

March Market Watch

Highlights from February in Day-Ahead electricity market

About this analysis



The data analysed was collected from ENTSO-E's Transparency Platform, and following time interval is used for the analysis:

- Prices - 2024: February 1st 00:00 – 29th February 23:00.
- Actual aggregated generation by Wind (Onshore + Offshore) –February 1st 00:00 – 29th February 23:00.
- Actual Load – February 2023 and February 2024

Bidding zones regarded in Capacity calculation regions (CCRs):

- Baltic: Estonia, Finland, Latvia, Lithuania, Poland, Sweden (bidding zone SE4 only)
- Core: Austria, Belgium, Croatia, Czech Republic, France, Germany/Luxembourg, Hungary, Netherlands, Poland, Romania, Slovakia, Slovenia
- GRIT: Italy, Greece
- Hansa: Denmark, Germany/Luxembourg, Netherlands, Poland, Sweden (bidding zone SE4only)
- IT North: Austria, France, Italy (bidding zone NORD only), Slovenia
- Nordic: Denmark, Finland, Norway, Sweden
- SEE: Bulgaria, Greece, Romania
- SWE: France, Portugal, Spain

Key insights



European Price Dynamics: February witnessed average day-ahead electricity prices declining to €64/MWh from last year, influenced by robust wind production. Spain and Portugal enjoyed the lowest prices due to abundant wind generation, while Italy and the Baltics faced higher prices. The significant impact of renewable energy, especially from wind and solar on price dynamics is apparent, and this influence is expected to grow stronger in the months ahead.



