



Renantis

Energy market report

Second quarter 2023 | April-June

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- 1.3. French nuclear availability

2. UK market overview

- 2.1. UK market overview
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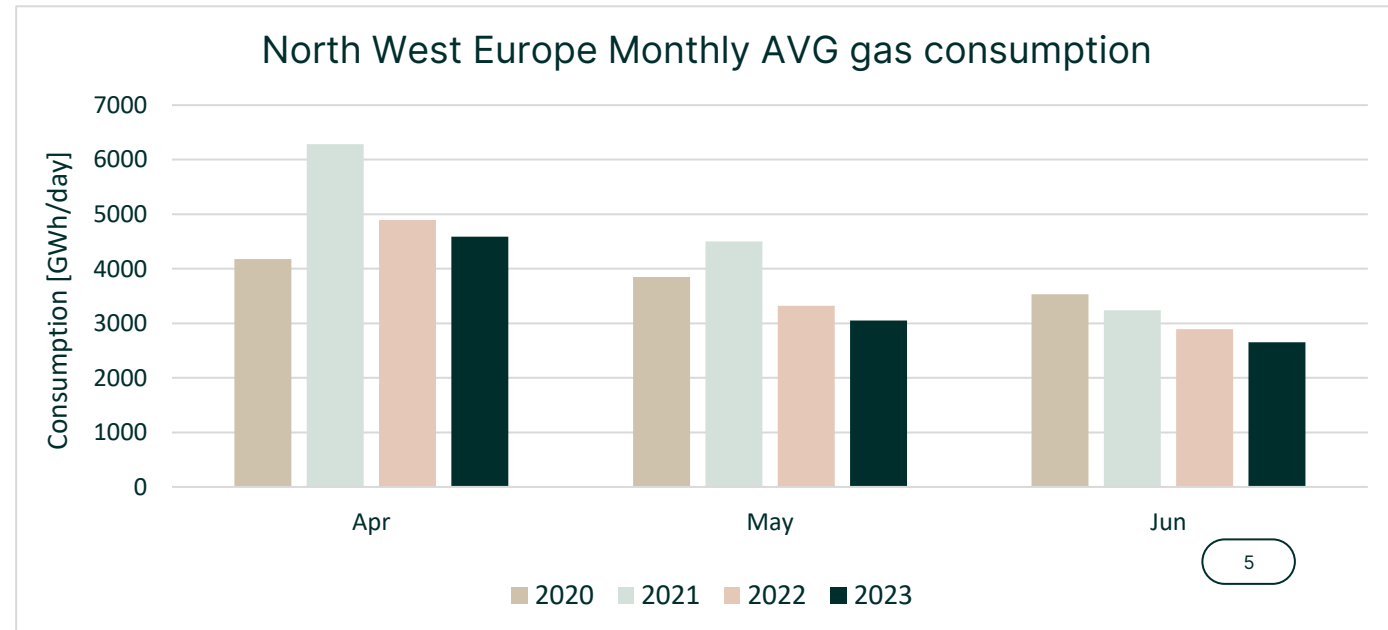
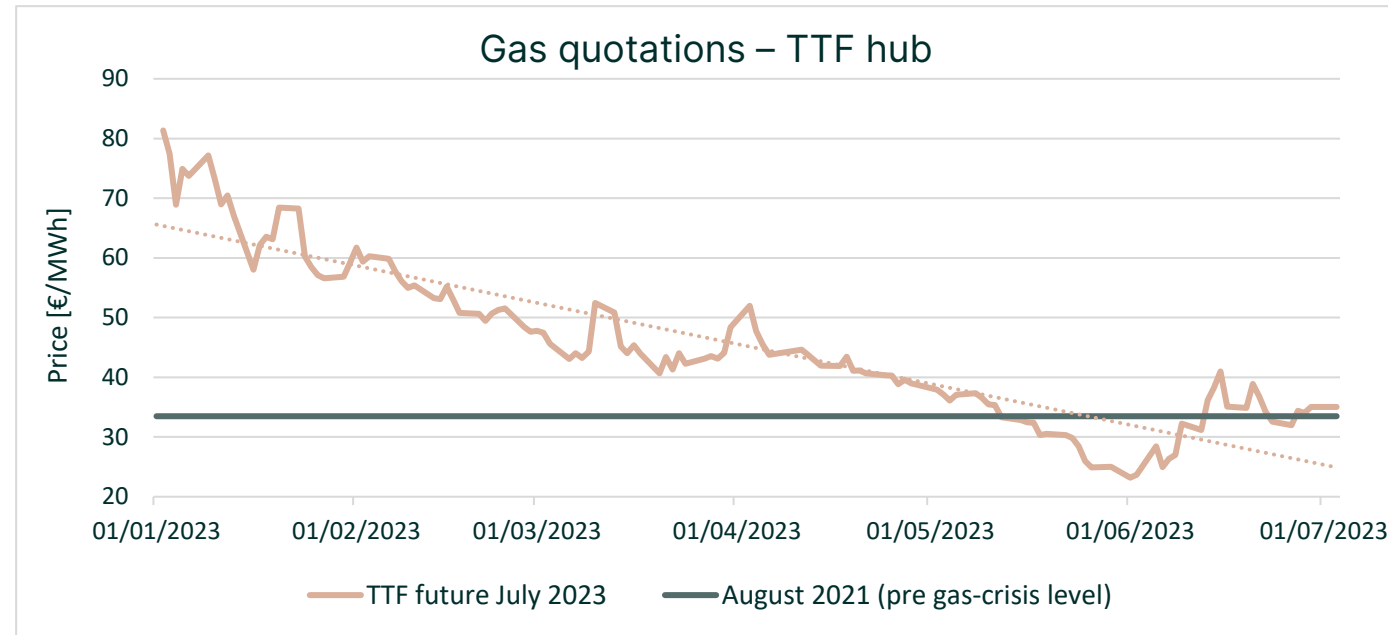


