



Paris, June 8th 2015

Electricity, Natural Gas and CO₂ market observatory (data as of 31 March 2015)

Electricity: In the second half of 2015, power purchases from alternative suppliers on the wholesale markets have risen sharply

Prices on the spot market reached high levels for the first quarter of 2015, day-ahead contract price settled in average at €44.9 /MWh due to an increase in consumption.

The price of the Calendar 2016 product continued to decline and reached a low point at €37.55 /MWh during the first quarter of 2015, before stabilizing around €39 /MWh. **In this context, the number of ARENH subscribers, whose price is €42 /MWh, has fallen sharply. It fell from 34.5 TWh for the 2nd semester 2014 to 12.4 TWh in S1 2015 and finally to 4 TWh for the 2nd semester 2015.**

The volumes traded on futures markets continued their rise in a context of arbitrage between the market price and ARENH's price. Furthermore, **the volumes traded in France on the intraday market exceeded those corresponding to cross-border transactions.**

The nuclear availability of first quarter was in average 1.5 GW higher than the first quarter of 2014. Nuclear generation was also relatively high with an increase of 3.5% compared to Q1 2014 and a generation rate which reached 88%. In this winter context of Q1 2015 fossil-fuel fired generation increased. The average of coal and gas generation rate increased by 19% compared to Q1 2014.

Imports increased during Q1 2015 compared to Q1 2014. The export balance reached 11.8 TWh compared to 14.2 TWh in previous quarter, therefore a decrease of 16%.

Natural gas: European wholesale gas prices still affected by low oil prices; well supplied markets for the last part of the winter 2014/2015

Despite the increase of consumption, the European spot prices remained relatively low (-10% compared to Q1 2014). The abundance of offer related to high storage levels and the availability of short term LNG maintained the European systems well supplied all across the quarter. Asian prices remained very low and passed below European prices on February (the spread between PEG Nord and East Asian markets reached almost € 4/MWh in 12 January).

These short term conditions, but also the low oil prices, contribute to the bearish trend of forward gas prices. The surplus of offer in the oil markets led Brent prices to fall below € 40/bl on January. The spread between oil and gas prices reached the lowest level since Q2 2009.

The North/South spread remained considerably low and established on average at €0.6/MWh. Despite the decrease of send-outs at Fos and the increase of consumption, the high storage levels allowed the south of France to be well supplied and prevented the saturation of GRTgaz north-to-south link: withdrawals from storages represented 53% of supplies in the south of France in Q1 2015, compared to only 22% in Q1 2014.

The volumes traded in the intermediated markets in France decreased in Q1 2015 (-10% compared to the previous quarter). While the spot markets continue their development (especially at PEG Nord), the activity in the forward segment decreased (especially that of OTC Month and Season contracts).

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CO₂: EUA prices increased during the first quarter 2015

During the first quarter 2015, the **EUA average spot price increased by 6% to 7.0€/tCO₂** compared to the fourth quarter 2014. Such an increase is mainly due to the implementation of the backloading reform as well as recent discussions in favour of **the creation of a Market Stability Reserve**.

EUA traded volumes stabilised around 2,000 Mt contracts traded on exchanges and brokers. On exchanges, the term contract volumes decreased by 10% compared to the previous quarter. In turn, the increase of EUA spot volumes reached 81% on exchanges, due to the institutional announcements regarding the market stability reserve.

The Clean spot spreads increased during the first quarter in relation to the increase in electricity prices, decrease in coal prices and decrease in gas prices. Regarding the future product (Y+1), the clean spark spread increased by 5% on average during the quarter, whereas the clean dark spread decreased by 18% in relation to the decrease of Calendar 2016 electricity prices and the increase of the future EUA price.

Founded on 24 March 2000, the French Energy Regulatory Commission (CRE) is an independent administrative body. CRE works to guarantee smooth and efficient operation of the electricity and natural gas markets for the benefit of the end-user. It also works to guarantee the absence of discriminatory practices, cross-subsidies or restrictions on competition.

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