

GLOBAL INSIGHT

European Power Prices: Influences on prices

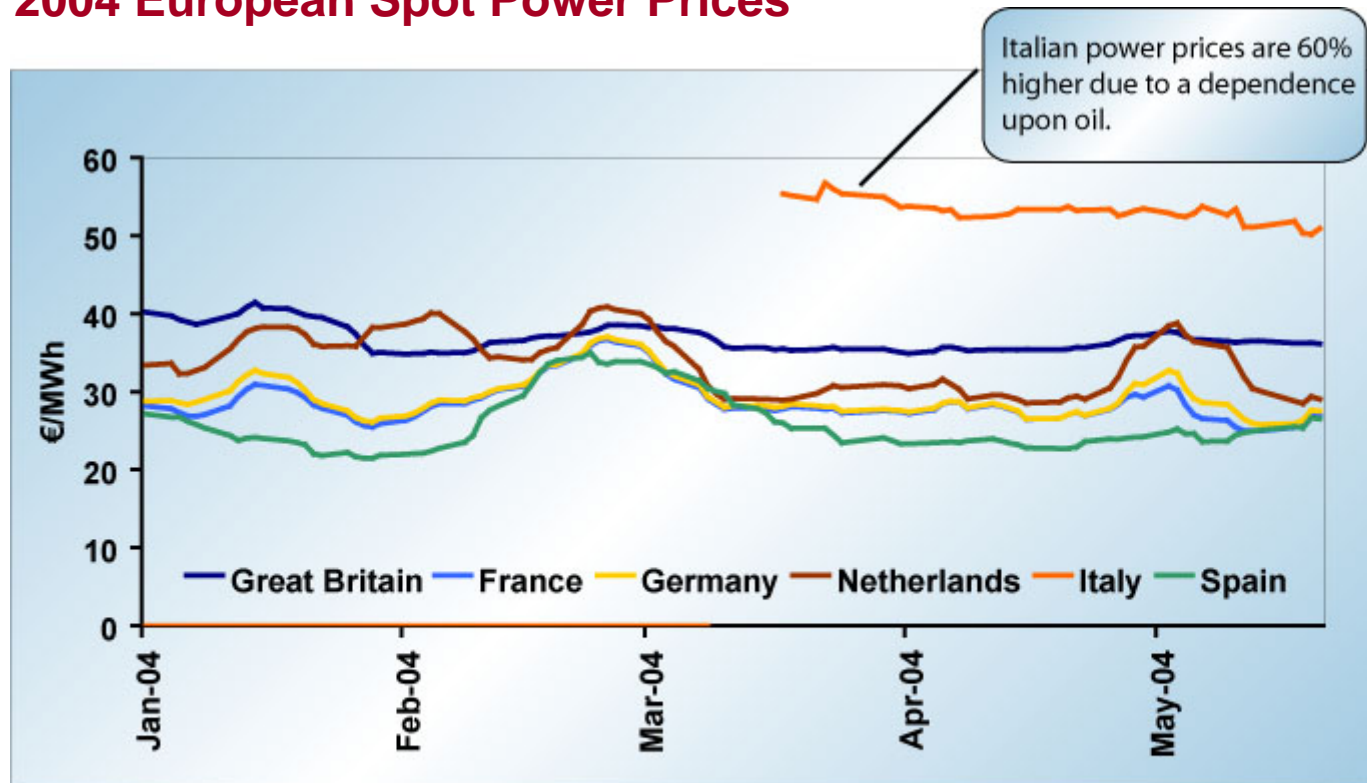


