

European Natural Gas Plant Development at 10-Year Low: Platts

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- *Platts Project Tracker Highlights Electric Power Generation Capacity and Construction in Europe*

LONDON, Oct. 8, 2014 [PRNewswire/](#) -- Less than 4 gigawatts (GW) of natural gas-fired power plants are being built in West Europe, the lowest level in more than 10 years, according to the [Platts Power in Europe Project Tracker](#), which shows electric power generation capacity and construction in Europe.

"Since 2008, Europe has experienced strong subsidized growth in renewable energy, sustained periods of weak demand and low wholesale power prices, all of which have deterred thermal plant investment, particularly gas plant construction," said Henry Edwardes-Evans, associate editorial director of *Power in Europe*, a long-running publication of [Platts](#), a leading global energy, petrochemicals, metals and agriculture information provider.

In early 2012, 15 GW of combined-cycle gas turbine (CCGT)* plants were in construction. Looking back to the "dash-for-gas" peak of construction activity, in September 2006 the *Platts Project Tracker* recorded more than 23 GW of CCGT plants in construction, having noted 7.38 GW commissioned in the first nine months of that year.

Today, some 35 GW of fully approved CCGT capacity remain firmly shelved, with little or no discernible forward momentum. Dozens of similar projects have been cancelled or suspended in recent years, while a handful of operational plants are up for sale, including Verbund-owned CCGTs in France and three Centrica-owned plants in the U.K. Others are being broken up, with equipment sold abroad.

"There are only pockets of opportunity for thermal plant development in West Europe," noted Edwardes-Evans. "Upcoming capacity auctions in the U.K. and Belgium are expected to be hotly contested, but in Germany, sector analysts see no need for thermal plant additions for several years. In fact, there is a trend of closures and mothballing of plants across Germany, the Netherlands, France and Austria."

Coal and Renewable Projects Move Forward at Varied Rates

The *Platts Tracker* shows 6.8 GW of coal plant in construction, all in Germany and the Netherlands, while just 3 GW sit in the "approved" category, again with no immediate prospect of advance. Developers readily admit the capacity was planned when demand was growing and prices were higher.

Meanwhile, pumped-storage hydropower is going through a surge of development as pre-credit crunch plans come to fruition. Some 4.6 GW are in construction, mainly in Switzerland and Portugal. A long-term future is seen for this capacity as system volatility grows, but for now commercial viability is some way off as solar photovoltaics flatten midday peak power prices. Pumped-storage hydropower needs high peak pricing as an economic driver.

Turning to nuclear, there are 3.2 GW in construction in West Europe as two European Pressurized water Reactor (EPR) projects progress at glacial pace.

Work began at TVO's Olkiluoto 3 plant in Finland in September 2005, and it is now due online in 2018. EDF's Flamanville 3 plant began construction in December 2007. Limited capacity is scheduled to be available in winter 2016-2017.

A third EPR, at Hinkley Point in England, is reported to be close to European Union State Aid clearance. A mid-2015 construction start at Hinkley appears the best that developer EDF Energy can hope for. This would give the company eight years in which to hit a 2023 completion date target--a stiff challenge given the design's track record.

"For dynamic investment in fossil-fired plants, the focus swings east to Poland, where more than 5-GW of coal and gas plants are in construction," said Edwardes-Evans. "There the government is concerned that an ageing fleet of coal power stations, demand growth and a relative lack of interconnection will expose the country to future shortages. However, an element of central planning supported by state bank financing is required to get projects off the ground."

Turning to large-scale renewables, some 15 offshore wind farms are under construction for a total 4.3 GW, the bulk in Germany (2.36 GW) followed by the UK (1.4 GW). Capacity additions are down 25% from last year and sector representatives fear that

the contraction will continue into 2015 and 2016.

*West Europe Generating Capacity in Construction or Permitted
(As of September 2014)*

Status	Type	GW	Number
Approved	CCGT	35.6	57
Construction	CCGT	3.9	10
Approved	Coal	2	3
Construction	Coal	6.8	8
Approved	Offshore Wind	22.9	72
Construction	Offshore Wind	4	15
Approved	Nuclear	3.3	3
Construction	Nuclear	3.2	2
Approved	Pumped storage	4.7	11
Construction	Pumped storage	4.6	10

Source: Platts PowerVision, a web-based energy analytics tool

* A CCGT captures some of the heat in the combustion process, making it more efficient and able to run more frequently than a stand-alone, or simple cycle, gas turbine.

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