Price Convergence Across Europe: Europe exhibited notable trends, particularly contrasting the mainland with the Nordics and Baltics. While mainland Europe demonstrated impressive convergence, the Nordics and Baltics faced challenges in achieving the same level. Despite lower average spot prices, the Nordics lagged in price convergence compared to mainland Europe. The disparity underscores the importance and need for improved market integration initiatives such as Advance Hybrid coupling and Flow-based capacity calculation methodology, to have efficient and equitable coupled markets.



Impact of Wind Power: Wind power played a pivotal role in shaping price dynamics, with high wind generation in the first week leading to negative prices in the Nordics. Portugal and Spain experienced price fluctuations correlating with wind generation. Moreover, February showcased significant reliance on wind energy, with countries like Germany, Portugal, and Spain witnessing wind energy covering 80-100% of their load. This improvement in the integration of renewable energy sources, such as wind in the short-term market compared to last year underscores Europe's commitment to sustainability efforts.

Europe's electricity price trends

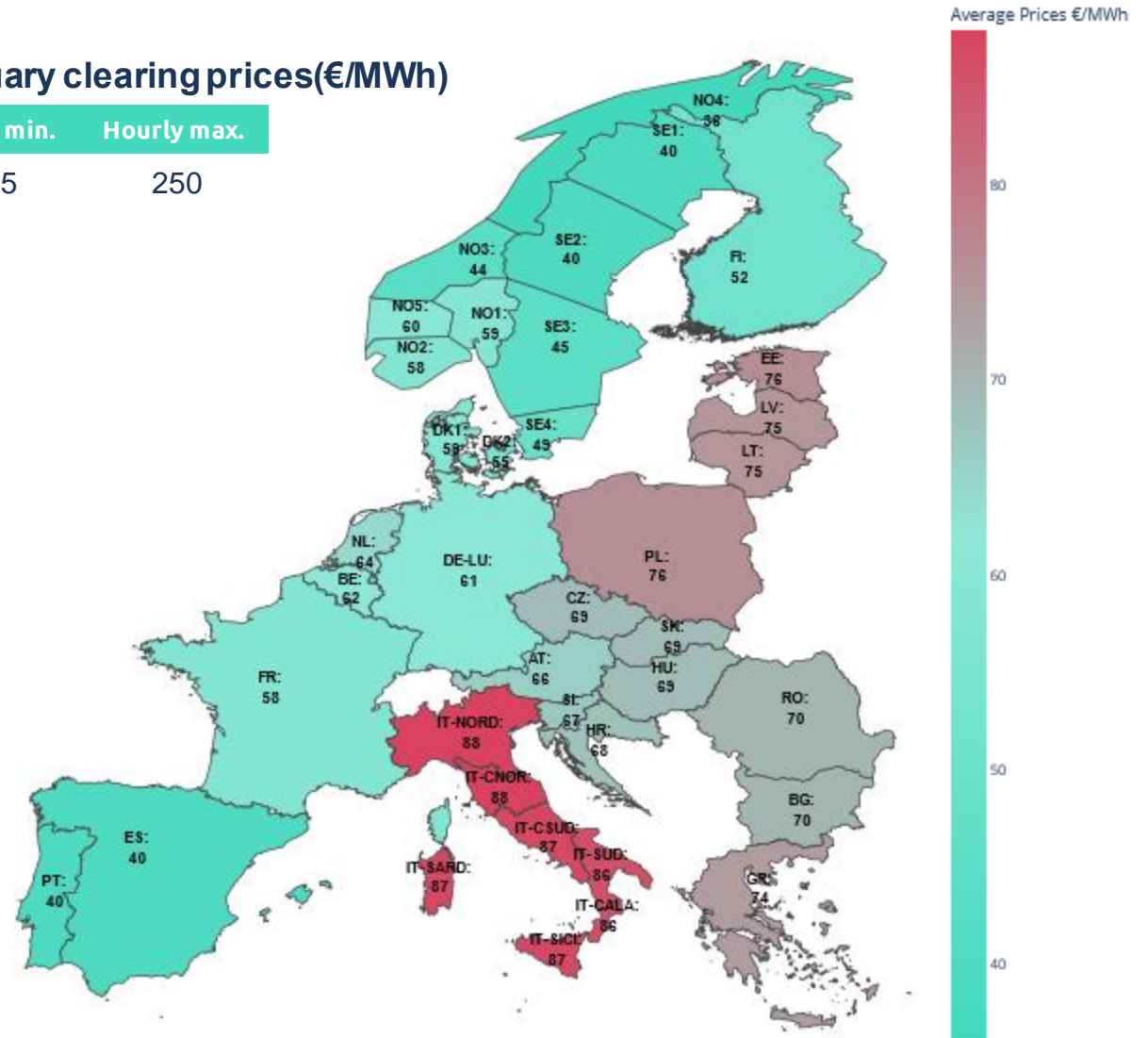
Strong market coupling keeps average prices grounded!