Drivers of European power prices

GAS

- TTF prices continued to fall throughout Q2. July prices are currently slightly above the pre-crisis levels (33 €/MWh, summer 2021).
- A key driver is a very low gas demand in Europe: lowest June demand for the past four years (-25% compared to 2020, the year of covid). It is a direct consequence of economic uncertainty in Europe.
- Although the trend is clear, the market remains sensitive to market news. For example, in June prices spiked quickly following an announcement on maintenance work on the GASSCO gas facilities in Norway. This highlights that the new balance has not yet been found.

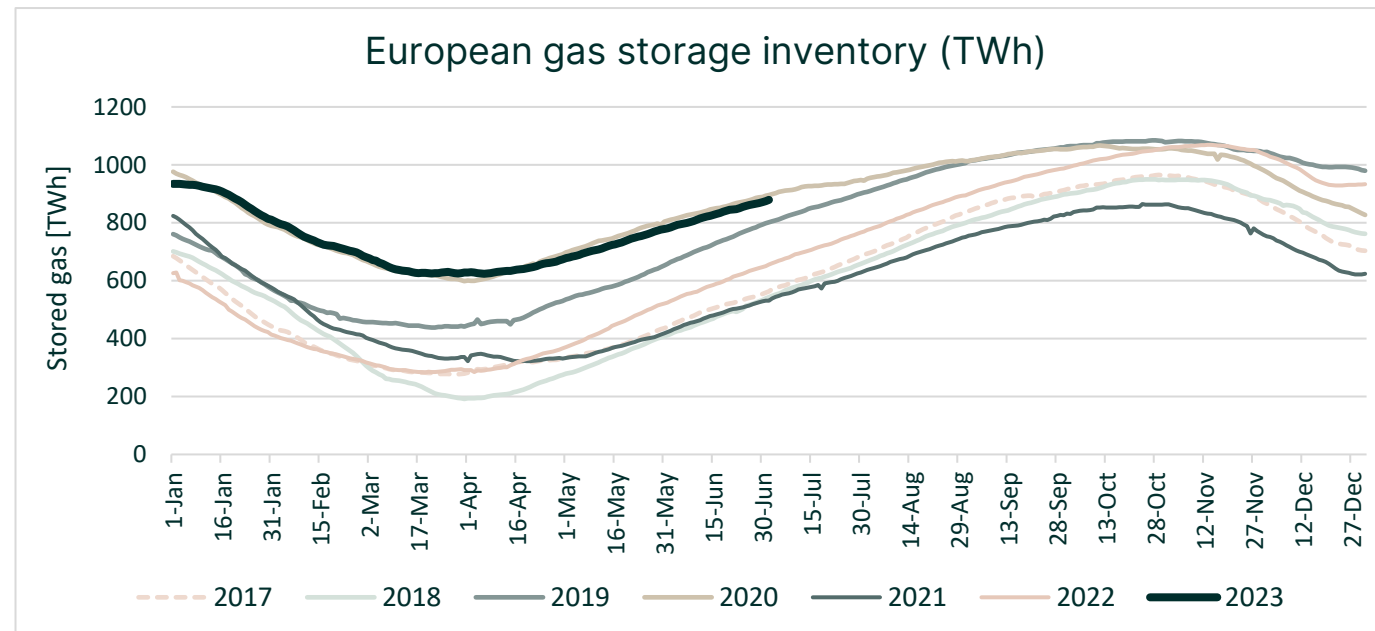
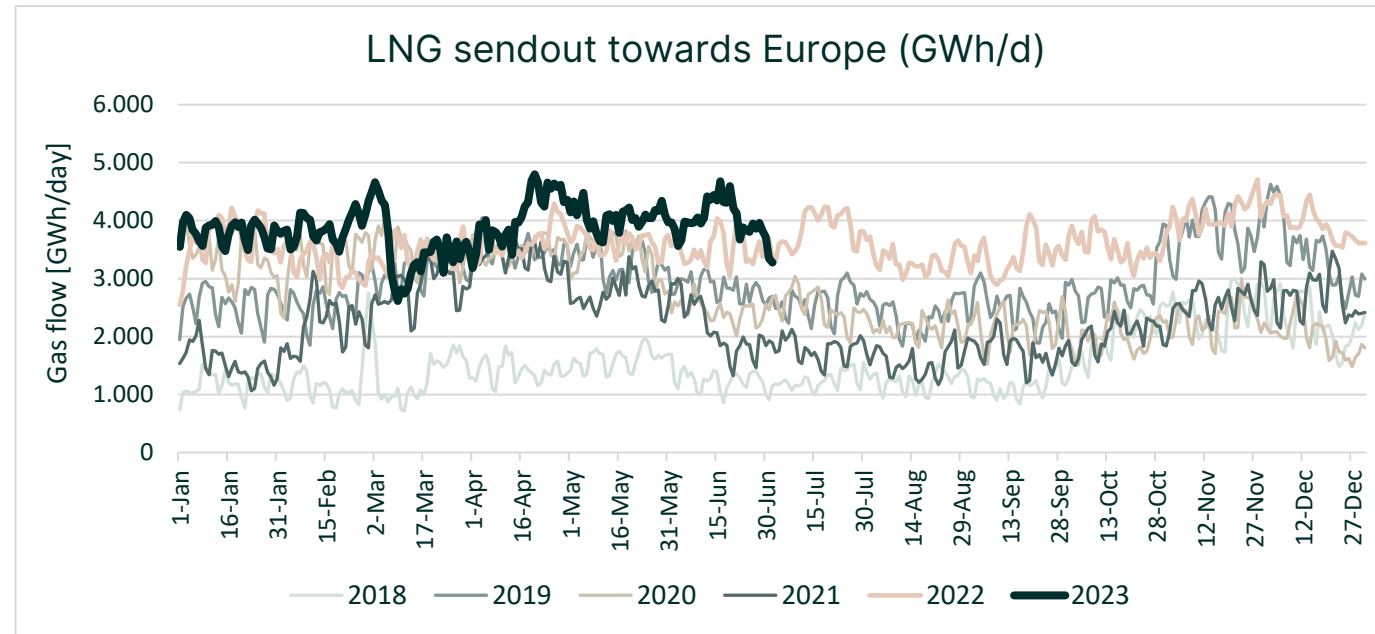
*TTF: Title Transfer Facility (main gas trading hub in Europe)



