



# EU energy policy developments

sCO<sub>2</sub> - event – 22/09/2022

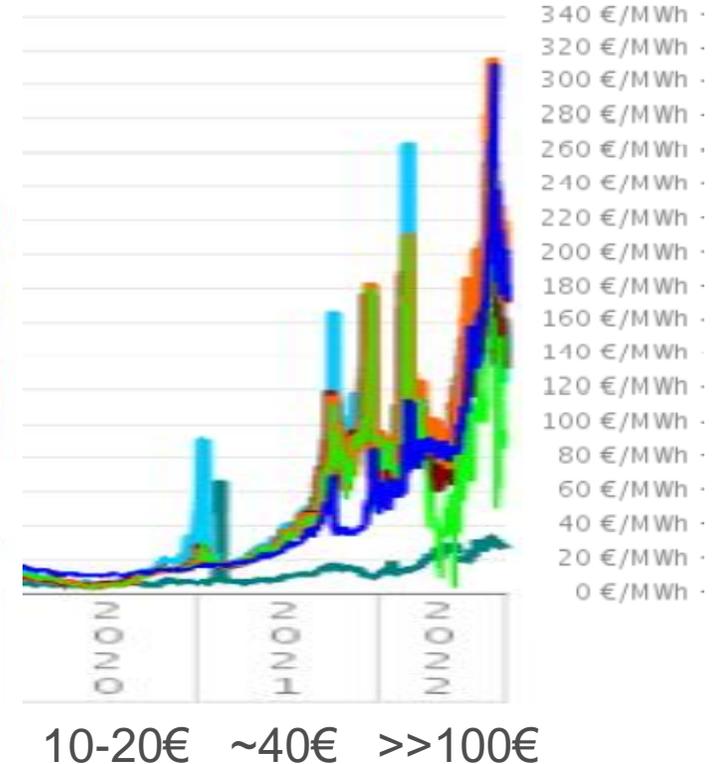
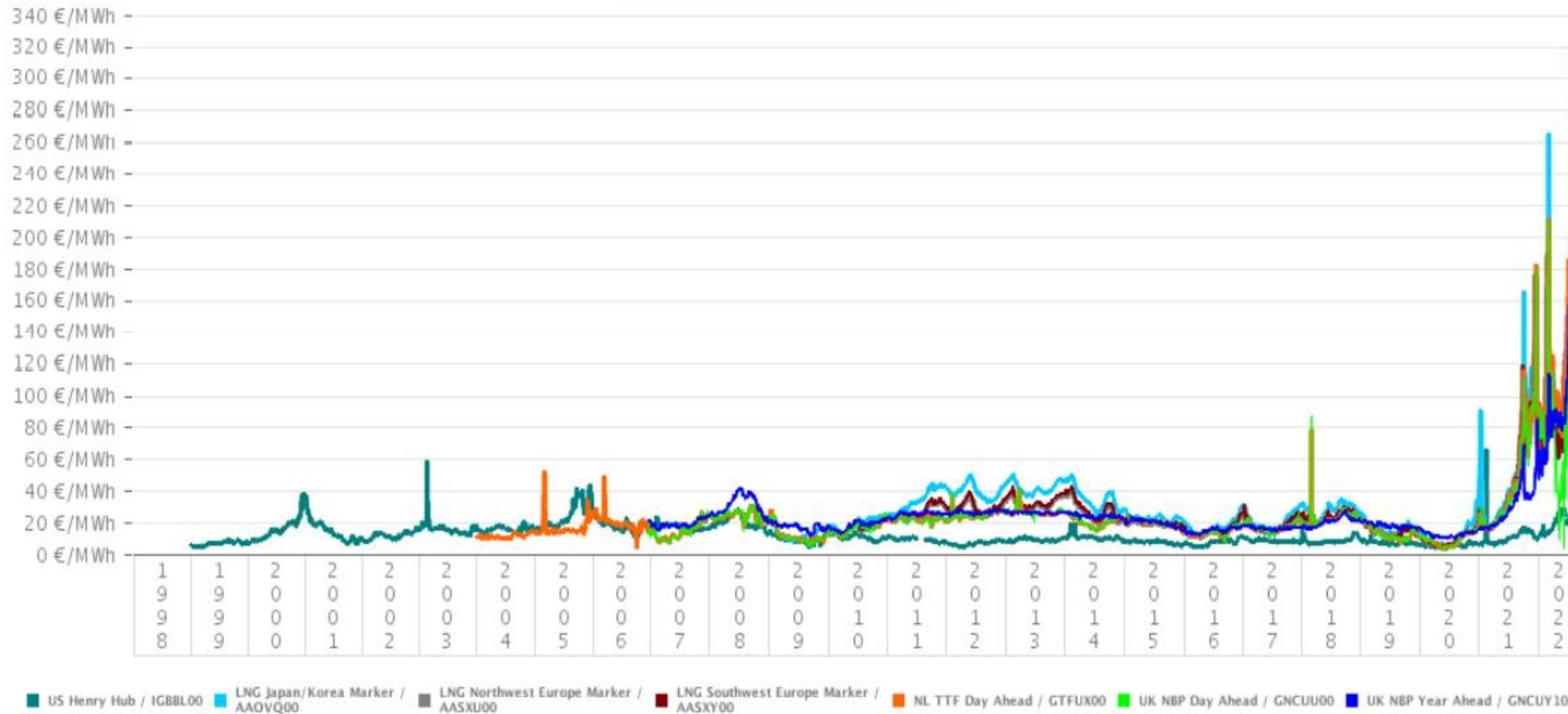
*Eric Lecomte, ENER.B5*