In February, the European electricity market witnessed intriguing price trends, with the average price in SDAC being **~€64/MWh**. This marked a significant decrease of around €27/MWh compared to the same period last year. The robust wind production in February contributed to Spain and Portugal experiencing the lowest average prices. Conversely, Italy emerged as one of the pricier regions in Europe, followed closely by the Baltics, highlighting regional disparities in different CCRs. Despite, the Nordics showcasing lower spot prices on average relative to Core regions, an intriguing observations arises: Nordics shows lack of price convergence.

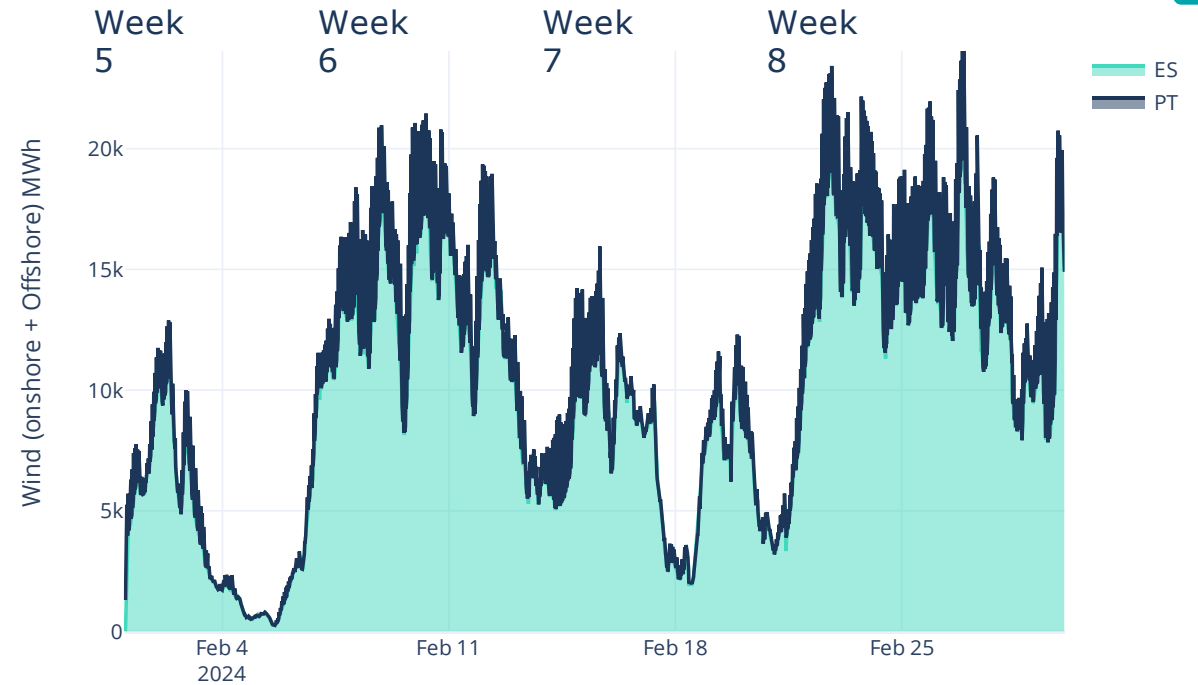
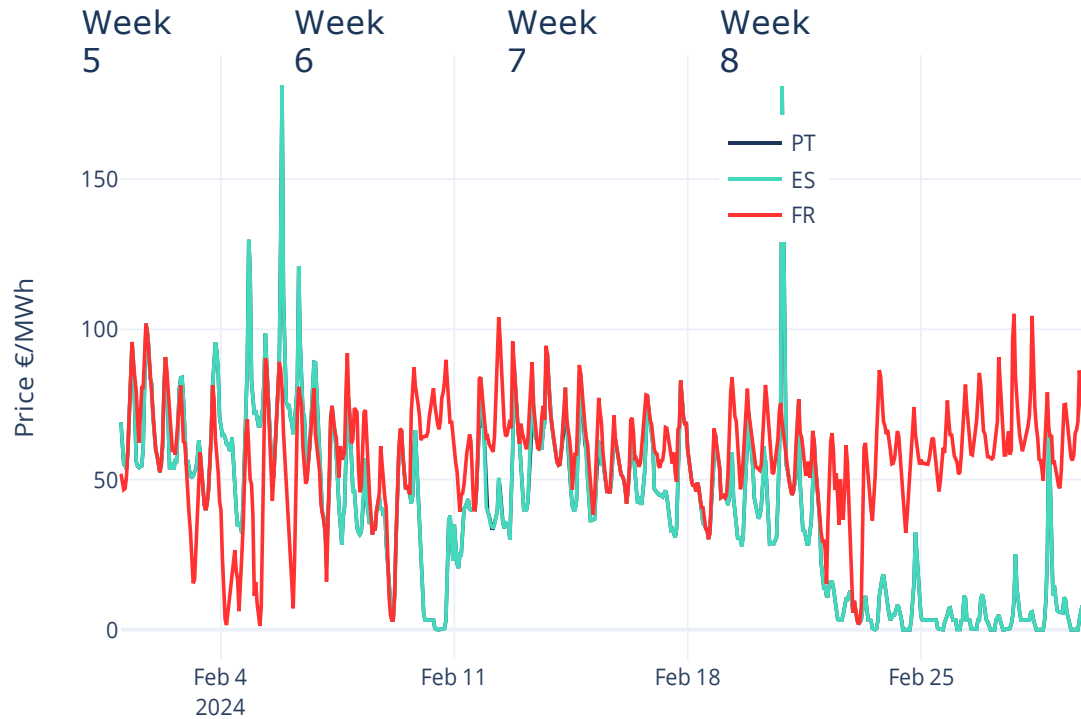
February clearing prices(€/MWh)