GAS

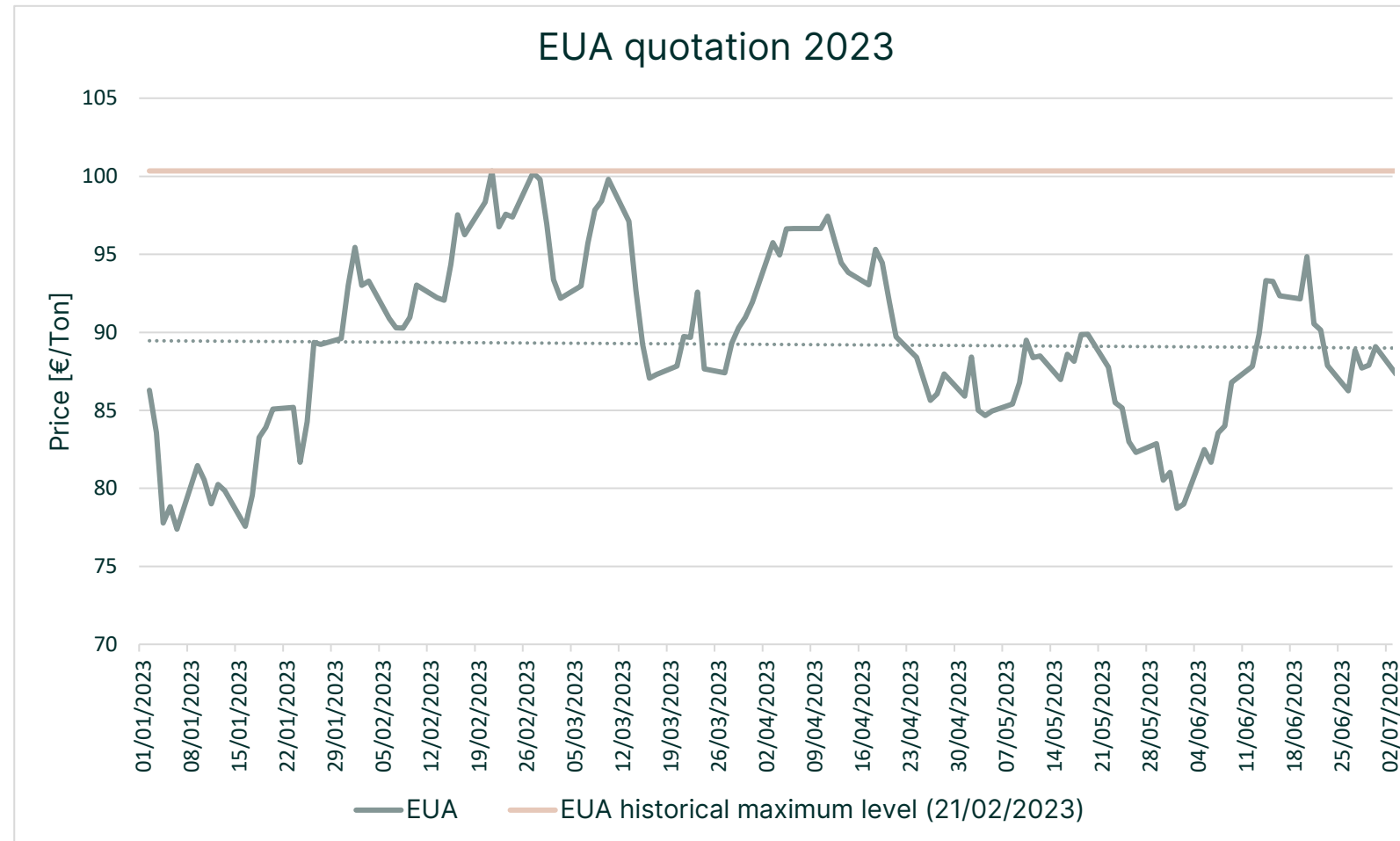
- LNG gas imports remained strong in Europe in Q2. 2023 is the record year for LNG imports so far.
- TTF (European Hub) prices remained very close to JKM (Asian Hub) prices. Because of lower transport costs, Europe continued to receive massive LNG flows. An Asian demand recovery could flip the spread in favor of a higher JKM. Therefore, signs of cargo diversion need to be monitored.
- Low gas demand and high LNG imports have favored an early filling of European gas reserves in view of the winter. Storage levels are just under 80%, much higher than in 2022 (57%).