# Gas prices – 1day ahead



## DEVELOPMENT OF HISTORICAL ENERGY PRICES

### Gas - Wholesale

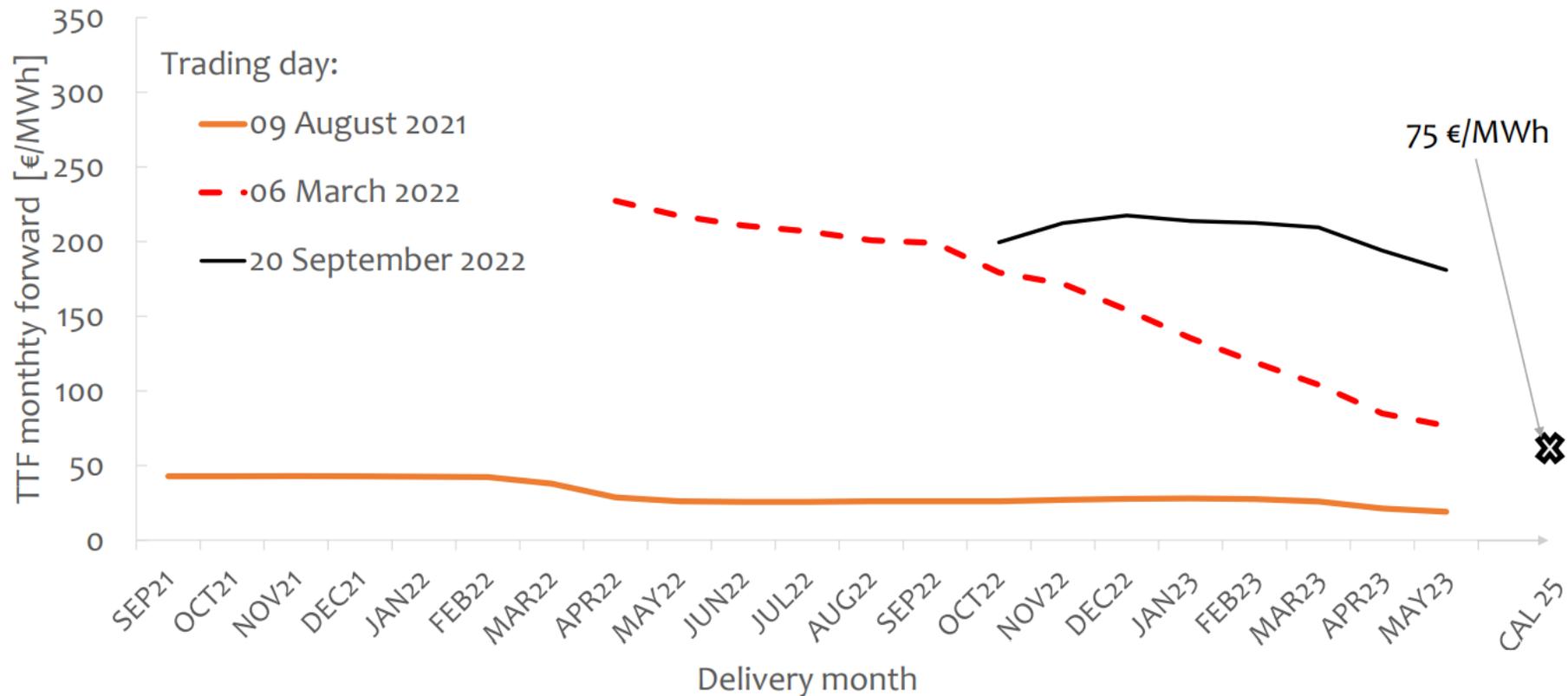


- (1). US Henry Hub;
- (2). LNG Japan/Korean marker;
- (3). LNG Northwest Europe marker;
- (4). LNG Southwest Europe marker;
- (5). NL TTF Day Ahead: Day ahead price at the Dutch gas hub (TTF);
- (6). UK NBP Day Ahead: Day ahead price at the UK gas hub (NBP);
- (7). UK NBP Year Ahead: Year ahead price at the UK gas hub (NBP).



