

THE PRICE REDUCTIONS DO NOT ARRIVE IN JULY TO THE ELECTRICITY MARKETS

AleaSoft, July 15, 2019. During the past week, around July 11, price peaks were registered in several electricity markets in Europe. Electricity, gas, coal, oil and CO₂ emission rights markets all experienced price increases, coinciding with an upward trend, with temperature peaks and with news that favoured an increase in market activity.

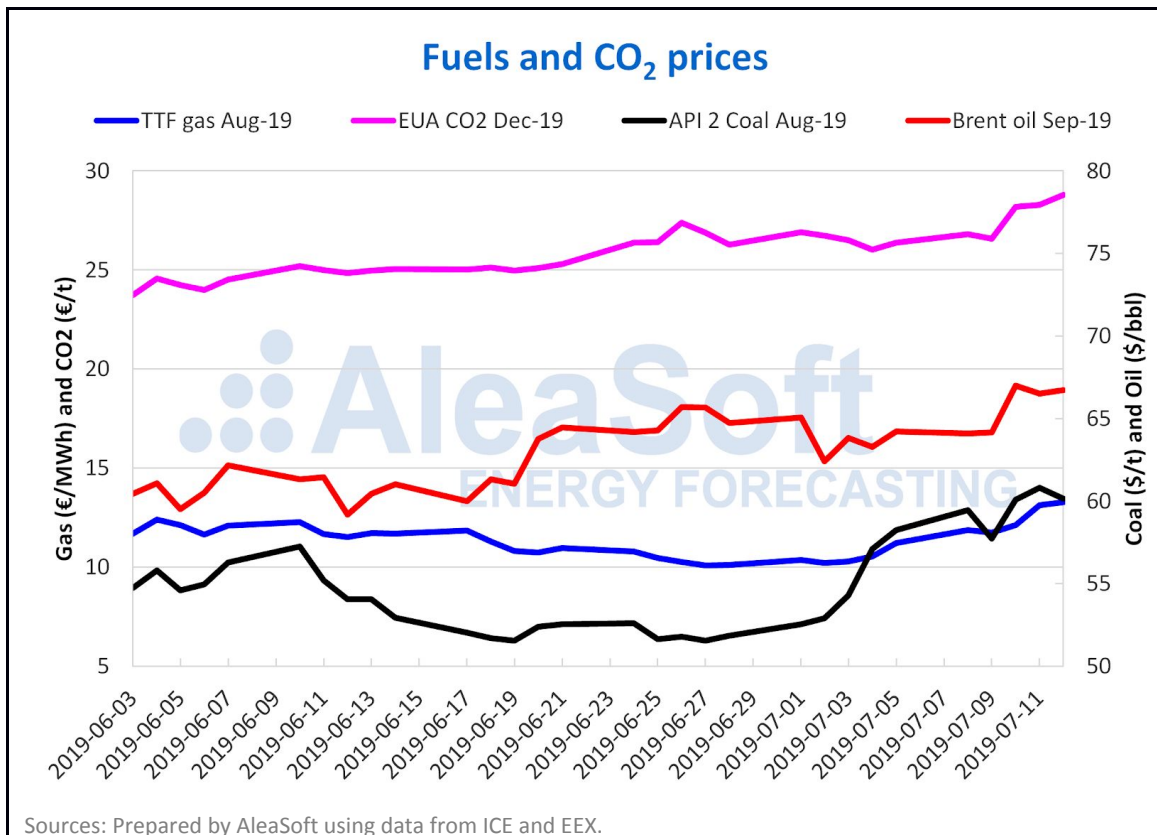
Brent, oil and CO₂

The **Brent oil** futures prices for the month of September in the **ICE market** settled this Friday, July 12, at 66.72 \$/bbl. The market remained between 66 \$/bbl and 67 \$/bbl after settling on Wednesday, July 10, at 67.01 \$/bbl, with an increase of 4.4% compared to the previous day, being the highest settlement price since the end of May.

The **TTF gas** futures in the ICE market for the month of August continued to rise during the past week, settling on Friday, July 12, at 13.28 €/MWh, almost 12% above the settlement price of Monday, July 8, that was 11.88 €/MWh. This price trend was mainly conditioned by the increase in the prices of CO₂ emission rights futures market.