Hourly min.	Hourly max.
-2.5	250



Spotlight on the SWE prices

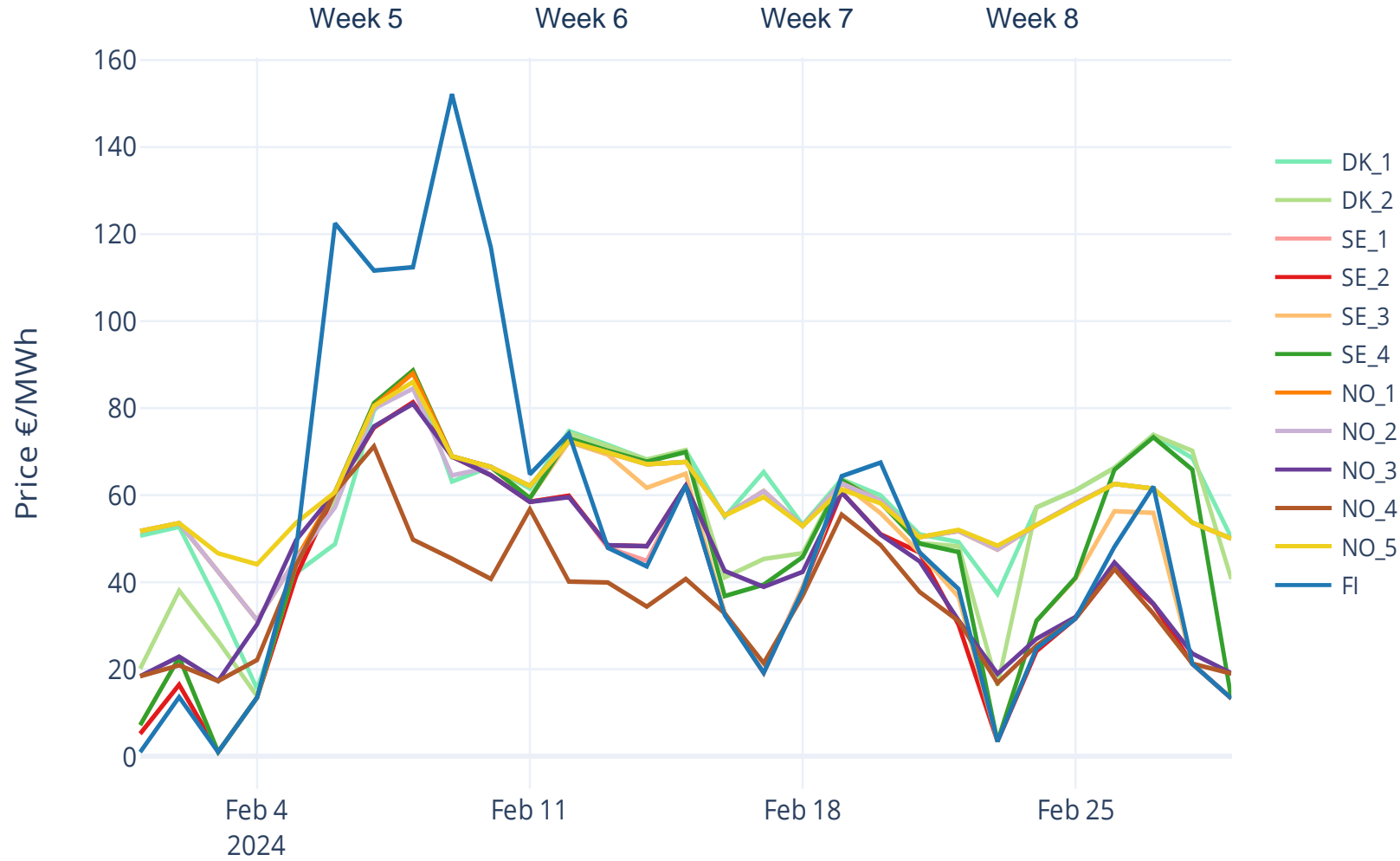
Spain and Portugal clear of negative trends



Prices in SWE observed an average drop of **~94 €/MWh (~70% decrease)**, highest in SDAC this month, compared to last year February. This drop can be attributed to the high amount of wind generation in the, which covered the energy demand solely with renewables. Last week of February observed a substantial drop in prices in Portugal (PT) and Spain (ES). This price fluctuation was closely tied to the Wind Generation, as an abundance of wind energy (**~ 20 GWh**) caused prices to plummet. The high volume of wind generation resulted in a noteworthy stretch of consecutive hours with zero electricity prices, narrowly avoiding tipping into negative territory.

