

AMPRION-WEBINAR

MARKET REPORT 2022

PRESENTATION OF KEY FINDINGS



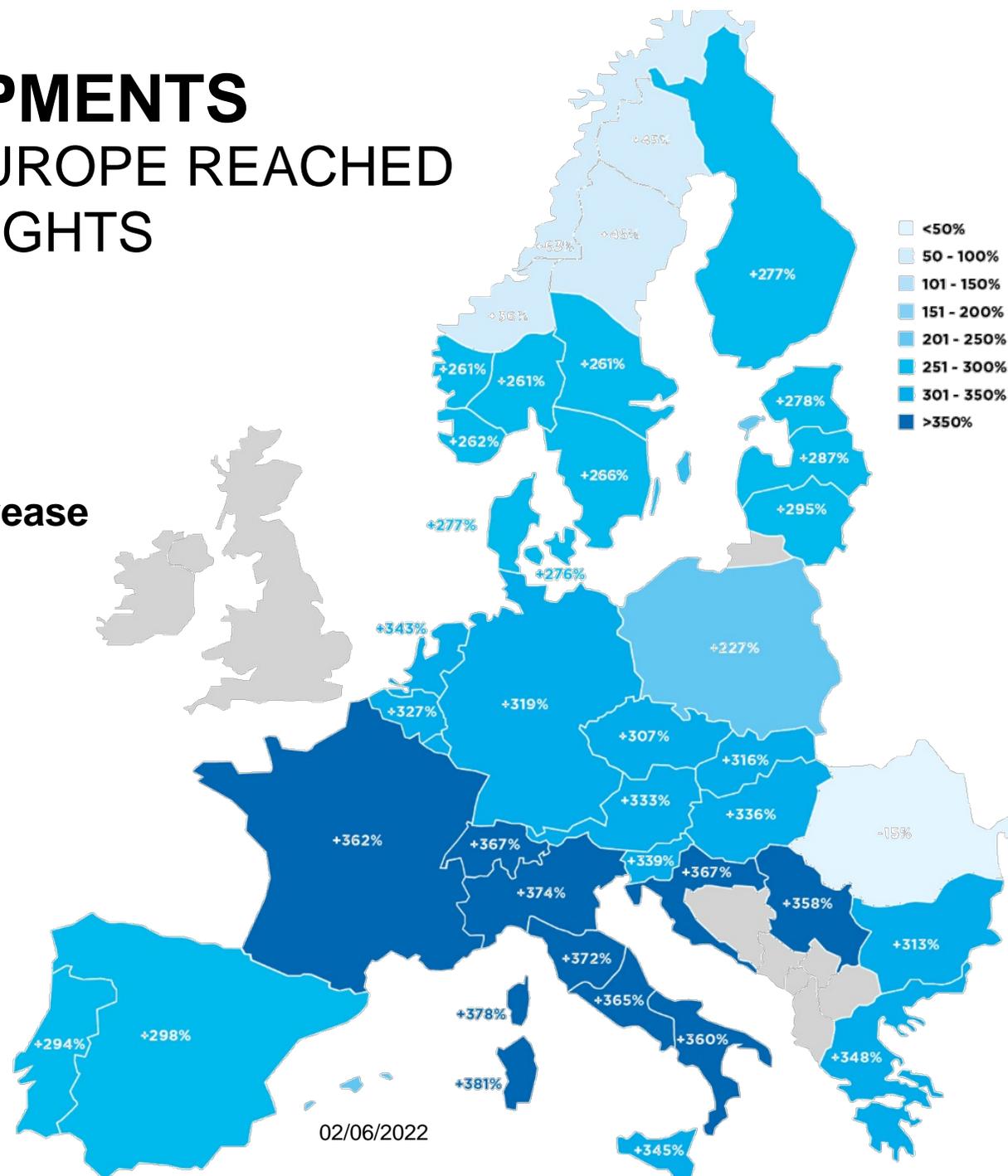
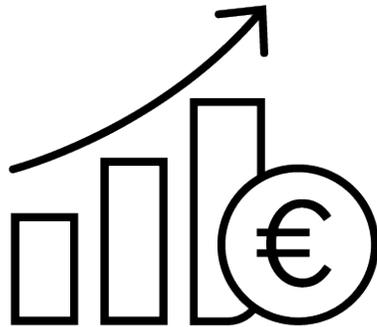
CURRENT DEVELOPMENTS IN THE ELECTRICITY MARKET – IMPACT OF HIGH ENERGY PRICES