The **API 2 coal** futures prices in the ICE market for the month of August settled on Friday, July 12, at 60.15 \$/t, with a difference of 0.65 \$/t below the settlement price of 60.80 \$/t on the previous day. Since the first week of July, there was an upward trend in the market settlement prices, where prices increased almost every day from 52.55 \$/t, quoted for July 1, up to 60.80 \$/t, quoted on July 11, which corresponds to an increase of 16%.

The **CO₂ emission rights** futures prices in the **EEX market** for the reference contract of December 2019 settled this Friday at 28.79 €/t, after starting to be traded upwards from Wednesday, July 10, when settled at 28.20 €/t, after being oscillating between 26 €/t and 27 €/t in the period from June 24 to July 9. The price reached on Friday, July 12, represents an 11% increase compared to the lowest price reached in the first week of July, corresponding to July 4, with a settlement price of 26.02 €/t.



European electricity markets

Last week, from July 8 to 14, was characterised by a short but intense upward race in **EPEX SPOT electricity markets** prices: Germany, France, Belgium and the Netherlands. The week began with the price around 35 €/MWh and marked its peak on Thursday, July 11, around 45 €/MWh, a rise of 28% in three days. The price peak on Thursday coincided with the peak temperature in France, Belgium and the Netherlands, and also with minimums in wind and solar energy production in the EPEX SPOT markets. On Thursday, July 11, there were also significant increases in the futures of gas and coal fuels, and those of CO₂ emission rights. Finally, in the global average of the week, the price increase in these markets was around 22% compared to the previous week, an increase very similar to that registered in the **Nord Pool market** of the Nordic countries.

It should also be noted that the **hydroelectric energy production** in France started its seasonal decline, a 25% drop of energy production in the last two weeks, due to the decline in the reserves level and the flow rate of the rivers. The decrease of the rivers' flow rate affects not only the hydroelectric energy production, but also the **nuclear energy production** that is supplied with river water for cooling and that, under certain unfavourable conditions of flow rate and water temperature, it can be forced to decrease or completely cut its production.

The rest of the electricity markets with higher prices, the Iberian **MIBEL**, the British **N2EX** and the Italian **IPEX**, recorded more moderate price increases: 2.2% in Spain and Portugal and 12% in Great Britain, with the market in Italy being the only one with a drop in prices: 11% compared to the previous week.

PRICE (€/MWh)									
WEEK	EPEX SPOT DE	EPEX SPOT FR	MIBEL PT	MIBEL ES	IPEX IT PUN	N2EX UK	EPEX SPOT BE	EPEX SPOT NL	NORD POOL
Jul 01	32.09	30.83	51.23	51.23	56.75	42.58	31.66	33.54	28.41
Jul 08	39.79	37.91	52.33	52.34	50.56	47.67	38.42	39.87	34.46
Prev. Week	+24.0%	+23.0%	+2.2%	+2.2%	-10.9%	+12.0%	+21.4%	+18.9%	+21.3%

DEMAND (GWh)								
WEEK	Germany	France	Portugal	Spain	Italy	Great Britain	Belgium	Netherlands
Jul 01	9 221	7 940	951	5 156	7 396	4 215	1 517	1 680
Jul 08	8 984	7 706	988	5 085	7 001	4 375	1 503	1 680
Prev. Week	-2.6%	-3.0%	+3.9%	-1.4%	-5.3%	+3.8%	-0.9%	+0.0%

TEMPERATURE (°C)								
WEEK	Germany	France	Portugal	Spain	Italy	Great Britain	Belgium	Netherlands
Jul 01	19.1	22.3	23.5	25.6	26.8	16.4	17.5	16.3
Jul 08	16.3	20.7	24.9	25.8	25.4	18.1	16.6	16.0
Prev. Week	-2.8	-1.5	1.4	0.2	-1.3	1.8	-0.9	-0.3

Electricity futures

The European **electricity futures** prices for the fourth quarter of 2019 ended last week with large increases in all markets. The markets of the UK, **ICE** and **EEX**, stand out, as well as the **NASDAQ market** of the Nordic countries that increased on Friday, July 12, more than 10% with respect to the previous Friday. At the other extreme, futures with lower growth were those of the Nordic countries in the ICE market with a growth of 2.0%. In the rest of the markets increases of between 5.0% and 9.3% were recorded.

Similarly, the European electricity futures for the year 2020 ended last week with broad increases in all markets, compared to the Friday of the previous week. For these markets the increase remained between 1.5% and 9.1%, where the UK markets stand out again in ICE and EEX, which quoted close to 9% higher.

