

Platts: European Power Prices Declined 15.8% in January on Mild, Windy Weather

U.K. Natural Gas Prices Also Dipped, Reversing Two-Month Uptrend

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LONDON, Feb. 5, 2014 [/PRNewswire/](#) -- Day-ahead electricity prices in Continental Europe dropped sharply in January as mild temperatures suppressed demand and wet, windy weather facilitated high renewable energy generation, according to data just released by [Platts](#), a leading global energy, petrochemicals and metals information provider.

The Platts Continental Power Index* (CONTI) fell 15.8% in January 2014 to EUR40.29 per Megawatt hour (/MWh) compared to the December 2013 rate of EUR47.85/MWh. Year-over-year the index was down more than 18%.

The price decline was most marked in Spain, the Netherlands and the U.K., which experienced month-over-month declines of 46%, 11% and 8%, respectively.

In Spain, traders described hydro and wind power levels as "extreme", while low-cost German power exports combined with weaker natural gas and coal prices to deflate wholesale rates in the Netherlands. In the U.K., strong wind output, lower natural gas plant operation and strong continental imports pulled prices down in late January.

"France is a perfect example of how comfortable European power generation margins are this winter," said Platts Markets Editor Darren Stetzel. "Even strikes by E.ON and EDF workers at 3.5-gigawatts of French coal-fired plant and sudden capacity reductions at four nuclear plants have had little impact on power prices."

"The expectation is for more mild, windy weather ahead, with French baseload power for February delivery falling 23% ahead of expiry in the final week of January," said Stetzel. "And as the days get longer we see German solar beginning to exert an influence on hourly peak prices."

Meanwhile, December's uptrend in the price of U.K. day-ahead natural gas was reversed in January, as prices fell 6% on a month-over-month basis and declined 2.6% year-over-year. As with electricity, weak demand and oversupply proved the bearish forces on price, with no unexpected outages or prolonged cold snaps.

At Continental Europe's most liquid natural gas trading hub, the Dutch TTF, the average price of day-ahead natural gas was EUR26.24/MWh in January, down 5.2% from December.

A cold spell and reduced Norwegian production had pushed European natural gas prices upward in early December, but since then most fundamentals have been bearish, with the German day-ahead gas price sinking to a 17-month low by early February.

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

	Jan-14	Dec-13	Jan-13	
CONTI (EUR/MWh)		40.29	47.85	49.47
TTF (EUR/MWh)		26.24	27.68	26.55
U.K. Power (BPS/MWh)		47.26	51.10	49.56
U.K. Gas (pence/therm)		65.11	69.32	66.83

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 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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