

Paris, March 1st 2015

Electricity, Natural Gas and CO₂ market observatory (data as of December 31th 2014)

Electricity: Spot market prices settled at moderate levels due to good availability of nuclear fleet and mild temperatures; the volume traded on the futures market are surging while calendar products prices fall below € 42/MWh

Spot market prices settled at moderate levels during the 4th quarter of 2014. This is explained by, as during the previous quarter, the good availability of the nuclear fleet and limited consumption with temperatures above normal temperatures.

Calendar 2015 Baseload price fell below € 42/MWh and thus moved away from the ARENH price. The drop in fuel prices and low ARENH orders contributed to this fall.

The volumes traded on the markets increased sharply in connection with the beginning of winter and low ARENH orders for the first half of 2015. The trades of calendar products on the intermediated market are on the increase by 327%.

During the fourth quarter 2014, nuclear availability rate was higher than in 2013, with historically high (since 2008) availability rates during December 2014. Therefore, **nuclear generation rate during Q4-2014 was also very high**, with 12% increase compared to previous quarter.

Imports doubled compared to previous quarter and reached 9.9 TWh. As for the exportations, they maintained at 24 TWh, which represents a 31% increase compared to the same quarter in 2013, with high nuclear generation. Export balance reached 14.2 TWh during Q4-2014, therefore a 58% increase compared to Q4-2013.

Natural gas: The European markets were influenced by strong drops of oil prices; the return of LNG in Europe led to a collapse of North/South spread

During the 4th quarter of 2014, spot gas prices in Europe remained relatively low compared to the previous years (-17% compared to Q4 2013). This trend can be explained by the favorable picture of short term supply conditions and by the decline of mid-term prices.

Forward gas prices were influenced by the strong losses of oil prices observed during the quarter. The drop of oil prices appears in a context of abundant supply (especially from non-OPEP countries) and weak demand growth in world's major economies. The decline of oil prices was accentuated by November OPEP's decision to maintain their production levels.

The increase of send-out at LNG terminals of Fos-sur-Mer, linked to the collapse of global LNG prices, led to strong reductions of North/South spread. On average during the quarter, the price differential between PEG Nord and PEG Sud established at € 1.1/MWh (the lowest level registered since Q4 2012). Flows from Fos reached their highest level since Q2 2013.

The total volume traded in the wholesale gas markets in France increased compared to Q4 2013 for both spot and forward segments. While spot volumes increased essentially at PEG Nord, the rise of forward volumes is explained by the activity at PEG Sud (especially for monthly contracts).

CO₂: EUA prices increased during the fourth quarter 2014

During the fourth quarter 2014, **EUA average spot price increased by 9% to 6.6€/tCO₂** compared to the third quarter 2014. Such an increase is mainly due to the implementation of the backloading reform as well as recent discussions on **the proposal for the creation of a Market Stability Reserve**. **Dec'14 contract increased by 7% and Dec'15 contract by 8%**.

CER spot prices lowered by 56% compared to previous quarter, totaling close to 0 levels (**0.07€/tCO₂**). Term contracts very slightly increased, in particular because of a 20% increase of Dec'15 contract to 0.47€/tCO₂, resulting from the discussions on reforming the EU ETS market during the European summit which was held in October 2014.

EUA and CER traded volumes increased by more than 20% with more than 2,000 Mt contracts traded on exchanges and brokers. On exchanges, EUA Dec'15 contracts supported the higher increase in volumes with 61% of added volumes compared to Q3 2014. In turn, the increase of EUA spot volumes reached 23% on exchanges.

Clean spark spread future (CAL+1) increased by 17% during the quarter, remaining negative but reaching -9.2 €/MWh in a context of falling gas future prices. Clean dark spread future (CAL+1) slightly decreased, starting from November 2014, due to higher EUA prices and lower Cal'15 electricity prices.

Press contact:

Anne MONTEIL : 01 44 50 41 77 – anne.monteil@cre.fr