

## Electricity, Natural Gas and CO<sub>2</sub> market observatory (data as of September 30<sup>th</sup> 2014)

### Electricity: the good availability of nuclear generating capacity as well as low consumption levels pushed down spot market electricity prices

**The very good availability of nuclear capacity during the third quarter of 2014, 8% above the one from the same quarter last year, ensures a good generation rate from nuclear power plants, increasing by 4% compare to the third quarter of 2013.** Fossil fuel-fired power plants reached very low generation rates and remained less used than dams. The fill rate of hydraulic reservoirs was close to its average value, at 79% at the end of the quarter.

**Day-ahead prices settled at €28.2 /MWh in average, decreasing by 10% compare to last quarter and 25% compare to the same quarter last year. The spread with Germany baseload day-ahead prices reversed in quarterly value, from €0,2 /MWh last quarter to €-3,2 /MWh.** On the future market, the price of the baseload Calendar for delivery in 2015 increased slightly to €42,7 /MWh (+€0,8 /MWh compared to the last quarter). However the spread with Germany remained stable at €7,5 /MWh.

**Trading volumes on the day-ahead market slightly increased during the quarter with 25 TWh traded. On the future market, traded volumes grew by 15%** due to a large increase of traded quarter-ahead product (+69%).

**During the third quarter of 2014, imports decreased by 27% compared to the previous quarter to 5,6 TWh, whereas exports grew significantly by 15% to 21,5 TWh.** Net exportation balance therefore jumped by 25% to 15,8 TWh.

### Natural gas: After reaching significant low levels during the summer, spot prices progressively converged to the winter references; the North / South spread remained strong during the third quarter of 2014 due to summer maintenances of the transport system and weak LNG arrivals

**The strong bearish trend observed through the first part of the year on the wholesale gas prices reversed during the third quarter of 2014.** Spot prices converged to the levels of contracts for delivery during winter 2014/2015 since September. On average, spot prices at PEG Nord traded at €18.9/MWh during Q3 2014, slightly declining from the levels observed during the previous quarter (-€ 0.7/MWh). Whilst a comfortable supply explains the decline of prices during the summer, prices for delivery during the winter carried the risk on Russian deliveries considering the Ukrainian situation. In this context, the European storages sites received additional injection volumes and reached filling levels well above those observed during the previous years.

**The price spread between PEG Nord and PEG Sud set on average at €4.4/MWh during the third quarter of 2014.** After following a declining trend through July and early August (given an improvement of LNG supplies during the period), the decline of LNG send-outs from Fos-sur-Mer in August and especially the maintenances of the GRTgaz's North-to-South link in September pushed the spread to levels above €7/MWh for several trading days.

**The activity in the wholesale gas markets recovered during the third quarter of 2014.** The traded volumes increased by 8% for the spot segment and by 42% for the forwards segment. The main increases concerned the Month-ahead and the Winter 2014/2015 contracts.

## CO<sub>2</sub>: EUA spot prices increased during the third quarter 2014

EUA spot prices increased during the third quarter 2014 with an average price of €6.1/tCO<sub>2</sub>, i.e. an increase of 14% versus the previous quarter. **This increase was due to the implementation of the backloading measure and the decrease in volume of auctioned quotas since March 2014.**

**Total volume of EUA traded decreased during the third quarter 2014, by 11% (at 1,680 Mt) versus the previous quarter and by 8% versus the 3<sup>rd</sup> quarter 2013.** Volumes traded via exchanges and brokers decreased respectively by 11% (at 1,450 Mt) and by 7% (at 230 Mt) versus the previous quarter. Exchanges and brokers accounted respectively for 86% and 14% of EUA traded volumes during the third quarter 2014.

**During the third quarter 2014, EUA volumes traded on exchanges were mainly term contracts with a notable decrease in volume on the spot market** – around 55 Mt were spot contracts, 864 Mt were Dec. 2014 contracts and 275 Mt were Dec. 2015 contracts.

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