*Liquefied Natural Gas



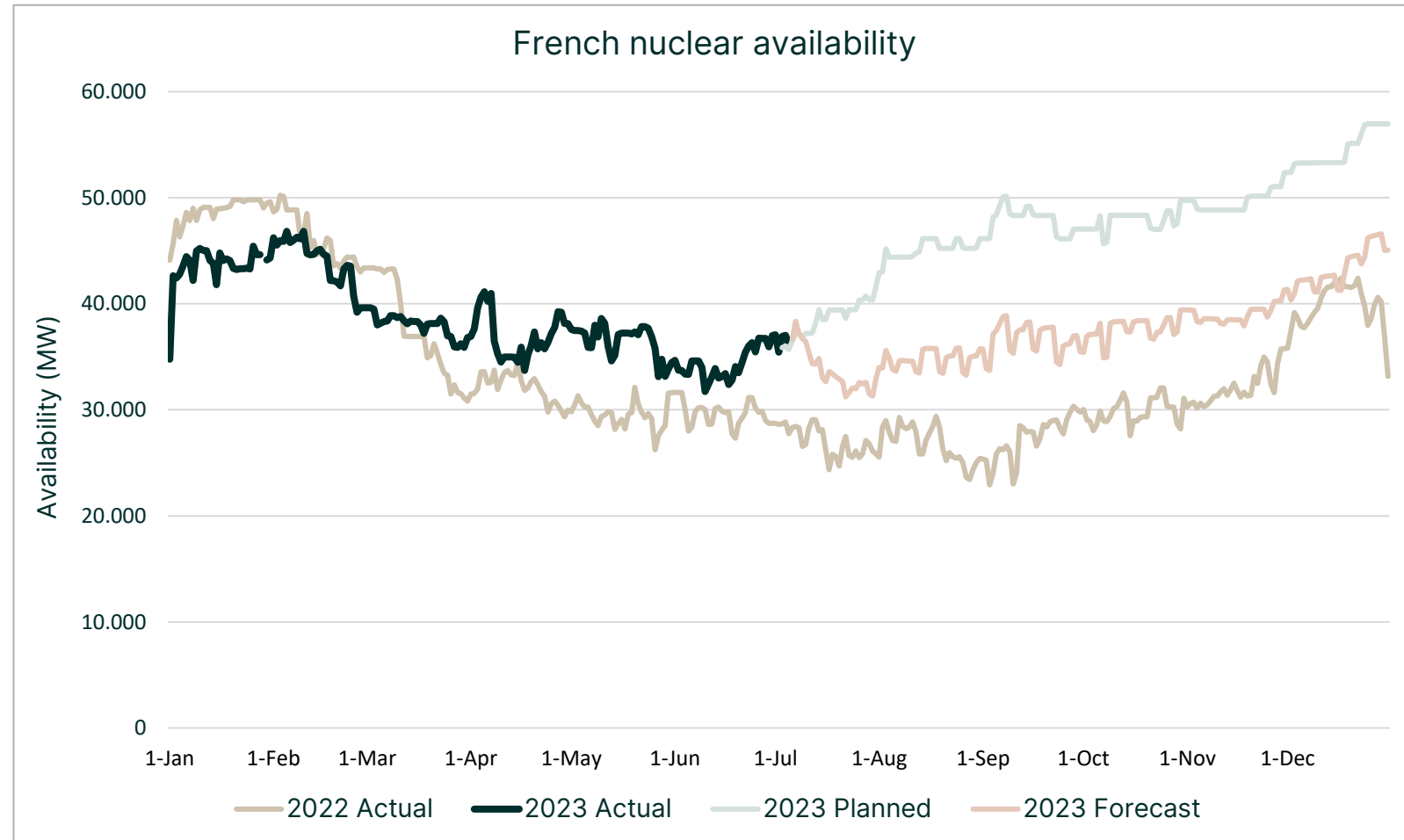
CARBON EMISSIONS (EUA)

- After reaching an all-time high of 100.43 €/ton in February, EUA prices were characterised by a persistent sideways trend throughout Q2.
- There is still considerable volatility in the market – a sign of the commodities' high sensitivity to significant market news.
- The market seems to be waiting to evaluate the effect of the CBAM (Carbon Border Adjustment Mechanism) on prices.