LENA BREUER
PROJECT MANAGER MARKET REPORT

MARKET DEVELOPMENTS

ENERGY PRICES IN EUROPE REACHED UNPRECEDENTED HEIGHTS

Average electricity price increase in 2021



MARKET DEVELOPMENTS

ELECTRICITY PRICES – FOCUS ON CWE

- ▶ In the CWE region, prices have been rising, particularly from September 2021 onwards
- ▶ Average day-ahead prices in CWE:

Bidding Zone	2020	2021
DE-LUX	30 €/MWh	97 €/MWh
FR	32 €/MWh	109 €/MWh
BE	32 €/MWh	104 €/MWh
AT	33 €/MWh	107 €/MWh
NL	32 €/MWh	103 €/MWh

▶ Impact on TSOs:

- price levels affect the TSOs' costs, in particular for the procurement of transmission losses and balancing as well as for redispatching

Day-ahead prices in CWE 2021



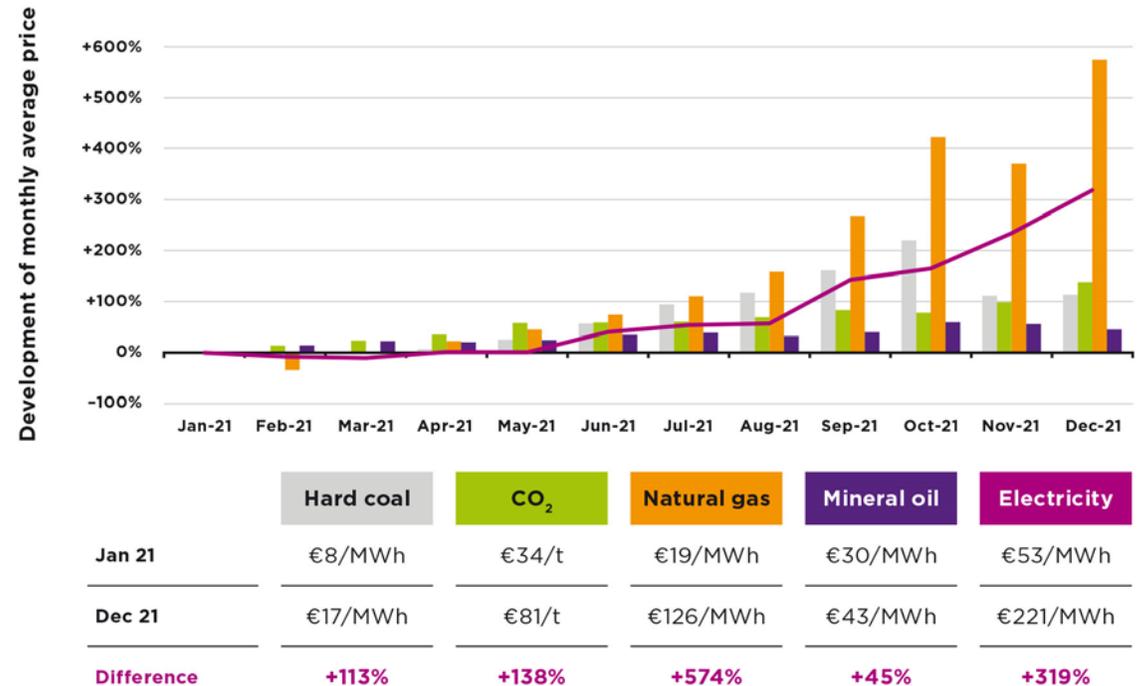
- ▶ High increases in energy prices also impact TSOs – although European market integration partly reduces the negative effects

MARKET DEVELOPMENTS

WHY ARE ENERGY PRICES INCREASING?