Spotlight on the Nordic prices

Lower prices than last year, but no signs of price convergence



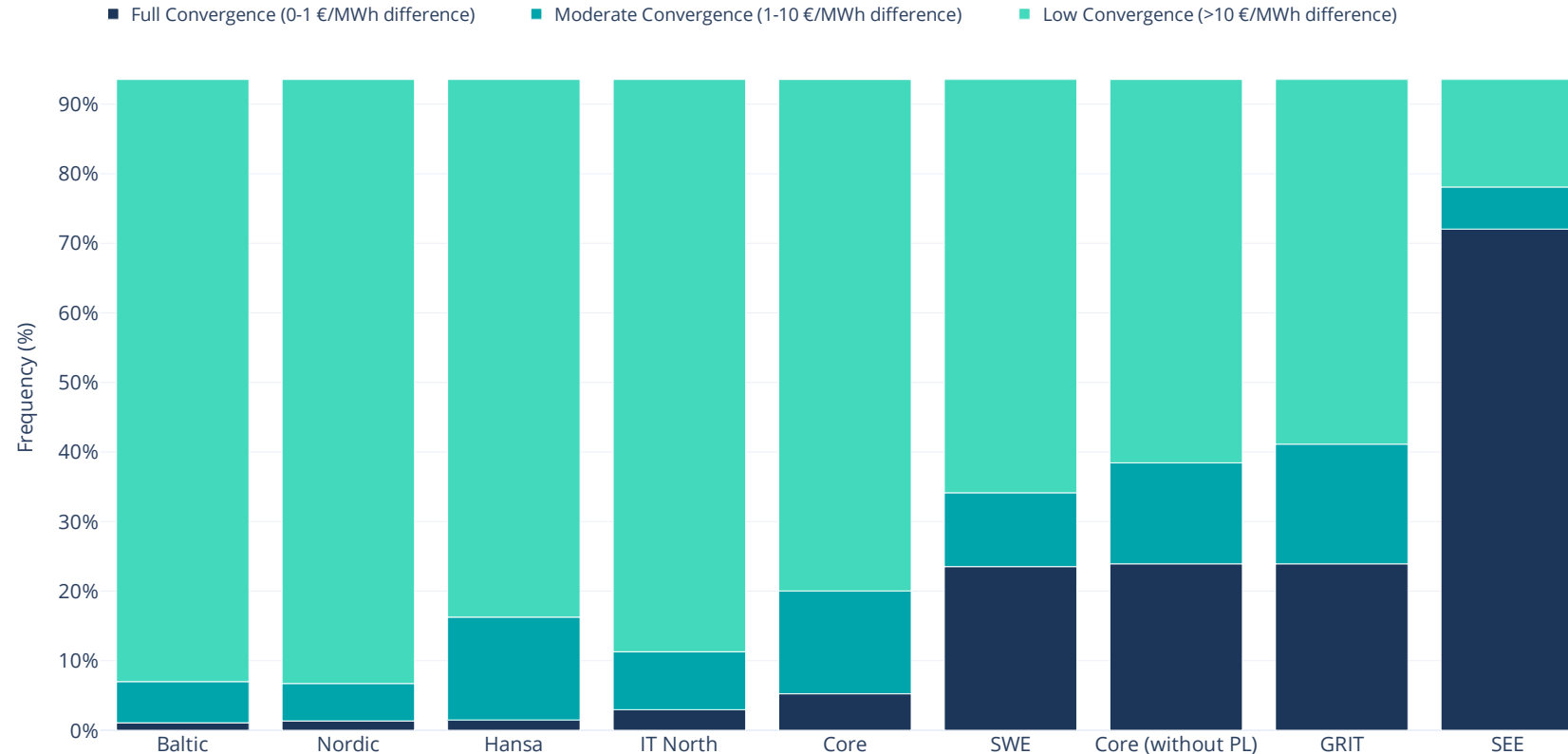
Average Day-ahead prices in the Nordics

In the Nordics, first week of February observed few hours of negative prices driven by high wind generation and low demand in the region. The following week, prices spiked due cold weather impacting the demand. The low wind generation Finland (FI) caused the noteworthy price spike. As the month progressed, the pricing trend took a downturn.

West Denmark (DK1) had the **highest decrease** in the spot prices in the Nordics compared to last year. While Northern Norway (NO4) being the only exception in SDAC where prices increased by **7.5 €/MWh**.

Price Convergence across CCRs

Mainland Europe's Success vs. Nordics/Baltic's Struggles



Once again, the **Core** region has showcased its remarkable trend of convergence, with nearly **40%** of instances demonstrating a convergence of less than €10/MWh when excluding Poland (PL). Joining the Core, the SWE, GRIT, and SEE regions have also exhibited significant price convergence throughout February, attributed to a wind-rich month with stable demand and lower natural gas prices. However, Italy-North emerged as an exception due to low installed wind capacity and allocation constraints, resulting in high prices and low convergence. Meanwhile, the Baltics, alongside their Nordic counterparts, experienced minimal price convergence, highlighting diverse pricing dynamics across the CCRs.

Share of load covered by wind generation

Windy February showed significant load coverage by wind



The density distribution for the share of load covered by wind per Bidding Zone (BZ) for **February 2023** and **February 2024** is shown.

Overall, all bidding zones showed improved wind coverage of the load compared to last year.

Spain (ES), Germany (DE-LU) and Portugal (PT) had **80 to 100%** of their respective load covered by wind, indicating efficient utilization of renewable resources.

NL stands out with very few hours exceeding its own load. Similar trend was observed for North Sweden (SE2) and West Denmark (DK1), where the wind generation exceeded their respective load for significant number of hours.

■ February 2024 ■ February 2023

Reach out to the authors
Here to guide you

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