

difficult “to get funds out the front door,” Davey said.

As a result, the department loosened the eligibility criteria in order to encourage increased uptake of the program. Davey added that DECC opened a competition last week to make an additional GBP30 million to local communities tackling fuel poverty.

The Warm Front scheme closed January 19 and is replaced by Energy Company Obligation (ECO) program which will work together with the Green Deal energy efficiency scheme launched at the beginning this year. — *Jillian Ambrose*

GAS

Algerian gas loss ‘could cost Italy Eur1 bil/year’

An ongoing loss of Algerian gas supplies would cost Italy almost Eur1 billion per year by forcing a switch to greater oil-fired generation, according to a study by Italian strategic consultants Althesys, released Wednesday.

In the electricity production sector alone, which accounts for around 42% of gas consumption in 2011, the increased cost risk could be estimated at almost Eur1 billion/year, if gas imports had to be substituted for oil, the study said.

Althesys assumed a total halt of Algerian gas that would impact equally on all sectors, and that oil would have to replace around a third of electricity supply generated from gas.

Physical gas supplies into Italy from Algeria dipped briefly during last week’s hostage crisis at the In Amenas gas complex in eastern Algeria, but picked back up again this week, and have not actually seen the sort of impact modeled in the study.

“Algeria’s instability brings to the forefront the fragility of our gas supplies in a way which is reminiscent of the Russia and Ukraine gas crisis,” said Alessandro Marangoni, CEO of Althesys and head of the research team.

Algerian gas imports account for a third of Italy’s consumption — at 32.6% of total imports, or just under 23 billion cubic metres of gas in 2011, according to the study’s data.

This is the equivalent of around Eur8 billion in average gas prices on the liberalized gas market, Althesys said.

“Italy’s strategy for gas supply has not improved much,” in recent years, Marangoni said.

The only improvement has been the regasification plant at Rovigo, which accounts for around 10% of energy consumption, the study said.

Italy’s gas import vulnerability could also be exacerbated by the gas pipeline project Galsi, which will link Algeria with Tuscany through Sardinia and is expected to transport 8 billion cu m/year, raising gas import dependence to 40%.

“Italy’s energy policy seems to ignore one key element: the fuel risk. It’s necessary for Italy to think on how to diversify in the short term its energy mix, both in terms of location and in terms of sources,” Marangoni said.

Galsi, a 280 km (173.6 miles) pipeline, has an estimated cost of around Eur3 billion.

Societe Generale analyst Thierry Bros gave a contrasting opinion in a note last week. He thought Europe could cope with a potential 9 billion cu m/year production loss from Algeria.

Bros said “the infrastructure to allow more Russian gas to come into Europe is available and Russia has the capacity to produce more,” and that this could compensate for any Algerian losses that might occur.

He added that Algerian gas and Russian gas supplies follow the same oil-linked pricing mechanisms, so a switch “should make no major differences in terms of pricing.” — *Jane Morecroft*

Platts Continental European Indices (Eur/MWh)

| | 23-Jan-13 | Change |
|--------------|-----------|--------|
| ContiMonth | 49.140 | -0.430 |
| ContiQuarter | 39.980 | -0.090 |
| ContiCal | 43.810 | -0.400 |

Deviation from Continental European Indices and Germany (Eur/MWh)

| | ContiMonth | Germany |
|-------------|------------|---------|
| France | +2.860 | +7.000 |
| Netherlands | +3.610 | +7.750 |
| Belgium | +4.860 | +9.000 |

| | ContiQuarter | Germany |
|-------------|--------------|---------|
| France | -0.480 | +0.750 |
| Netherlands | +7.370 | +8.600 |
| Belgium | +0.570 | +1.800 |

| | ContiCal | Germany |
|-------------|----------|---------|
| France | +1.490 | +3.550 |
| Netherlands | +2.840 | +4.900 |
| Belgium | +0.640 | +2.700 |

ContiMonth, ContiQuarter, ContiCal: The Conti-indices are monthly, quarterly and yearly base load indices of consumption-based German, French, Belgian and Dutch assessments to indicate trends in continental European forward power prices in the wholesale market.

Power Price Fundamentals

| | 23-Jan-13 | Change |
|-----------------------------------|-----------|--------|
| Brent Oil (Month-ahead - \$/bbl) | 112.630 | +0.590 |
| Coal CIF ARA (Year-ahead - \$/mt) | 98.650 | -0.750 |
| EUA (Front December - Eur/mt) | 4.610 | -0.820 |
| UK NBP (Year-ahead - Eur/MWh) | 27.400 | +0.130 |

Forex Indicators, January 23, 2013

| | NOK | SKr | DKr | SFr | GBP | US \$ | Zloty |
|-------|-------|-------|-------|-------|-------|-------|-------|
| Euro | 7.422 | 8.680 | 7.463 | 1.235 | 0.837 | 1.329 | 4.173 |
| US \$ | 5.587 | 6.533 | 5.617 | 0.930 | 0.630 | 1.000 | |

Weather Summary, January 23, 2013

| Week Normal high/low temps (C) and projected deviations from normal | | | | | | | | |
|---|--------|----|-----|-----|-----|-----|----|----|
| Celsius | Normal | 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| CENTRAL EUROPE | | | | | | | | |
| Berlin | 3/-4 | -6 | -4 | -6 | -9 | -4 | +2 | +2 |
| Frankfurt-am-Main | 4/0 | -3 | -6 | -8 | -7 | -1 | +2 | +2 |
| Prague | 1/-4 | -8 | -7 | -8 | -10 | -5 | 0 | +1 |
| Vienna | 3/-3 | -4 | -1 | -4 | -10 | -10 | -2 | +1 |
| Warsaw | 1/-4 | -8 | -4 | -8 | -15 | -14 | -5 | -1 |
| NORTHWEST EUROPE | | | | | | | | |
| Amsterdam | 6/0 | -7 | -6 | -7 | -6 | 0 | +2 | +4 |
| Brussels | 6/1 | -8 | -10 | -9 | -6 | 0 | 0 | +2 |
| London | 8/2 | -4 | -5 | -6 | -2 | +1 | +1 | +4 |
| Paris | 7/2 | -6 | -9 | -12 | -6 | +1 | +1 | +3 |
| SCANDINAVIA | | | | | | | | |
| Copenhagen | 3/-2 | -5 | -5 | -5 | -5 | -5 | 0 | +2 |
| Helsinki | -2/-7 | -5 | -7 | -6 | -1 | -2 | -7 | -2 |
| Oslo | -2/-9 | -7 | -6 | -9 | -4 | -1 | -2 | -4 |
| Stockholm | 0/-5 | -9 | -8 | -8 | -4 | -1 | +1 | 0 |
| SOUTHERN EUROPE | | | | | | | | |
| Lisbon | 15/8 | -1 | +1 | +1 | 0 | +1 | -1 | -1 |
| Madrid | 12/1 | -3 | +1 | -2 | 0 | +1 | +1 | 0 |
| Milan | 7/-1 | -1 | -1 | -1 | -3 | -4 | -2 | 0 |

Source:CustomWeather, 23Jan13/06:56 AM EST/1156 GMT