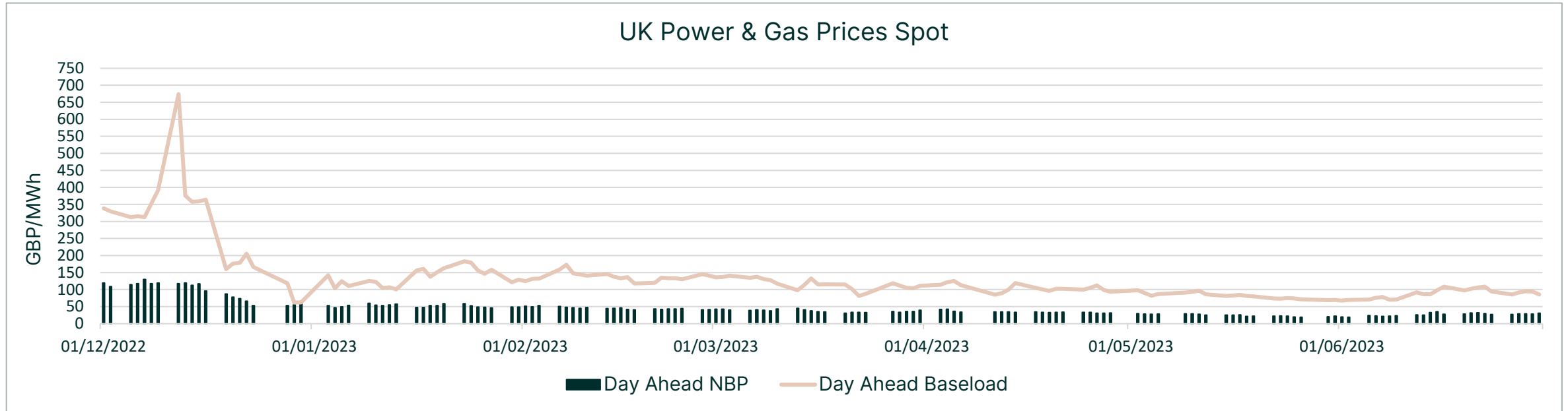
FRENCH NUCLEAR AVAILABILITY

- So far, the actual nuclear capacity in 2023 compares well to 2022.
- Nuclear availability forecast is on average 10 GW lower than EDF's availability.
- Social situation in France represents a risk for the availability in the short and long term.



