

European Power Daily

Volume 14 / Issue 88 / May 8, 2012

THE MARKET

Renewables flatten Italian peak prices: consultancy

Italian wholesale peakload power prices are being flattened by the growing proportion of renewable energy being used to generate electricity, according to Milan-based energy and environmental consultancy firm Althesys.

Althesys CEO Alessandro Marangoni told Platts that solar power supply is resulting in lower prices for peak demand hours, in an effect known as "peak shaving."

The consultancy looked at the week of April 23-29, and found that the average baseload price for all 24 hours of the day was Eur70.59/MWh (\$92.85/MWh), the lowest level of the current year, and the lowest level since August 2011.

"In the same week wholesale power prices fell 6.9% exclusively during solar hours of peak demand, with prices hovering around Eur75.06/MWh, registering also in this case the lowest level since August 2011," Marangoni said.

Additional supply from solar generation is also depressing the profit margins of gas-fueled power plant producers, Althesys found.

Gas plants typically operate during peak hours when prices are higher.

"Working hours of combined cycle gas power plants...have reduced and in some cases almost halved due to over-capacity with a consequent drop in gas consumption," said Marangoni.

Renewable energy represents 24% of Italy's domestic production, according to the latest data from state-owned agency GSE.

Installed renewable capacity was 41 GW in 2011, of which around 13 GW from solar, with total production at around 84 GWh.

Solar generation meets about 5% of Italian electricity demand.
— Daniela Coiro

POLITICS & POLICY

Hollande leading French presidential polls Friday

In the run-up to the second and final round of voting in the French presidential elections on Sunday, opinion polls Friday continued to put Socialist candidate Francois Hollande ahead of the center-right incumbent Nicolas Sarkozy.

A range of poll figures showed a narrowing of Hollande's lead two days before Sunday's vote but still suggested a comfortable victory, with 52.5% of the votes against 47.5% for Sarkozy.

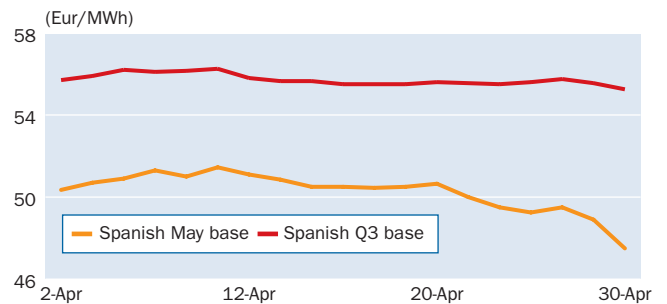
Hollande has pledged to cut the share of France's electricity generated from nuclear to 50% by 2025, from around 75% currently, and to make up the shortfall with renewable energy.

Sarkozy would prolong the lifespan of the country's nuclear fleet providing that each reactor is deemed safe to operate beyond 30 years by the nuclear safety authorities.

Hollande has not specified how many nuclear plants he intends to close, but analysts have said the 50% target would mean closing 24 reactor units.

Also among his electoral pledges, Hollande has committed to

Spanish May versus Q3 baseload



Source: Platts

European Power Market Highlights

- German year-ahead power prices fell Friday to their lowest level in over 16 months as EUA carbon allowances dropped in a bearish wider energy complex. Core contract Cal 13 base Friday closed at Eur49.70/MWh, 35 euro cent down on the day and its lowest since December 2010, Platts data shows.
- In the UK, the far curve also softened but oil-led losses were limited by a more bullish prompt and low Friday liquidity in both the power and gas markets, sources said.
- Winter 12 baseload closed 20 pence down on the day at GBP51.25/MWh while winter 13 baseload fell 55 pence to GBP54.10/MWh.
- Friday's bearish energy complex was led by crude oil with the front-month Brent contract falling more than 3%, to \$112.25/b by 16:30 London time. EUA Dec 12 carbon emissions were 44 euro cent lower, at Eur6.70/mt.

For more information on Continental and UK power markets, please see the [Market Comment](#) section.

Platts European Power Assessments

At-A-Glance Day-Ahead Baseload Comparisons

May 4, 2012	(Eur/MWh)	Change (%)
Platts PEP Index	50.0149	6.41%
Platts Conti Index	48.8261	4.65%
Platts UK Power Index	56.7100	-0.54%
Platts Mid Germany	47.2500	5.59%
Platts Mid Switzerland	50.0000	9.29%
Platts Mid France	46.2500	3.93%
Platts Mid Netherlands	49.7500	1.53%
Platts Mid Belgium	46.5000	3.91%
Platts Mid Spain	44.0000	33.33%

Platts Indices: Platts Pan-European Power (PEP) Index and the Continental Power (Conti) Index are demand-weighted (Source: ENTSO-E), baseload indices to indicate trends in the free European electricity market as a whole. The Conti Index is based upon assessments in Germany, Switzerland, France, Belgium and the Netherlands. The PEP Index is based on these six assessments plus the UK's GTMA day-ahead market and Spanish bilateral day-ahead assessments.