- ▶ Sharp increase in commodity prices (esp. gas prices)
- ▶ Increase in gas prices due to global demand and supply dynamics as a result of the global economic recovery from the COVID 19 pandemic
- ▶ Other factors:
 - **Lower wind generation in Germany**
 - Availability of power plants (among others French nuclear power plants)
 - Increased prices for CO₂ certificates
 - Europe's below-average gas storage levels
 - Limited additional gas imports via pipelines

Price developments in DE 2021

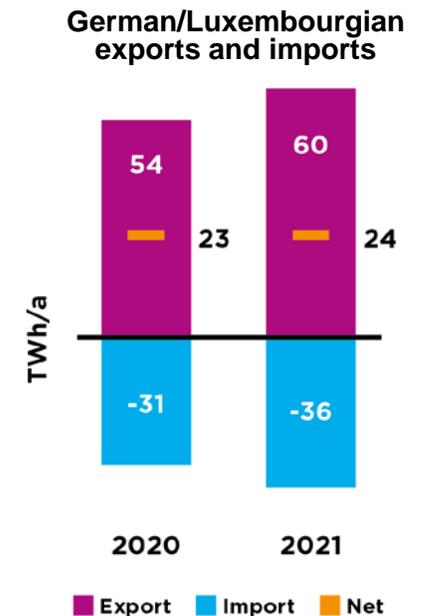
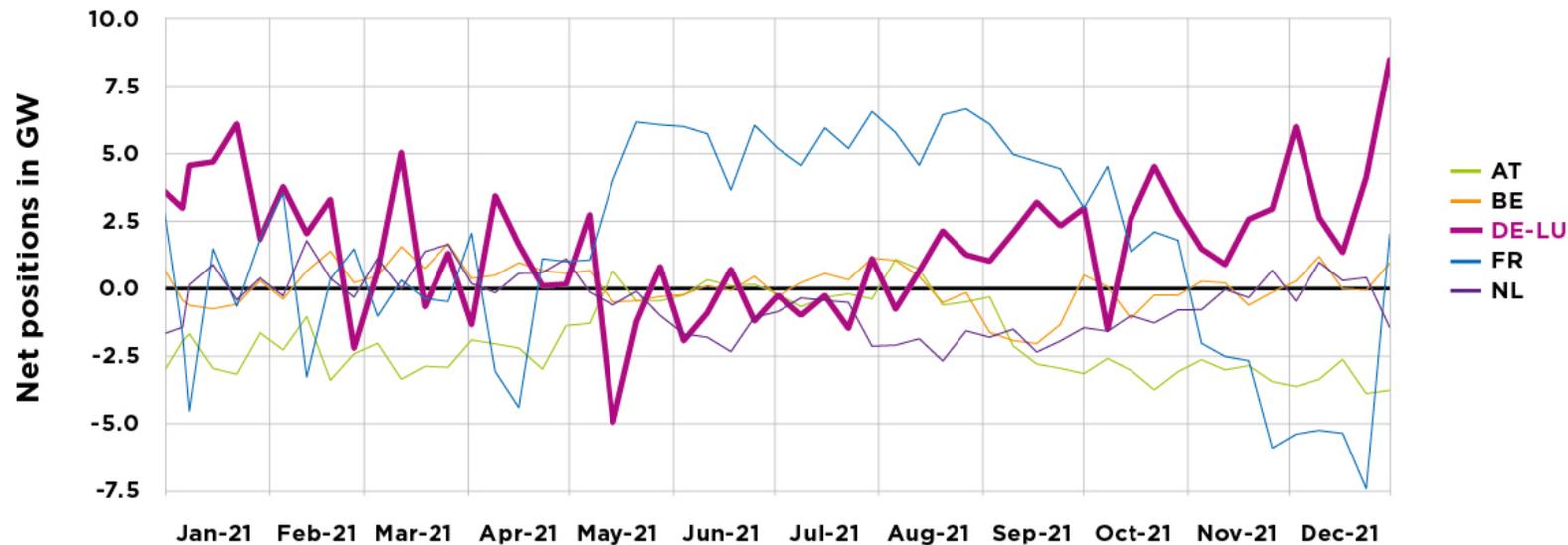


