European Power

From Negative to Notable:
The rise of the summer price risk

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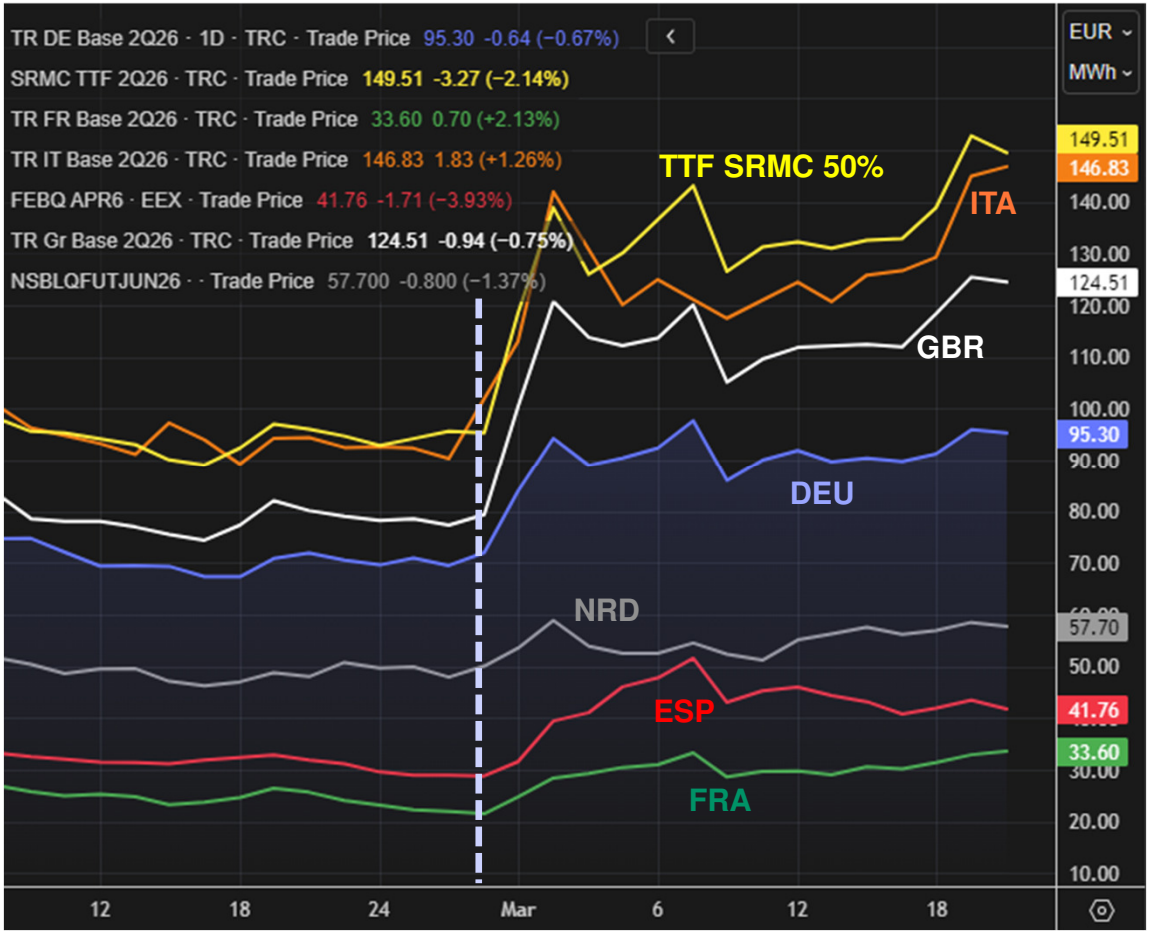
March 26th, 2026

LSEG

Q2 evolution in different countries

Opening prices of Mon 23rd March



Evolution of Q2 power futures contracts since the beginning of the war (28th Feb):

