

INCREASE IN RAIN AND WIND WILL BRING A FALL OF THE ELECTRICITY PRICE

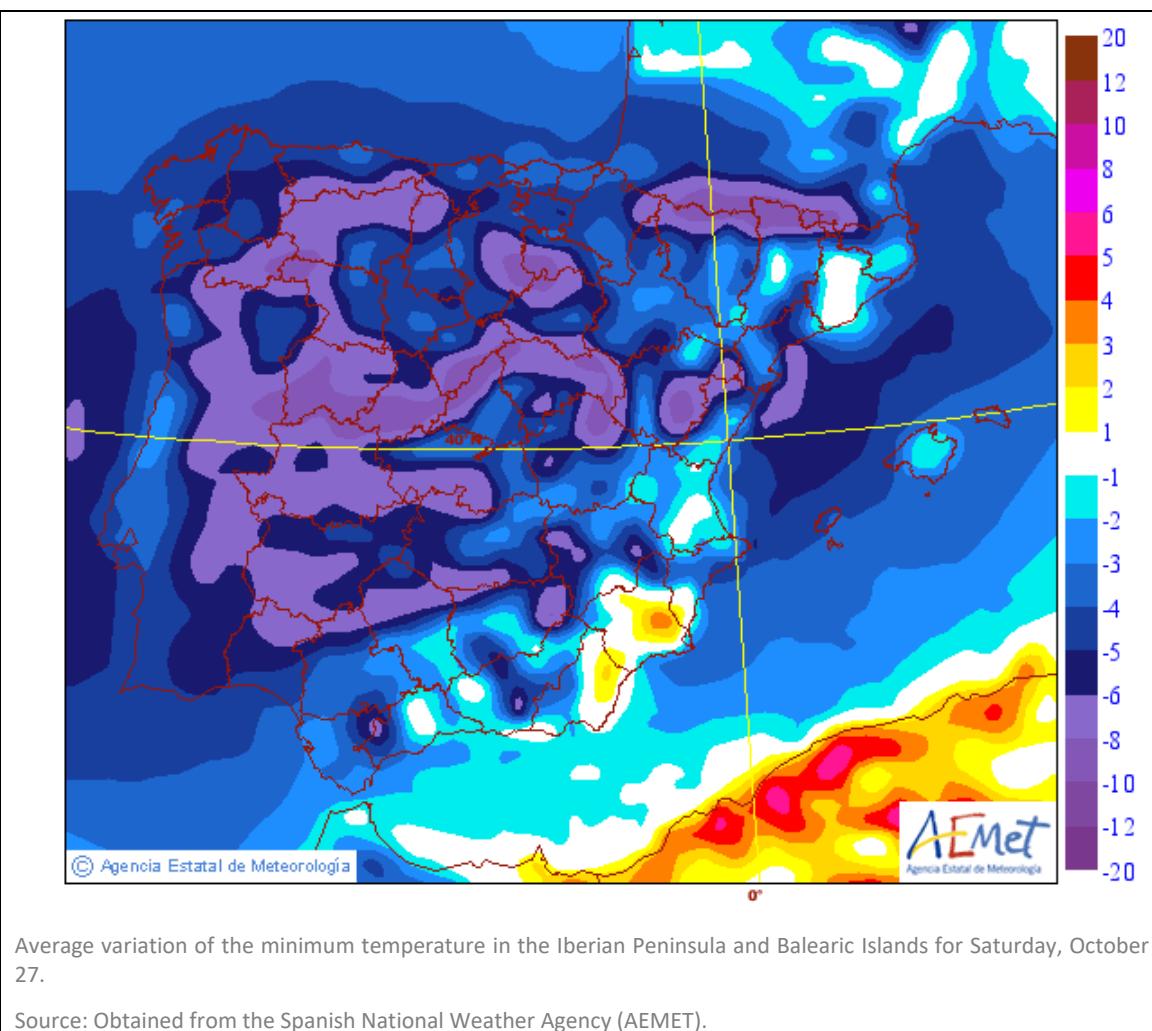
AleaSoft, October 25, 2018. The mass of Arctic air that will soon enter the Iberian Peninsula will bring a drop in temperatures and an increase in electricity demand and wind energy production. According to AleaSoft forecasts, the effect on the spot market of electricity will be a drop in the prices for the weekend and next week.

The arrival of the Arctic air that is expected for Friday, October 26, will cause a drastic drop in temperatures in the Iberian Peninsula. The drop in temperatures would hit bottom between Sunday and Monday, and it is expected that the fall could exceed 8°C on average throughout the peninsula. According to **AleaSoft**, temperatures will be more than 6.5°C below the average temperatures for this time of year.