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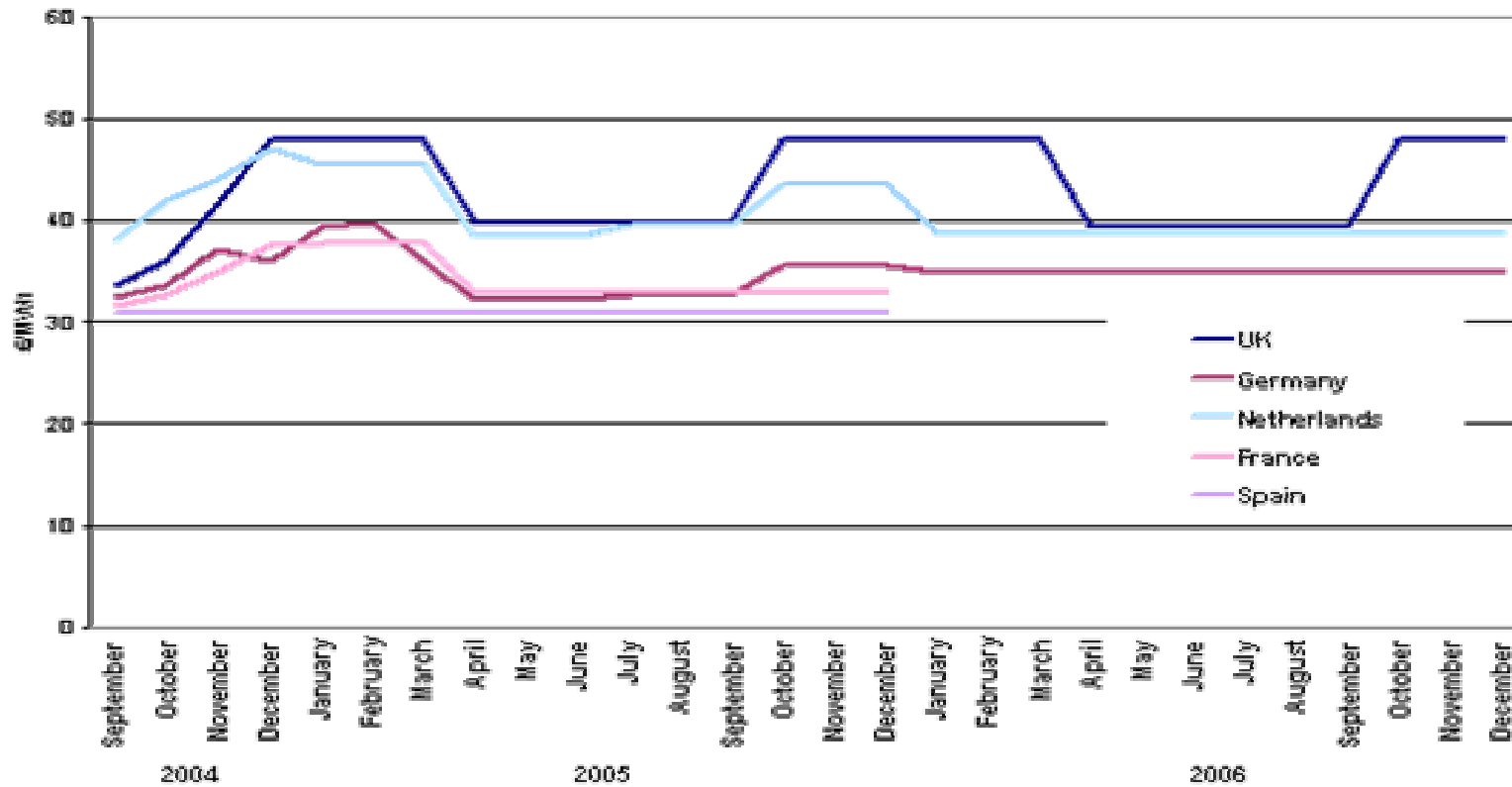
Some broad price convergence

