

Paris, December 1<sup>st</sup> 2015

## Electricity, Natural Gas and CO<sub>2</sub> market observatory (Data as of September 30<sup>st</sup> 2015)

### Electricity: The lower hydraulic production during the third quarter of 2015 led to higher prices on average on the spot market

The **decrease of hydraulic production** (with a generation rate of 20%), combined with a relatively high consumption, led to **higher prices on the spot market on average** (EPEX Spot auction). They settled to €35.8 /MWh, compared to €28.4 /MWh during Q3 2014.

The lower hydraulic production was compensated by an increase of the generation from fossil fuel-fired power plants (+ 27% compared to Q3 2014) and by higher imports (+ 50% compared to Q3 2014). **The export balance reached 17.7 TWh** in Q3 2015, a drop of 14% compared to Q3 2014.

**Calendar 2016 product price fell below €37 /MWh during Q3 2014**, following the trend of fuels prices, and was at €37.23/MWh on the 30th of September 2015.

**Volumes traded on futures markets slightly increased**, compared to the previous quarter, for monthly products (+ 9%) and Calendar products (+25%).

### Natural Gas: Wholesale European prices still decreasing underpinned by the global economic climate and the ample supply of European markets

**Prices in Europe continued their bearish trend during the whole quarter**, underpinned by a stable consumption (+2% compared to Q3 2014) and an ample supply.

Thus, the prices significantly fell in all segments compared to Q2 2015. However, forward prices decreased by 19% whilst spot prices increased by 5% compared to Q3 2014.

**In this context of low prices, the consumption of highly modulated sites** (which represents in particular the consumption of gas-fired combined-cycle power units) **more than doubled compared to the previous quarter**. Overall, the consumption of highly modulated sites more than doubled in the first three quarters of the year compared to 2014 and was 15% higher than in 2013.

**The adequate supply of gas of the south of France, observed since the fourth quarter of 2014, continued in the third quarter of 2015**. The spread between North and South was on average € 0.46/MWh. Despite a slight decrease of send-out in Fos, larger injections into storages and exports from France to Spain, no congestion of the North-South link was observed.

**In the third quarter 2015, traded volumes on the exchanges and brokerage platforms decreased compared to the third quarter of 2014**, with a reduced activity in the forward segment (-36%), slightly compensated by an increase on the spot market (+14%).

**September saw also the first injection of bio-methane** from household waste treatment in the French network.

## CO<sub>2</sub>: Increase of emission allowances price (EUAs) in Q3 2015

During the third quarter of 2015, **the average market price of spot EUA contracts increased by 9%** (to €8/tCO<sub>2</sub>) compared to the second quarter 2015, after the European Parliament approved the implementation of the Market stability reserve (MSR).

**The EUA traded volumes rose sharply from the previous quarter to 1,655 Mt (+14%).** EUAs traded volumes on exchanges and brokerage platforms respectively increased by 13% and 18%.

The theoretical profitability of coal or gas power plants rose during the third quarter of 2015 in the context of decreasing fuel prices. The peak-load profitability of a coal power plant was on average €23.1/MWh in the forward (Y+1) segment. It was €2.8 /MWh for a gas power plant.

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