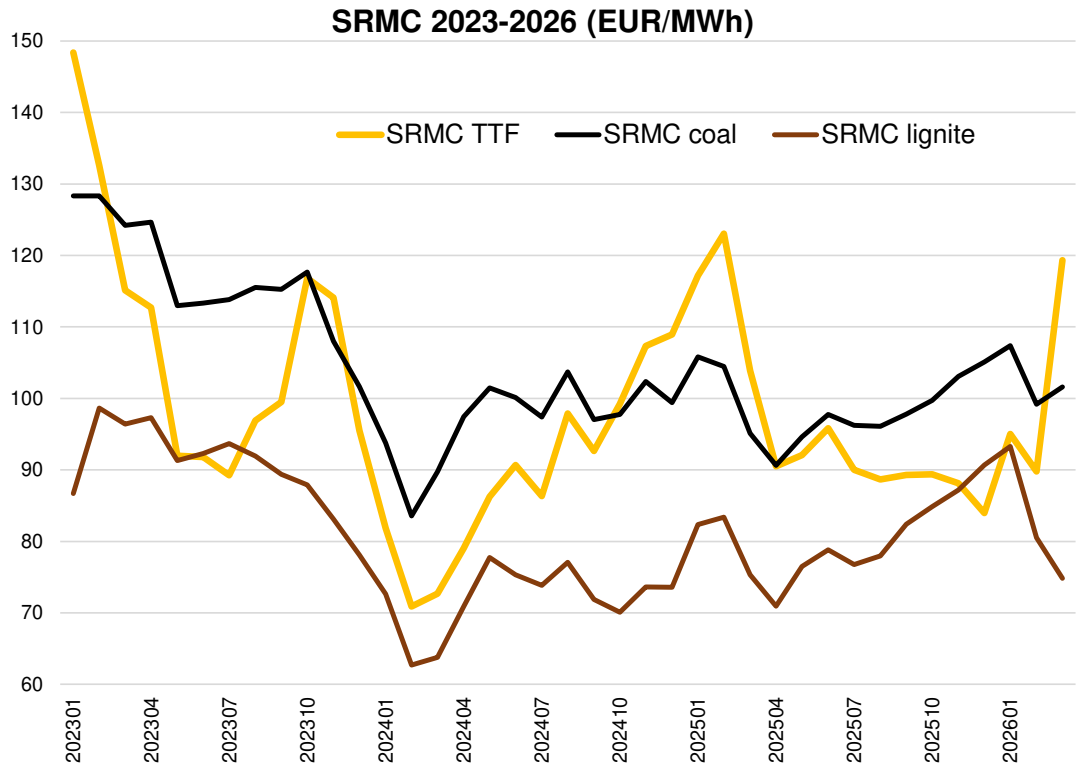
- TTF SRMC medium efficiency (50%) up ~ 55 EUR/MWh
- ITA Q2 up 50 EUR/MWh
- GBR Q2 up 45 EUR/MWh
- DEU Q2 up 25 EUR/MWh
- ESP Q2 up 15 EUR/MWh
- FRA Q2 up 12.5 EUR/MWh
- NRD Q2 up 7.5 EUR/MWh (partially compensated by slight hydro balance increase)