UK market overview

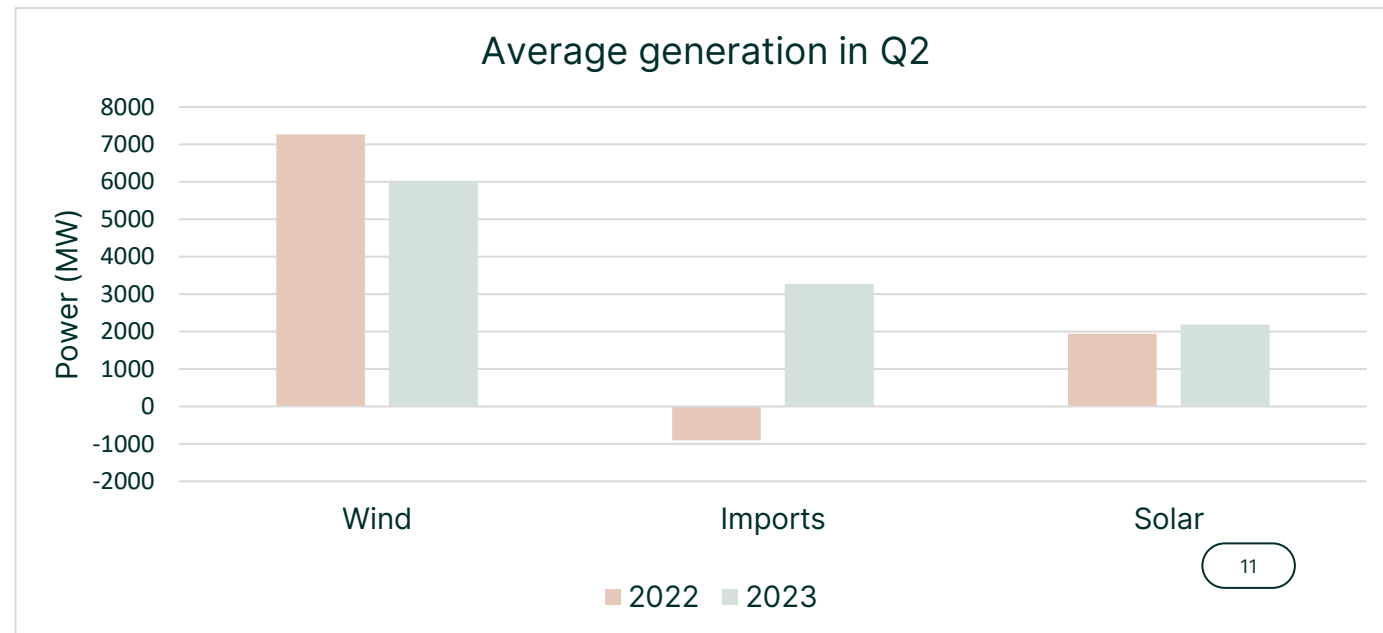
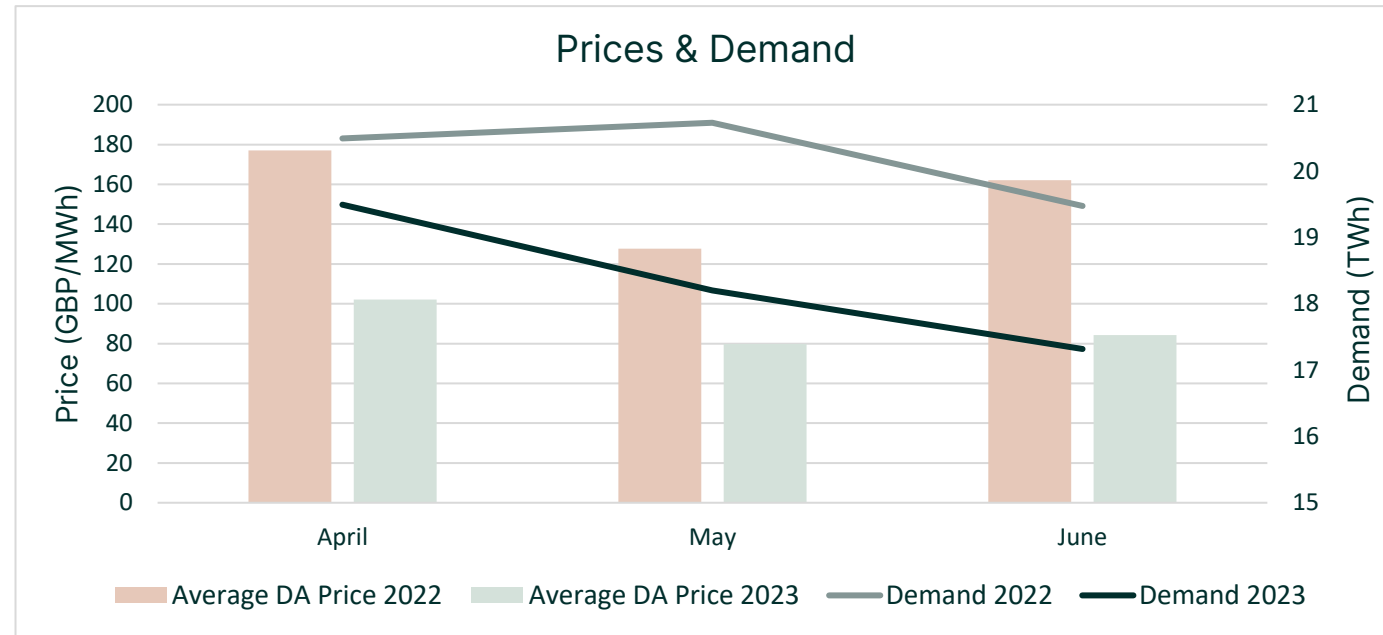
UK MARKET OVERVIEW