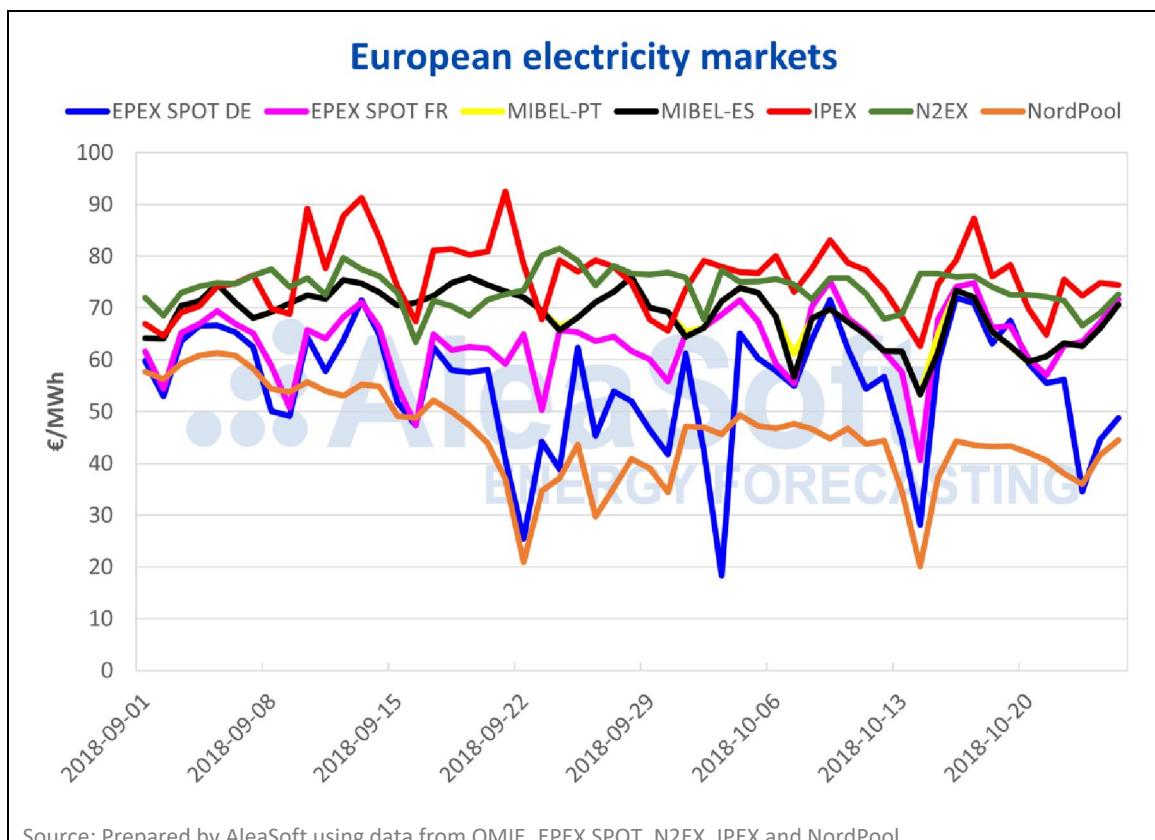
Such a deep drop in temperatures will inevitably lead to an increase in the demand for electricity. **AleaSoft** forecasts that next week's demand, from October 29 to November 4, will grow 6.0% with respect to the current week, once the effect of the November 1 festivity has been corrected.

With the drop in temperatures, an increase in wind speed will also happen, and it will lead to an increase in wind energy production. According to the forecasts of **AleaSoft**, during the weekend, the wind energy production will double the average of this week, where the production has been low in general, especially for Thursday 25.

Both the increase in demand and wind energy production will affect the wholesale electricity market, increasing both the supply of available energy and the demand. As predicted by **AleaSoft**, the effect of the increase in the demand for electricity will be surpassed by the effect of the increase in wind power offered, so that the overall price trend will be clearly downward.



In another vein, during this week, the situation in the main European electricity markets has been of price convergence. The MIBEL markets in Spain and Portugal, EPEX SPOT in France, IPLEX in Italy and N2EX in Great Britain have concentrated around 70 €/MWh. And at another completely different level, the EPEX SPOT market in Germany and NORDPOOL in the Nordic countries have been below 50 €/MWh.



Source: Prepared by AleaSoft using data from OMIE, EPEX SPOT, N2EX, IPEX and NordPool.

The futures of carbon emission rights are stable this week of October 22, just under 20 € per ton. The price of a barrel of Brent oil continues a soft downward trend. The price of futures for December fell again from \$80 per barrel on October 18, and so far this week has fallen by 3.7% compared to last week.

The prices of fossil fuels for electricity generation have had a mixed behaviour this week, although the general trend continues to be downward. Gas futures in Europe have fallen this week by 2.5% compared to last week, while API 2 coal futures had a very important rebound last Friday, October 19, and again exceeded \$100 per ton, and in this week they have gone up 2.0% with respect to the previous week.