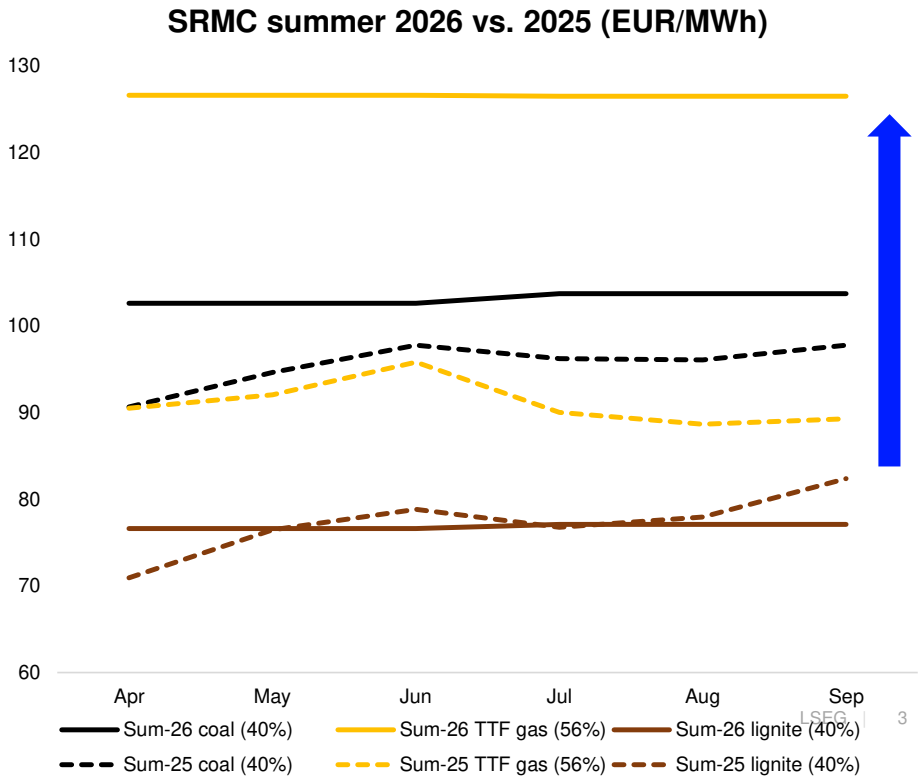
 # hours with gas at margin differs heavily!

Generation costs (Mar 25th)

Current gas price rally pushes gas short run marginal cost (SRMC) above lignite & hard coal

Front month gas SRMC of 56% efficient plant jumped from 89 €/MWh in Feb-26 to **127 €/MWh**



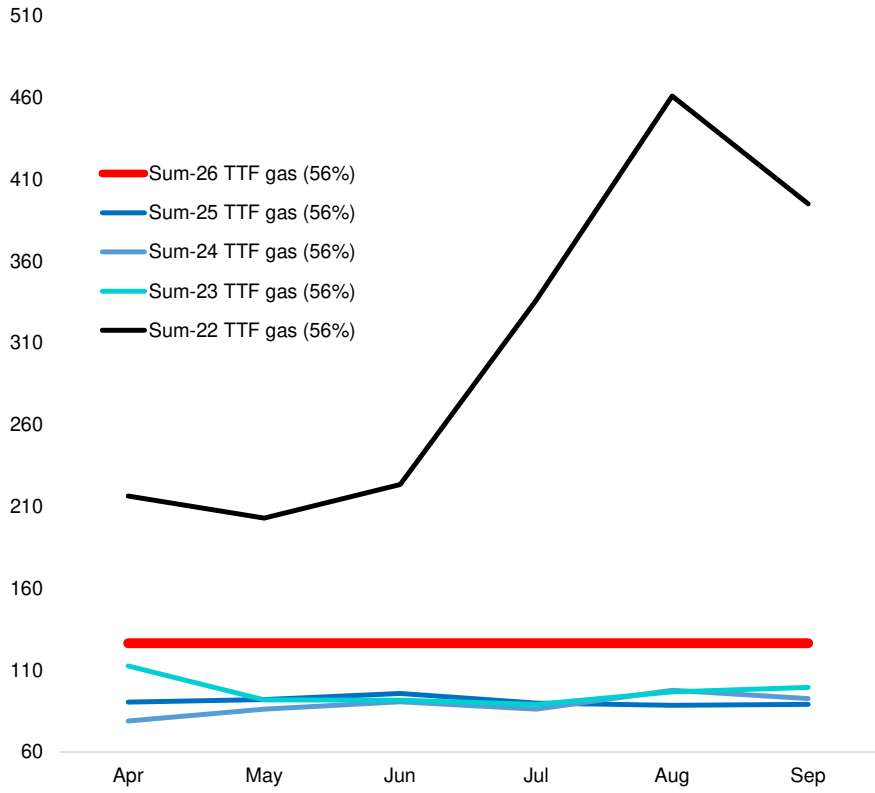


Gas generation costs by far lower than in Summer 2022

Further direction of the gas market: ?