▶ Soaring gas prices are one major reason for electricity price increase

MARKET DEVELOPMENTS

COMMERCIAL IMPORTS AND EXPORTS

- ▶ Significant increase in total German imports and exports (DA export: 60 TWh in 2021 → +11% and DA import: 36 TWh in 2021 → +16%)
- ▶ Ongoing trend towards net imports of Germany during summer months and net exports during winter months

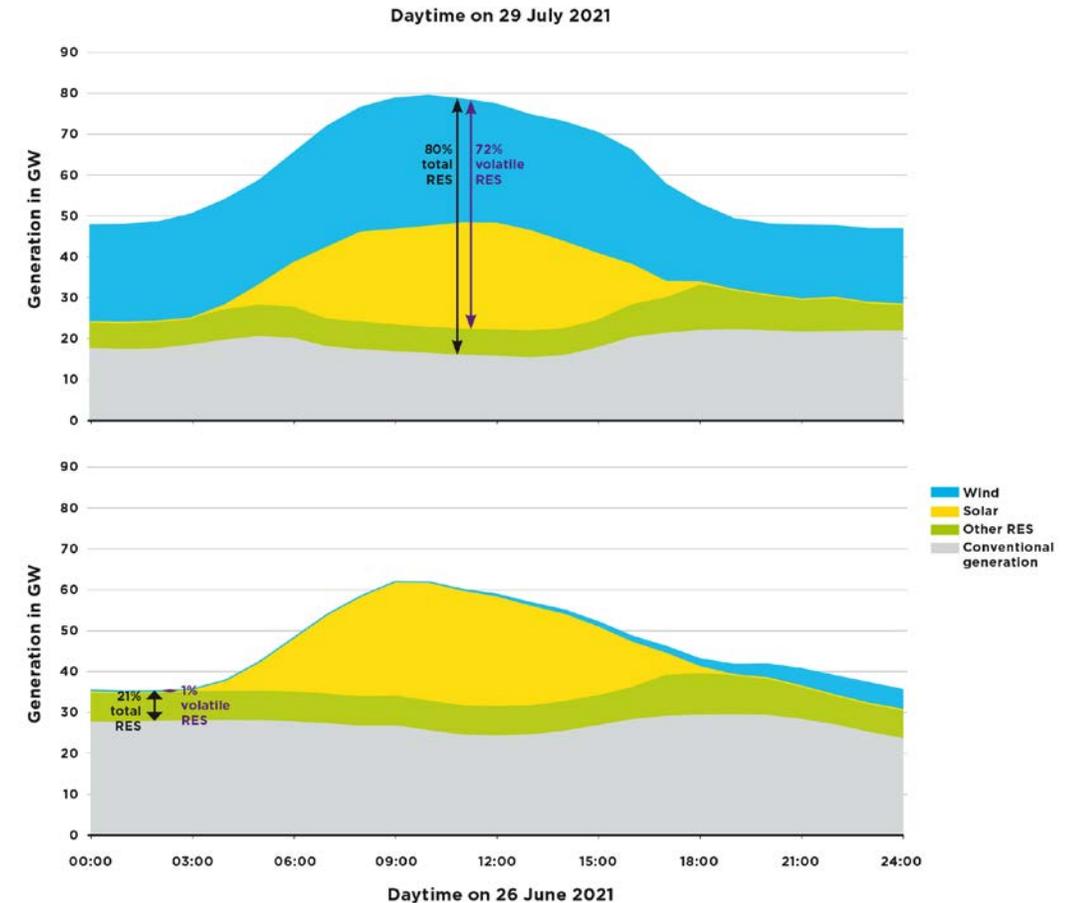


- ▶ High import and export flows result in a higher utilisation of the European transmission grid

MARKET DEVELOPMENTS

RENEWABLE POWER GENERATION IN GERMANY

- ▶ The German net position depends to a large extent on the variable wind and solar generation
- ▶ In 2021, the share of electricity generated from renewable energies (RE) has decreased (43% in 2021) in comparison to 2020 (49%)
- ▶ But availability of RE varies significantly depending on the time of day, season and general weather conditions:
 - Highest share of volatile RE net electricity generation on 29 July at 11 a.m.: **72% (Solar & Wind)**, 80% (total)
 - Lowest share of volatile RE net electricity generation on 26 June at 2 a.m. : **1% (Solar & Wind)**, 21% (total)