These increases in the European electricity futures prices, both for the fourth quarter and for the year 2020, occur in parallel with the increase in the prices of gas, coal, oil and CO₂ futures registered in the middle of last week.

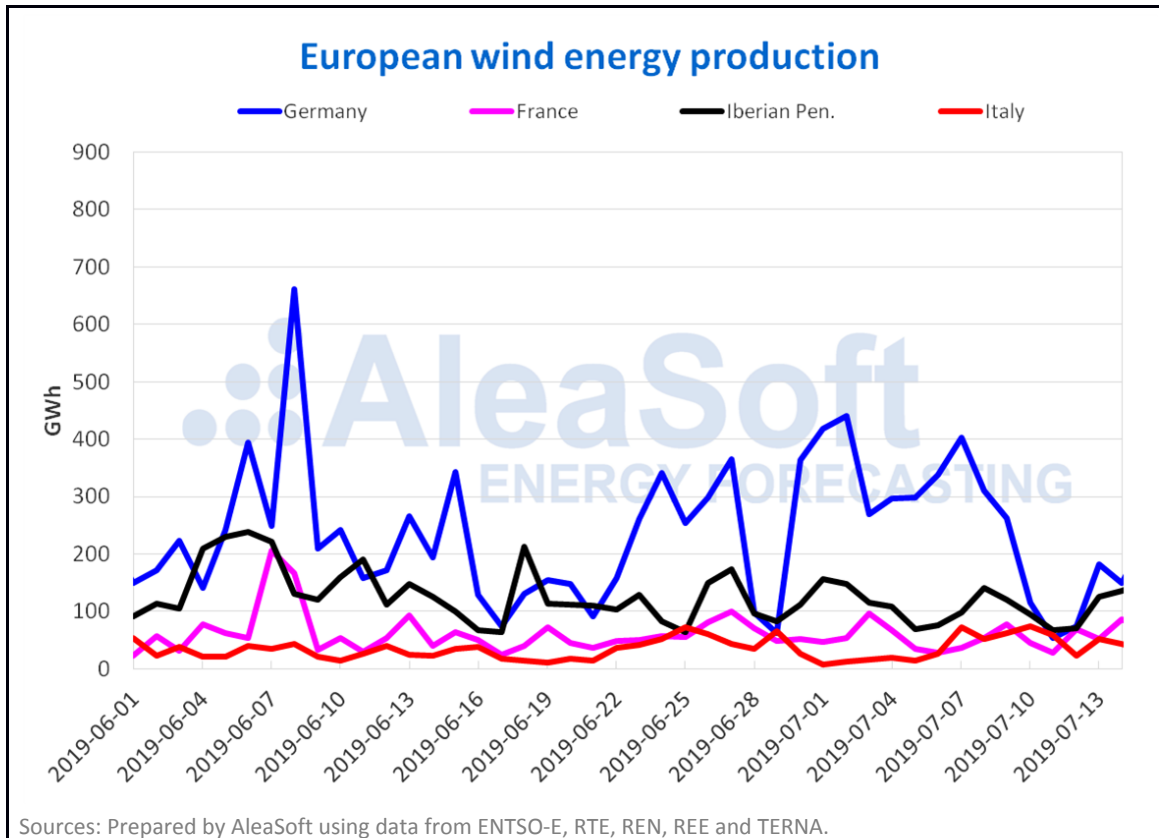
SETTLEMENT PRICE Q+1 (€/MWh and GBP/MWh -UK-)													
SESSION	EEX DE	EEX FR	EEX ES	OMIP ES	OMIP PT	EEX IT	GME IT	EEX UK	ICE UK	ICE BE	ICE NL	ICE Nord.	NASDAQ Nord.
Jul 05	47.40	56.06	57.75	57.90	58.09	61.12	60.85	52.65	52.27	56.02	50.16	38.17	38.20
Jul 12	51.10	61.28	61.11	61.00	61.19	64.69	63.89	58.17	57.99	61.05	54.20	38.93	42.20
Difference	+7.8%	+9.3%	+5.8%	+5.4%	+5.3%	+5.8%	+5.0%	+10.5%	+10.9%	+9.0%	+8.1%	+2.0%	+10.5%

