# THE SPANISH ELECTRICITY MARKET CLOSES THE SECOND MOST EXPENSIVE MONTH OF JUNE OF ITS HISTORY

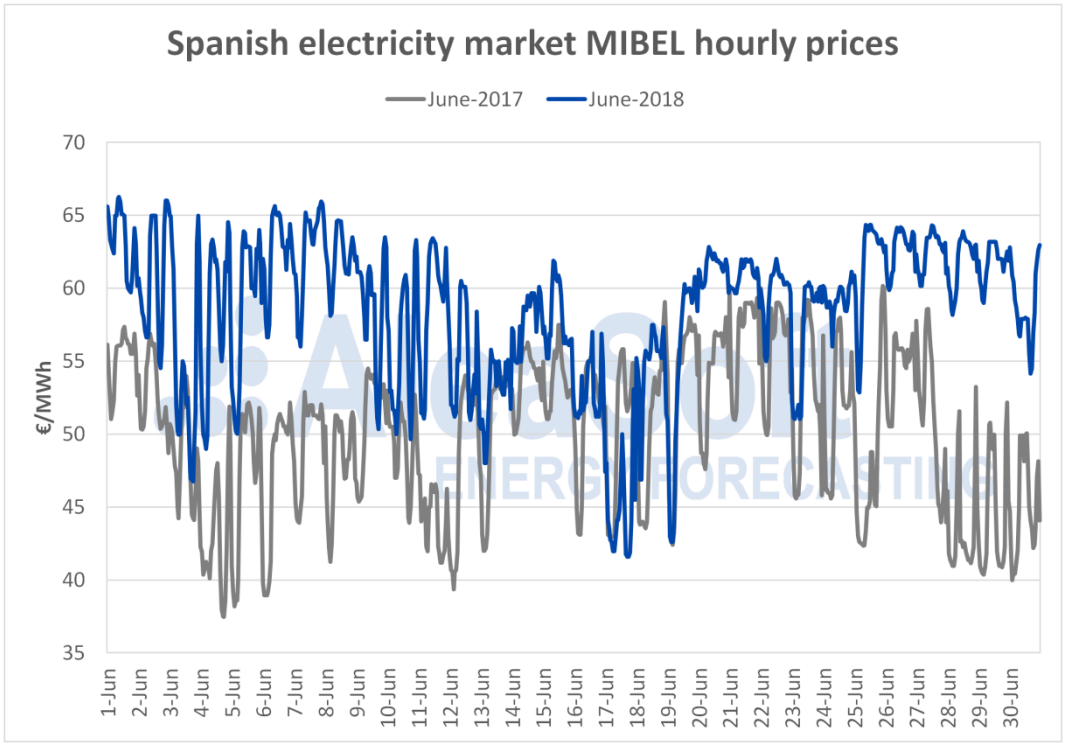
**AleaSoft, July 2, 2018. The Spanish electricity market closed the month of June as the second most expensive June in the history of the market, ranking among the most expensive markets in Europe.**

The Spanish electricity market MIBEL closed the month of June with an average price of 58.46 €/MWh, which makes it the second most expensive month of June in the history of the MIBEL market, 2.11 €/MWh below June 2005. The same happened last May, which also closed as the second most expensive May in the history of the market.

This average price for June 2018 represents 3.54 €/MWh more than last May, and 8.24 €/MWh more than the average price of June 2017.

The last quote of June 2018 in the Spanish electricity futures market OMIP, at the end of May, was 63.00 €/MWh, 4.54 €/MWh above the average of the final spot price, although the future for that month reached the quote of 65.25 €/MWh, 6.79 €/MWh above the final spot average.

The hourly price profile of this June has been characterized by a notable increase of the prices in the off-peak hours, when the demand is lower. The average price in the off-peak hours on Tuesdays, Wednesdays, Thursdays and Fridays of this June was 58.58 €/MWh, only 2.63 €/MWh less than the average price in the peak hours of the same days. While in May this price difference between valley and peak was 3.04 €/MWh, and in June of last year it was 3.51 €/MWh. According to **AleaSoft**, among the main causes of these valley prices is the low wind energy production registered this June, 23.9% below the typical values at this time of year.




Source: OMIE.

The technology that set the marginal price most times this June (64% of the hours) has been again the hydroelectric production, as happened last May (67%). The average marginal price set by the

hydroelectric production this June has been of 60.23 €/MWh, compared with 57.96 €/MWh in the month of May.

For this month of July, moderate temperatures are expected, unlike July 2017 where average temperatures were registered 0.6°C above the typical seasonal values. This anticipates lower demand for this July, which **AleaSoft** estimates to be 0.8% lower than in July 2017. Moderate demand implies a downward pressure on the electricity price.

The general trend for the behaviour of the price of gas and coal fuels, of Brent oil and of the $CO_2$ emission rights in this June has been the brake of the upward race of this year 2018. From the commitment of Saudi Arabia to increase the oil production to meet the demand and the supply problems of some of the producing countries, **AleaSoft** anticipates that in the coming weeks, facing the following months until the end of the year, the price of Brent oil will relax.

The general situation of the main European electricity markets is characterised by the high prices of the traditionally expensive British market N2EX and by the lower prices of NordPool and France and Germany EPEX SPOT. At the beginning of May 2018 the price difference between the most and the least expensive markets was around 40 €/MWh. Bit by bit, this distance has been decreasing until reaching 15 €/MWh at the end of June, because of the price increase of the three cheapest markets, due to the increase in the prices of fuels and $CO_2$. The markets of Italy, Spain and Portugal, which remained in an intermediate range of around 50 €/MWh during the first half of May, were increasing prices until reaching N2EX around 60 €/MWh, a value that **AleaSoft** foresees to remain the trend in the summer for the UK, Italy, Spain and Portugal and that it has been stationary since mid-May.