- European Storage re-filling under highly uncertain Middle Eastern LNG supply
- LSEG Gas & LNG Summer Outlook on Thursday:

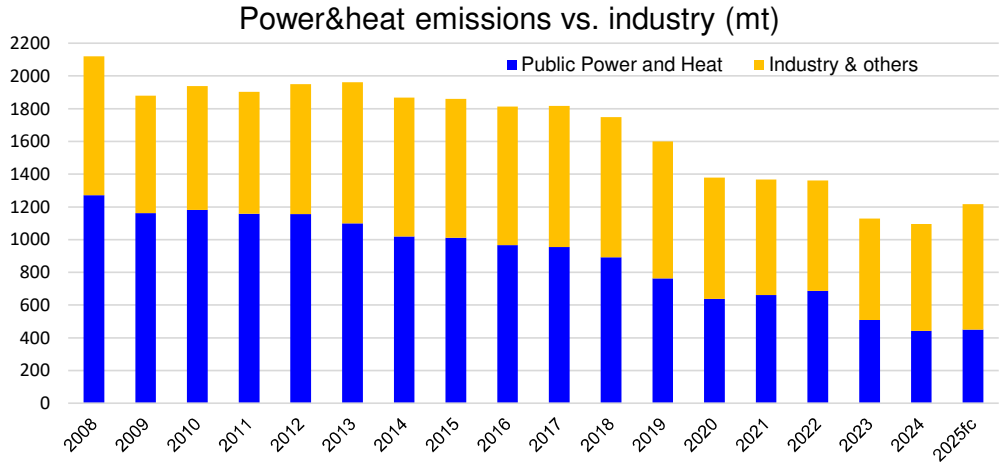
SRMC summer 2022-2026 (EUR/MWh)

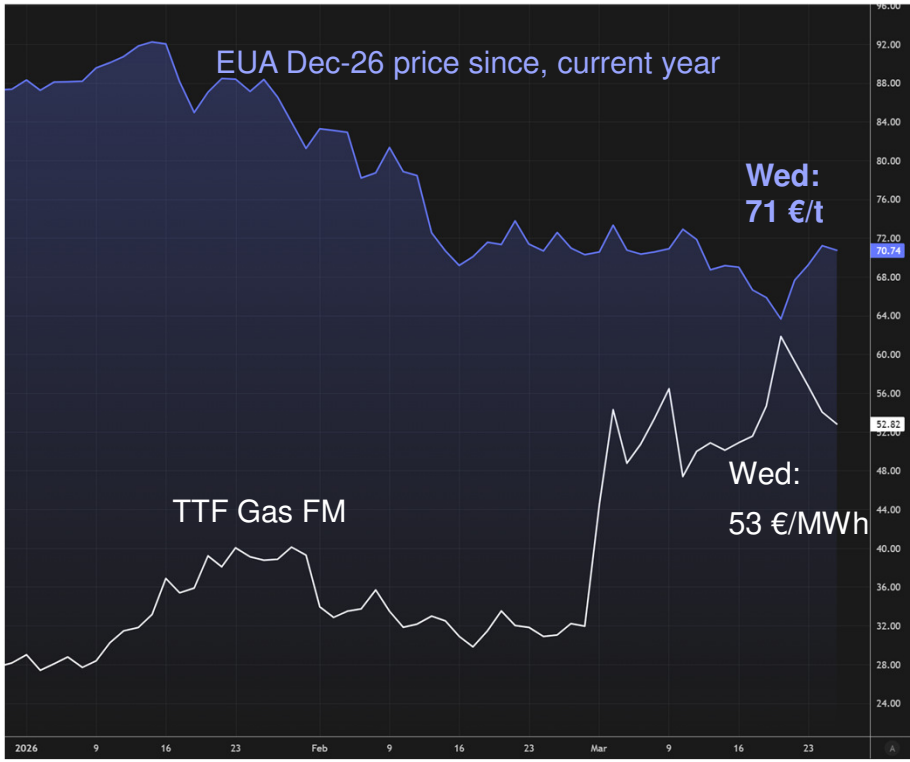


EUA Carbon: Opposing drivers

EU-ETS review in summer expected to cause news-driven volatility

- Gas-to-coal switching should be driving more hedging demand for carbon certificates
- Dominant factors for the EUA in the present: Gloomy industrial emission forecast and political pressure to weaken the ETS
- Power & heat emissions' share of EU-ETS1: <40%
- Lower EUA giving additional **cost advantage for coal & lignite generation**