2004 European Spot Power Prices



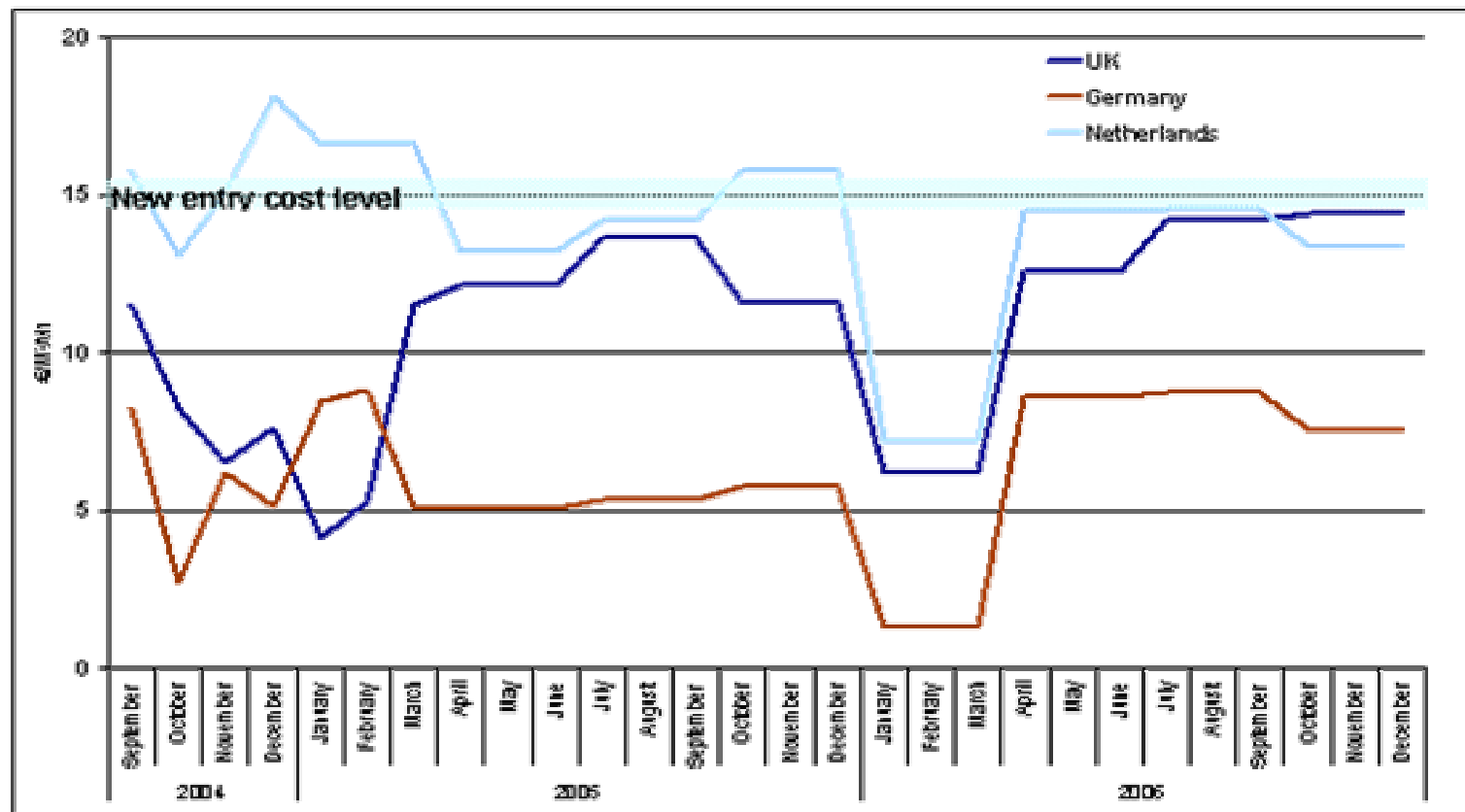
GB becomes a high priced market

August 2004: Power forward prices



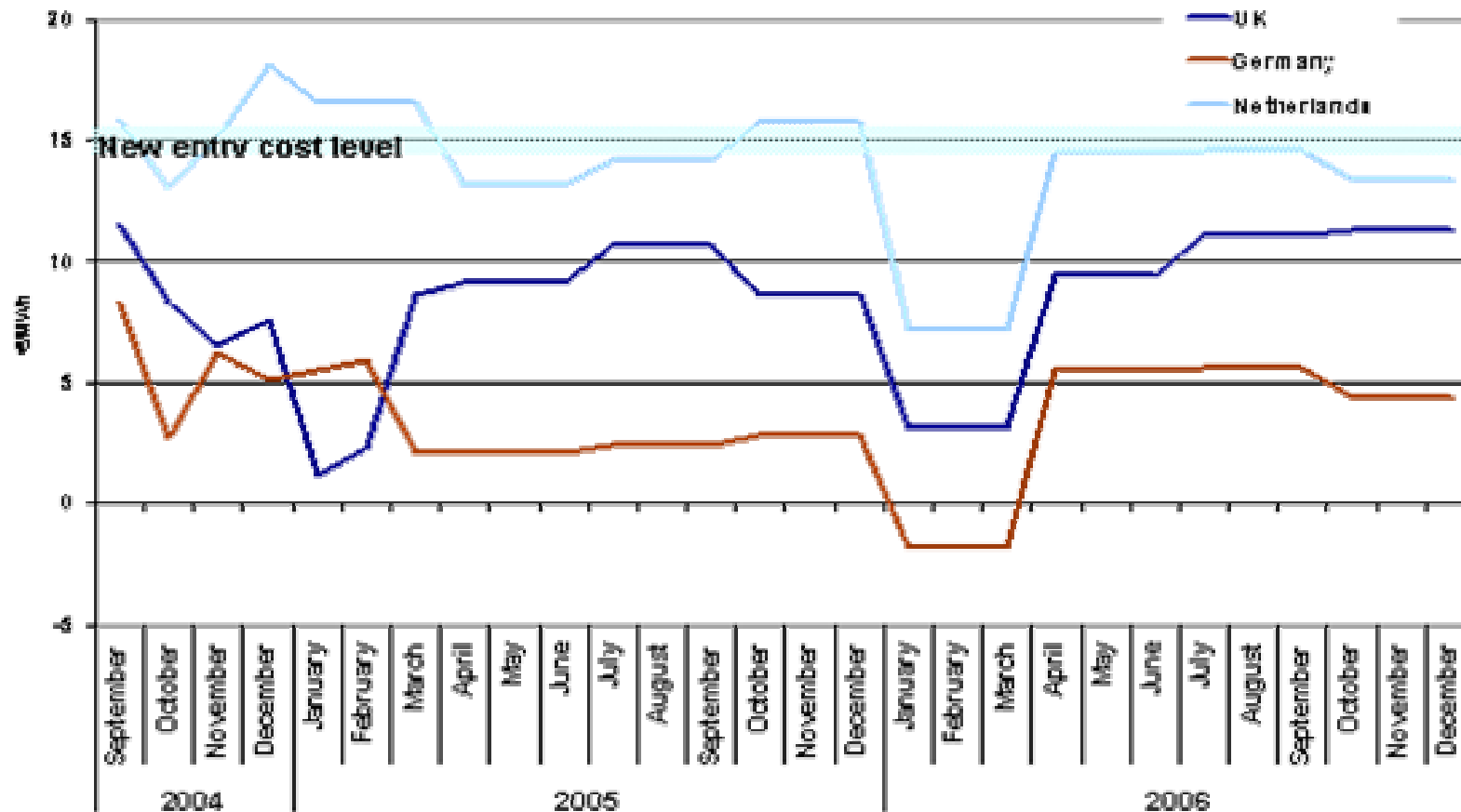
GB needing new plant by 2006?

August 2004: Gas Spark Spread



Adjusting for CO₂ Costs, the Need for New Market Entrants is Less Clear

August 2004: Green Spark Spread



Great Britain Includes Cost of CO₂ (1)

August 2004: Average Spark Spreads

	2004 gas spark spread (€/MWh)	2005 gas spark spread (€/MWh)	2005 green spark spread (€/MWh)
GB	8.5	11.1	8.3
Germany	5.5	5.9	3.1
Netherlands	15.5	14.9	12.2

Notes on the spreads: Gas efficiency assumed 55% Coal efficiency 34%, coal 10800 Btu/lb. CO₂ content of: Gas = 0.35 t CO₂/MWh; Coal = 0.95 t CO₂/MWh.

Great Britain Includes Cost of CO₂ (2)

June 2004: Average Spark Spreads

	2004 gas spark spread (€/MWh)	2005 gas spark spread (€/MWh)	2005 green spark spread (€/MWh)
Great Britain	10	13	10
Germany	6	7	4
Netherlands	15.5	15.5	13
Spain	7	6	3

Notes on the spreads: Gas efficiency assumed 55%. Coal efficiency 34%, coal 10800 Btu/lb. CO₂ content of: Gas = 0.35 t CO₂/MWh; Coal = 0.95 t CO₂/MWh.

Which of these is more accurate?

◆ Assessment of domestic margins

	2004	2005	2006
GB	24.9%	24.6%	23.1%
Germany	17.4%	14.1%	14.0%
Netherlands	15%	17.5%	16.4%

**Excludes interconnection and adjusts plant capacity for availability.*

Some further evidence

◆ Peak – baseload ratios

	2003 for 2004	2004 for 2005
GB	1.3	1.2
Germany	1.5	1.5
Netherlands	1.45	1.45
France	1.5	1.5

Contact Us

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