SETTLEMENT PRICE Y+1 (€/MWh and GBP/MWh -UK-)													
SESSION	EEX DE	EEX FR	EEX ES	OMIP ES	OMIP PT	EEX IT	GME IT	EEX UK	ICE UK*	ICE BE	ICE NL	ICE Nord.	NASDAQ Nord.
Jul 05	48.97	51.17	55.88	56.15	56.50	60.95	60.40	52.29	52.13	52.12	50.85	36.18	36.15
Jul 12	51.88	54.11	56.82	57.00	57.35	63.99	63.42	57.01	56.85	54.65	53.89	37.81	37.85
Difference	+5.9%	+5.7%	+1.7%	+1.5%	+1.5%	+5.0%	+5.0%	+9.0%	+9.1%	+4.9%	+6.0%	+4.5%	+4.7%

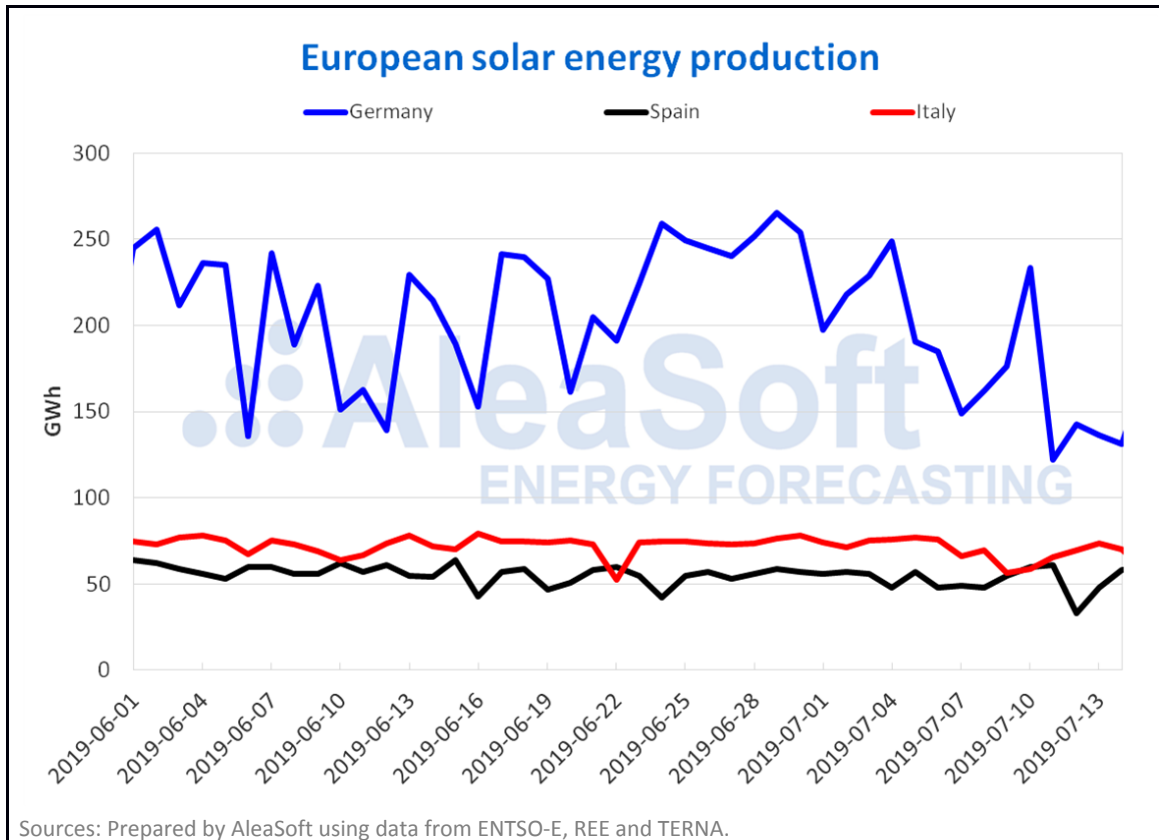
* Average of the four quarters

Wind and solar energy production

Last week, the **wind energy production** fell compared to the previous week in Germany, Portugal and Spain, by 53%, 4.3% and 1.6% respectively. In France, the generation from this renewable source increased by 14%. The most notable change was the growth of 117% in Italy, compared to the week of July 1. For this week of July 15, at **AleaSoft** it is expected a recovery of the wind energy production in the Iberian Peninsula compared to last week and a decrease in Germany, France and Italy.



The **solar energy production**, which includes both **photovoltaic** and **solar thermal** technologies, fell in several European countries last week. The decreases were 2.2% in Spain, 10% in Italy, and more pronounced in Germany, with 22%. Over the course of this week, an increase in the solar energy production from these countries is expected.



Source: **AleaSoft Energy Forecasting.**