# Gas prices - 1+ year ahead (futures market)

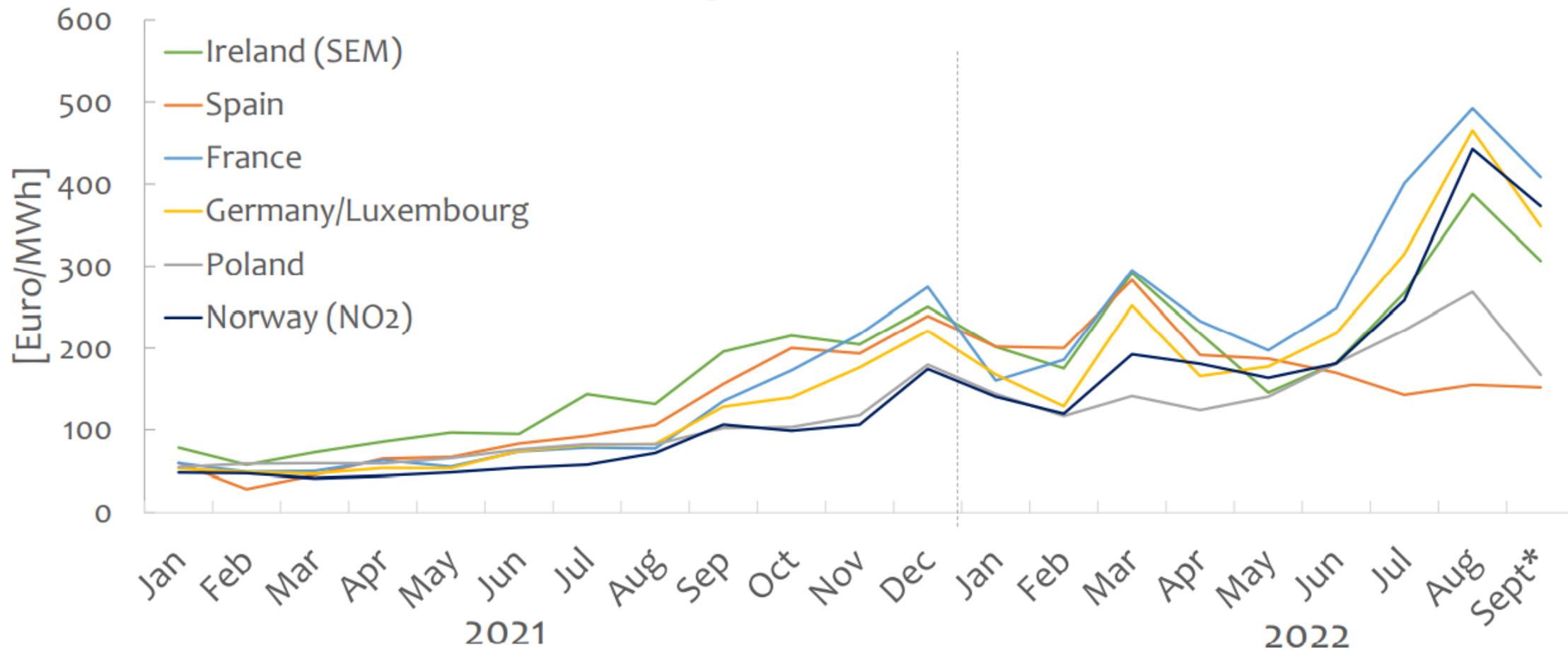
## A brief story of TTF forward curves



Source: FSR event 21/09/2022, Tim Schittekatte, MIT energy initiative

# Electricity – day ahead prices

## Monthly averaged day-ahead power prices



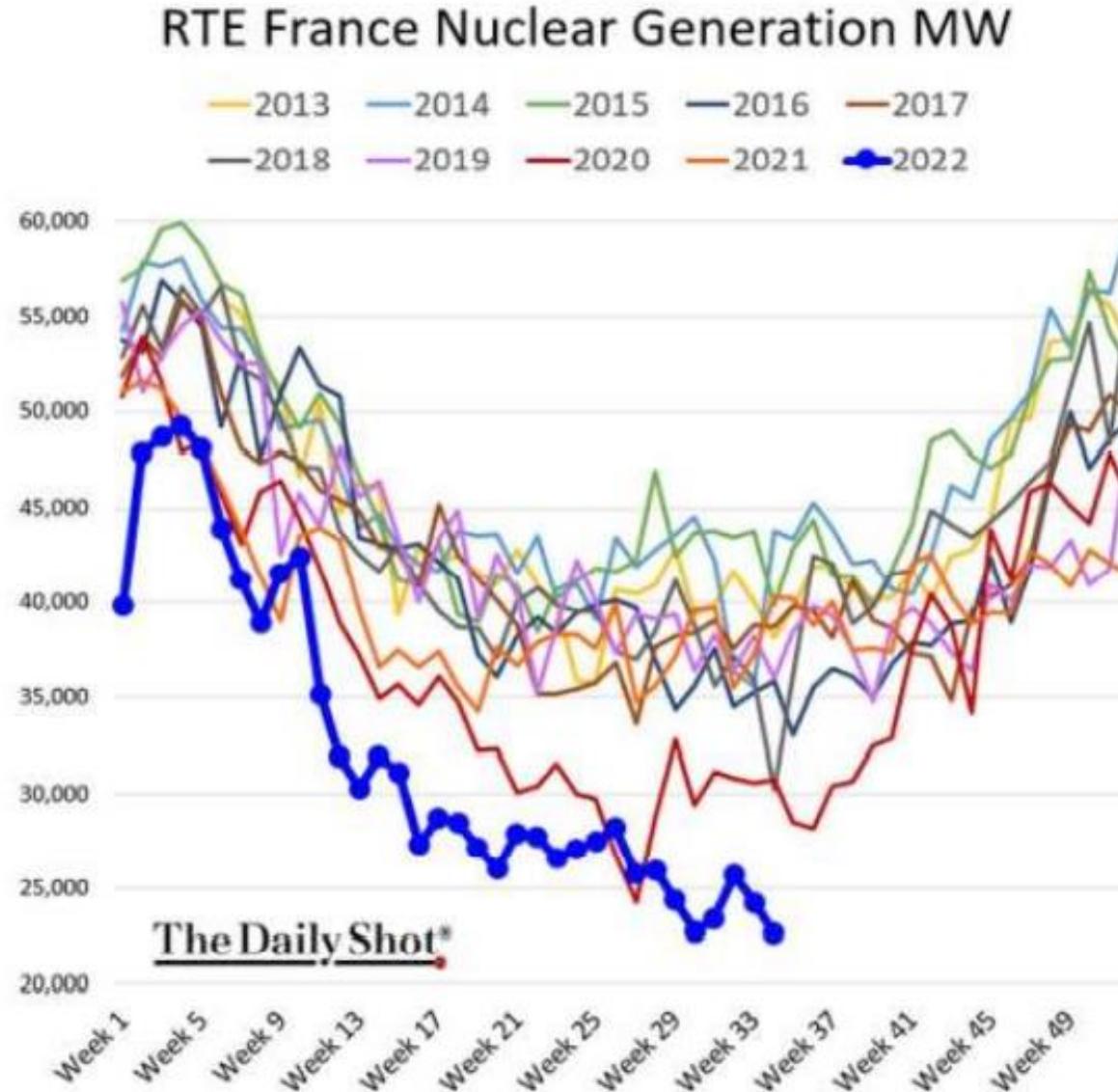
Source: ENTSO-E Transparency Platform

\*Data until September 21, 2022

Credit: FSR event 21/09/2022, Tim Schittekatte, MIT energy initiative

# Electricity

- Nuclear (technical, drought)
- Hydroelectric (drought)



Credit: FSR event 21/09/2022, Tim Schittekatte, MIT energy initiative

# 3 measures already taken for our security of energy supply

(Invasion of Ukraine 24 Feb, Commission proposal 23 Mar 2022)

