 90 GW February 6, the highest level in two years. Volatile wind and temperature forecasts towards the end of the month pushed March baseload power over EUR48/MWh.
- U.K.: Two months of price falls were reversed in February as the day-ahead average climbed 9% to £42.51/MWh, driven ostensibly by a corresponding increase in natural gas prices. A cold snap in early February failed to trigger a meaningful increase in gas imports from the Continent, forcing the U.K. to draw on its gas storage facilities.
- Netherlands: On the Dutch TTF, continental Europe's most liquid natural gas hub, day-ahead gas prices increased 14% month-over-month, but were 6% below February 2014 levels. Continued low Russian imports, strong demand from Italy, Norwegian outages and restrictions on Groningen production in the Netherlands all contributed to a rising spot price trend.

"While temperature and wind output were the key drivers of European power prices in February, prices also reflected a vote in the European Parliament's environment committee on the Emissions Trading System (ETS)," said *Henry Edwardes-Evans*, *Platts Power in Europe* editor. "The vote supported early removal of surplus carbon allowances from the ETS and saw the price of carbon rise above EUR7/metric tonne CO₂. This is a long way from levels that would affect investment, but still served to trim coal plant margins."

While the underlying supply/demand situation for natural gas was comfortable in February, the market received two unexpected boosts, Platts energy analyst *Alex Frole* said.

"In the middle of the month the Dutch government announced new limits on production from the country's giant Groningen gas field," he said. "Then at the end of the month there were growing tensions over the possibility of an interruption to Russian gas supplies through Ukraine. However, supplies have remained healthy, and there were no major cold snaps and prices dropped back down again in early March."

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

	Feb-15	Jan-15	Feb-14
CONTI (EUR/MWh)	43.42	35.81	38.28
TTF (EUR/MWh)	22.48	19.70	23.80
U.K. Power (BPS/MWh)	42.51	39.14	45.14
U.K. Gas (pence/therm)	50.48	46.14	58.88

Source: Platts

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

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

** The Platts 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.*

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CONTACT: Media Contacts: Asia: Kimitsu Yogachi, kimi.yogachi@platts.com, +65 6530 6596; Global & U.S.: Kathleen Tanzy, Kathleen.tanzy@platts.com, +1 212-904-2860; U.S.: Rose Catlos, rose.catlos@platts.com, 212-904-4937.

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