

S&P Global Platts: European Power Prices Fell in May, Despite Pockets of Support

Natural Gas Posted Gains into June on Recovery in Oil, Coal

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LONDON, June 13, 2016 /PRNewswire/ -- European power prices weakened again in May, although the price picture was mixed, according to data released by S&P Global [Platts](#), the leading independent provider of information and benchmark prices for the commodities and energy markets.

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Strengthening natural gas markets and variable nuclear power availability opened pockets of price volatility through the month, illustrating how national generation characteristics continue to offer divergent price trends despite the EU's single market drive.

Continental European power prices, according to Platts Continental Power Index (CONTI)*, declined 4.6% to EUR23.98 per megawatt hour (MWh) in May compared to April. On a year-over-year basis the index was down 12.4%, but this was much reduced compared to April, when the index was down more than 30% year-over-year.

The dominant power market in the CONTI index was Germany, where day-ahead baseload power prices fell 6% in May compared to April. But in the natural gas-influenced power market of Netherlands, power prices were up 4%. And in the hydro/gas-influenced power markets of Italy and Spain, day-ahead power prices climbed 14% and 7%, respectively.

In the natural gas market, a sharp rally towards the end of May and into June saw European prices rise as the maintenance season got underway. Stronger oil and coal values aided the rally, despite robust Norwegian and Russian gas imports into Northwest Europe.

S&P Global Platts' regional analysis of European power and gas markets showed the following:

- Germany: day-ahead baseload power prices fell 6% month over month to EUR22.88/MWh in May, as high renewable energy production pushed prices into negative territory at low-demand times. In the forward market, however, German contracts followed bullish sentiment in commodities, with month-ahead base power having climbed 9% month over month to EUR24.11/MWh.
- France: day-ahead baseload power prices averaged EUR24.23/MWh in May, a 5% decline on April as demand dropped 11% month over month. A drop in nuclear output due to EDF worker strikes prompted a 94% increase in gas-fired output in May. However, the price impact was minimal due to much weaker gas prices this year: PEG Nord gas prices have fallen 37% during the last 12 months.
- U.K. power: day-ahead prices were stable in May, up 1% month over month to £33.85/MWh. There were pockets of volatility, with the physical market price trading at more than £40/MWh May 13, in large part due to reduced nuclear and wind availability. By early June, a stronger natural gas price helped put upward price pressure on spot power prices, pushing the day-ahead base price to more than £36/MWh.
- U.K. gas: day-ahead natural gas prices on the U.K.'s National Balancing Point (NBP) trading hub ticked up 4% month over month but remained 31% down on May, 2015 levels. Late in the month the market took support from crude oil, Norwegian gas supply outages and a weaker pound versus the euro. In terms of demand, a 53% year-over-year rise in natural gas used in power generation more than offset a decline in domestic and industrial natural gas consumption.
- Dutch gas: on the TTF, continental Europe's most heavily traded natural

gas hub, day-ahead gas prices in May averaged 8.5% more than in April. But prices remained more than 36% lower on a year-over-year basis. As crude oil prices strengthened into June, Dutch and German natural gas prices rallied, pushing the day-ahead contracts beyond EUR15/MWh on June 7.

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

	May-16	Apr-16	May-15
CONTI* (EUR/MWh)	23.98	25.13	27.37
TTF (EUR/MWh)	13.03	12.01	20.49
U.K. Power (BPS/MWh)	33.85	33.47	40.82
U.K. Gas (pence/therm)	30.33	29.30	43.78

Source: Platts

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

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

** The S&P Global Platts CONTI is a demand-weighted baseload average of day-ahead contracts assessed in Germany, Switzerland, France, Belgium and the Netherlands. The S&P Global 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 S&P Global Platts assessments reflect prices as determined between buyer and seller in the open physical markets.*

CONTACT

Global, Americas, Asia: Kathleen Tanzy, + 1 917 331 4607, kathleen.tanzy@platts.com

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CONTACT: EMEA: Arnaud Humblot +44 207 176 6685, arnaud.humblot@platts.com and Alex Brog +44 207 176 7645, alex.brog@platts.com; Singapore: Platts(platts@ryancommunication.com)

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