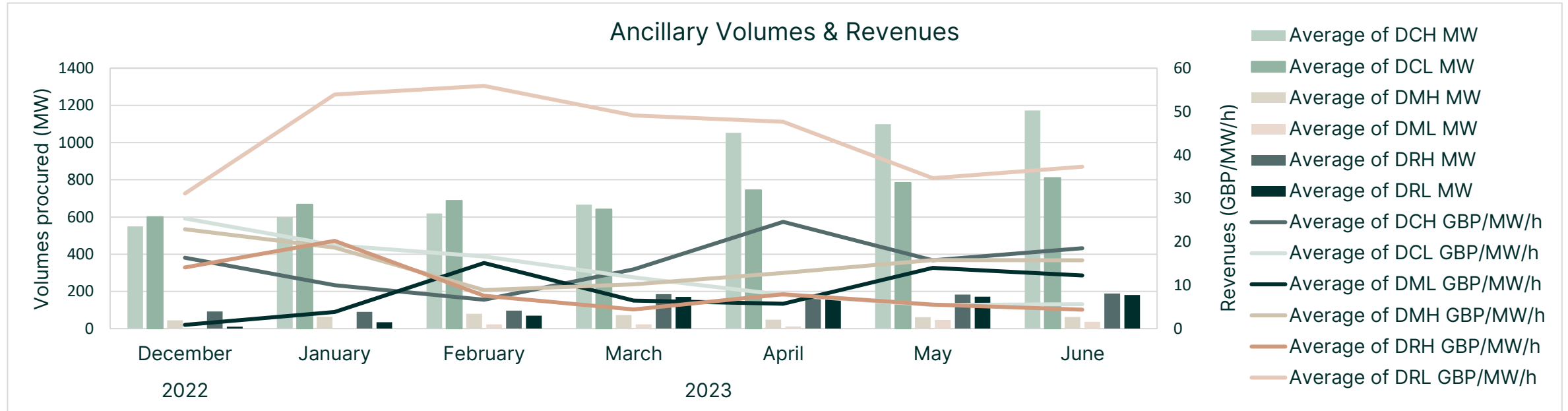
- We registered a quiet Q2, with a bearish/neutral trend for both power and gas prices. There was only a small uptick at the end of June, caused by the reduction of Norwegian gas imports.
- There was a natural support at the 60 GBP/MWh level.
- Q3 is expected to see more volatility, with high solar generation and low demand on one side, and low nuclear generation on the continent, combined with high demand, on the other.

Q2 2023 VERSUS Q2 2022

- In Q2 2023 both power prices and power demand were lower compared to the same period in 2022.
- This year, wind generation in Q2 was lower than last year, particularly in April, whereas solar generation was overall slightly higher.
- The UK turned from net power exporter in Q2 2022 to net importer in Q2 2023. The key difference was this year's market coupling of NBP/TTF, together with a decrease in wind generation in the UK, as opposed to better nuclear and hydro generation in the continent.



ANCILLARY SERVICES



- The volumes contracted in DC (Dynamic Containment) and DR (Dynamic Regulation) services experienced a net increase in Q2, while DM (Dynamic Moderation) volumes were stable. The increase in DC volumes caused DC revenues to rise by alleviating the pressure of a big saturated market. At the same time, the growth of DR volumes opened the door to a niche market for competitors, resulting in a decrease in DR revenues.
- Despite this quarter's solid system margins, the results were satisfying, with the winning couple being DRL/DCH.

Conclusions

HIGHLIGHTS

- The bearish trend of gas prices in the first quarter of the year was confirmed for almost the entire duration of spring, bringing prices back down to summer 2021 levels. However, the market remains tense, and news could quickly change this situation.
- The reduced gas demand at European level and the sustained inflows of LNG that arrived during the spring favored an early filling of gas storages. In Europe, levels reached 78%, signaling stability for the winter.
- UKA prices followed a bearish trend ranging from 75 GBP/ton to 50 GBP/ton.
- Summer: flows from the continent and a lower demand helped UK to secure low prices. At the first heat waves, we could see higher demand and flows flipping due to lower nuclear availability.
- Q4: the strikes in France have introduced uncertainty into the scheduled shutdowns of EDF's French nuclear plants. This might result in reduced production this fall.

Thank you

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