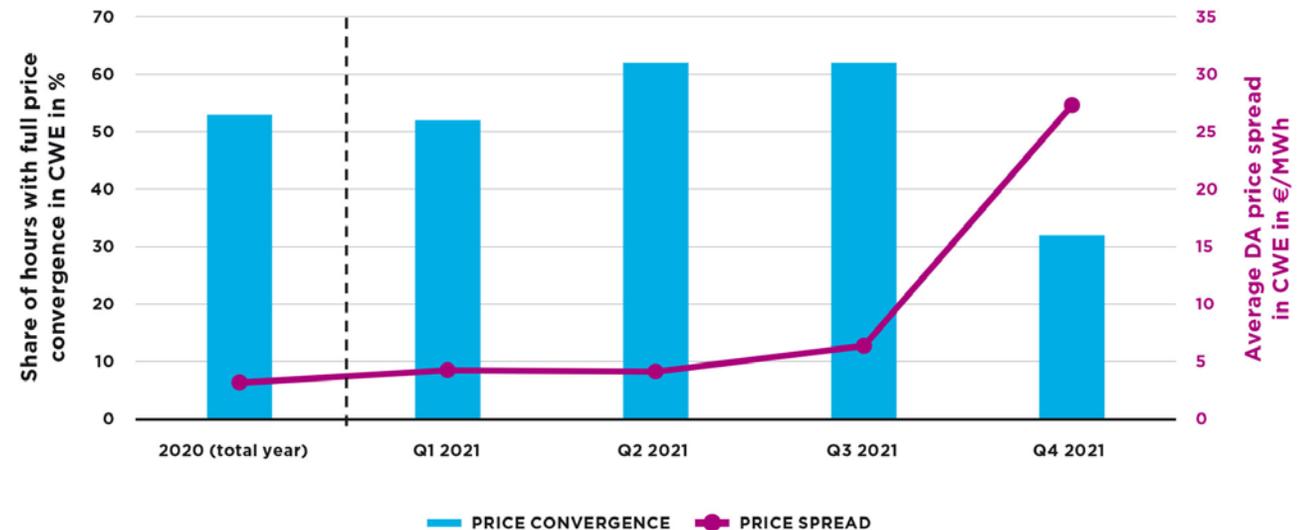
▶ The fluctuating pattern of renewable energies remains a major challenge for system operation and market

MARKET DEVELOPMENTS

PRICE CONVERGENCE IN CWE

- ▶ **Price convergence in CWE at similar level as in the previous year** (51% at max.: ± 1 €/MWh)
- ▶ However, **significant differences in the course of the year**:
 - Very high price convergence in Q2 and Q3 2021 (over 60%).
 - Very low price convergence (approx. 30%) in Q4 2021
- ▶ **Average price spread in CWE increased significantly in Q4 2021** (over 25 €/MWh)
 - In 2020, the average price spread was approx. 3 €/MWh

Price convergence and price spread in CWE



▶ Price convergence at previous year's level despite high price differences in Q4 2021

MARKET DEVELOPMENTS SUMMARY



European market integration was driven forward in 2021 with the support of Amprion - despite a rapidly changing general market environment:

Electricity Prices

The German electricity prices has quadrupled and the gas price increased nearly sevenfold in 2021

Imports and Exports

High import and export flows result in a higher utilisation of the European transmission grid

Price Convergence

Price convergence in CWE at previous year's level despite high price differences in Q4 2021

► The evolving challenges in the current geopolitical context call for timely and systemic solutions

**THANK YOU VERY MUCH FOR
YOUR PARTICIPATION IN OUR WEBINAR!**

In case you have any further questions, please do not hesitate to contact us at:

MarketReport@Amprion.net

We are looking forward to your message.

The report is available for download on our homepage:

<https://www.amprion.net/Market/Market-Report/Market-Report-2022/>