## Increased preparedness

- 1) Gas demand reduction and gas storage replenishment** for the winter: the objective of 80% filling by 1<sup>st</sup> November 2022, has been overpassed, reached 82% on 9 sept. (Gas storage Regulation, adopted 27 Jun 2022)
- 2) Diversify away from Russian fossil fuel imports:** stop on coal, reductions for oil and gas
- 3) Investments in Renewables in the EU – REPowerEU.** Renewables are cheap and increase our independence from imports – this is our energy insurance

# Emergency measures – proposals – 14 Sep 2022

- 1) Coordinated electricity demand reduction (proposed now)
- 2) Cap for revenues of inframarginal electricity providers (proposed now)
- 3) Solidarity contribution from fossil fuel companies extra-profits (proposed now)

- ❖ Liquidity measures. (ongoing work)
- ❖ Electricity market reform (ongoing work)

# Emergency measures – proposals – 14 Sep 2022

1

## Coordinated electricity demand reduction

- 5 %

### Peak hours

- Mandatory
- 10% of hours per month identified as peak hours

- 10 %

### Overall consumption

- Non- mandatory
- Taking account of consumers without smart meters

2

## Revenue cap for low-cost power generation

180 EUR/MWh

- Same level for all inframarginal generators
- Level above LCOE - does not deter investment
- All timeframes and all markets

EUR 117 billion/y

- Targeted support to households and (aid) businesses
- Demand reduction measures
- Support the energy transformation

3

## Solidarity contribution from fossil fuel companies

- Collected on excess profits in 2022
- Covers profits which are above a 20% increase on the average profits of the previous three years
- Member State governments will collect these revenues Estimated to generate around €25 billion to help bring down energy bills

# REPowerEU – with clean Industry – May 2022

Replacing coal, oil and gas in industrial processes will help

- cut Russian dependency,
- while transitioning to **cleaner energy sources**,
- strengthening **industrial competitiveness** and
- supporting international **technology leadership**

## THE SHIFT TO CLEAN INDUSTRY:

- Electrification of industrial processes
- Renewable hydrogen deployment
- Circular use of materials
- Use of alternative biobased or renewable inputs
- Waste valorisation
- Energy efficiency



Development and very fast **deployment** of efficient thermal cycles and industrial waste heat recovery and conversion to power are **very urgently needed**

# Thank you



© European Union 2020

Unless otherwise noted the reuse of this presentation is authorised under the [CC BY 4.0](https://creativecommons.org/licenses/by/4.0/) license. For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders.

Slide xx: **element concerned**, source: **e.g. Fotolia.com**; Slide xx: **element concerned**, source: **e.g. iStock.com**



# Electricity – futures market



— Products and Units —

EEX GERMAN POWER FUTURE ▼

2022-01-21 Day Weekend Week Month Quarter **Year**

## Baseload

Name	Last Price	Last Volume	Settlement Price	Volume Exchange	Volume Trade Registration	Open Interest
Cal-23	124.00	8,760	122.63	2,592,960	2,540,400	45,897
Cal-24	92.30	8,784	92.13	597,312	1,168,272	11,410
Cal-25	87.95	17,520	87.00	70,080	271,560	2,505
Cal-26	-	-	84.38	-	35,040	198
Cal-27	-	-	83.09	-	-	96
Cal-28	-	-	81.87	-	-	30
Cal-29	-	-	81.40	-	-	-
Cal-30	-	-	80.59	-	-	-
Cal-31	-	-	79.73	-	-	-

EEX FRENCH POWER FUTURES ▼

2022-01-21 Day Weekend Week Month Quarter **Year**

## Baseload

Name	Last Price	Last Volume	Settlement Price	Volume Exchange	Volume Trade Registration	Open Interest
Cal-23	131.35	8,760	131.34	8,760	122,640	5,908
Cal-24	-	-	95.54	-	-	599
Cal-25	-	-	91.43	-	-	92
Cal-26	-	-	-	-	-	-
Cal-27	-	-	86.08	-	-	1
Cal-28	-	-	-	-	-	-

# REPowerEU – Bio-Methane – May 2022

**A dedicated action plan to boost biomethane production to 35 bcm by 2030 including:**



- €37 billion investment needs eligible for co-financing by the **Common Agricultural Policy, Connecting Europe Facility, Cohesion Policy and Recovery and Resilience Facility**



- Establishment of an **industrial biogas and bio-methane partnership** to stimulate the renewable gases value chain