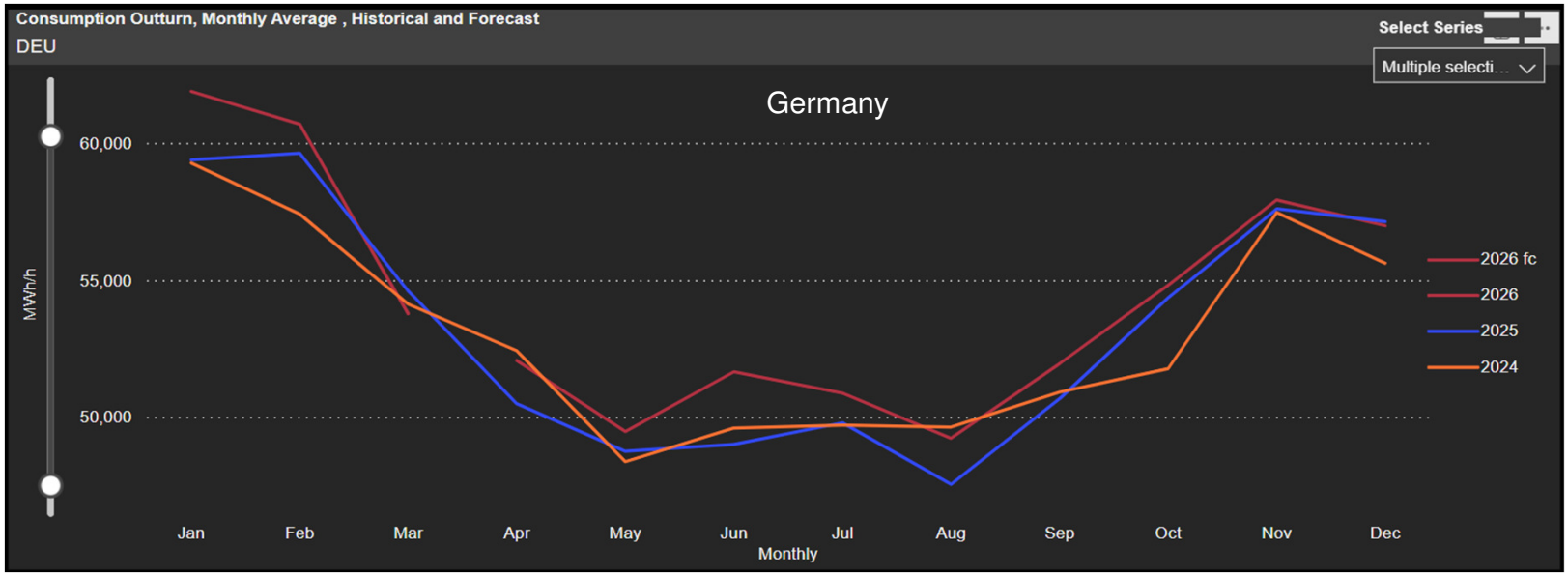




Consumption

Moderate growth driven by electrification

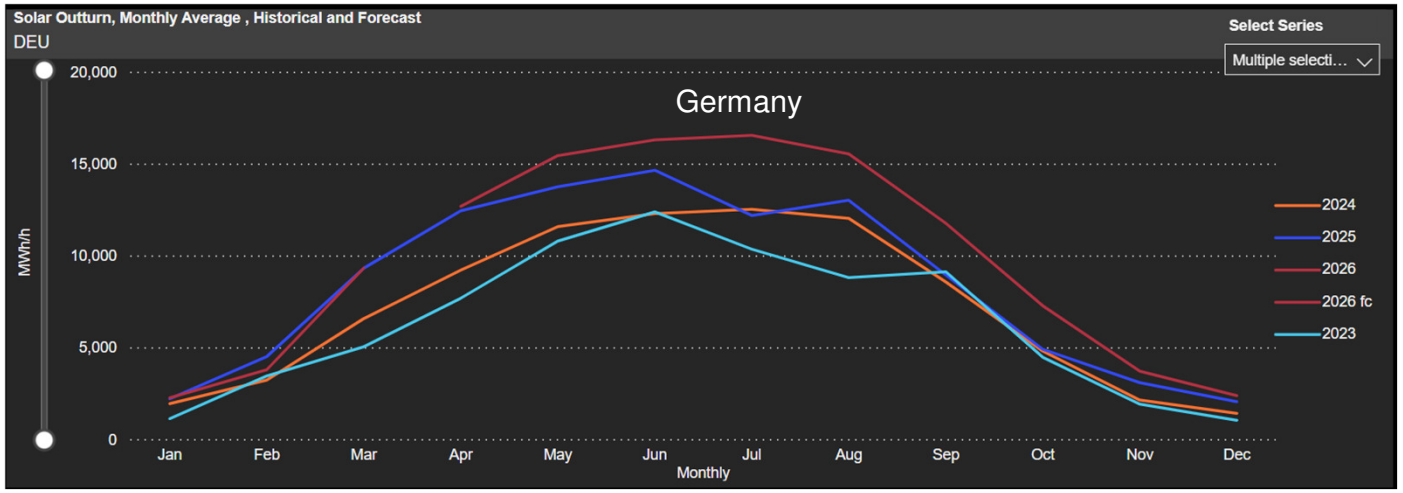
- 2026 growth expectations: moderate increase by 1.3% for 2026



Solar

Forecast refers to generation potential

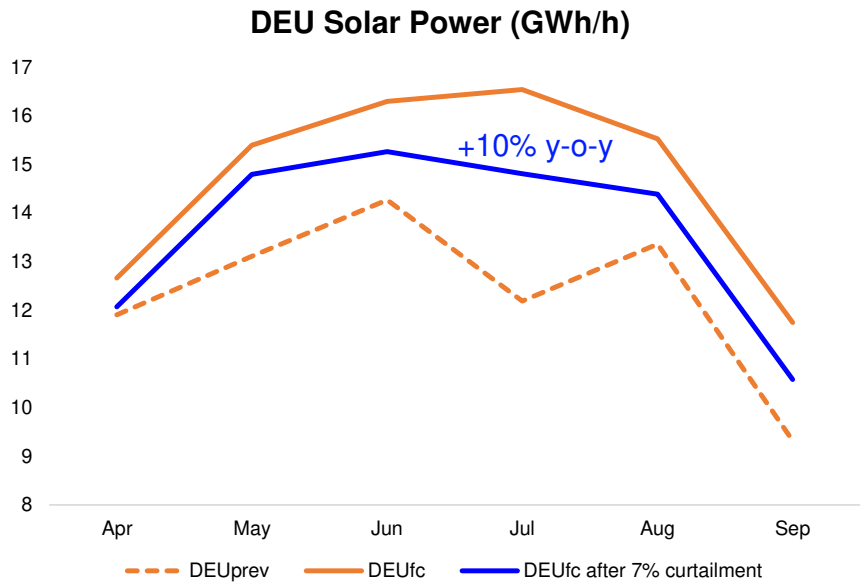
- Our summer 2026 forecast is based on EC46+average weather 1991-2020
- Solar capacity growth Summer-on-summer: +12%
- Solar generation potential would lead to +19%
- However, solar & wind **curtailment expected and considered in our price model**
- Sum-25 curtailment of solar ~7% in Germany



Solar Curtailment

Forecast refers to generation potential

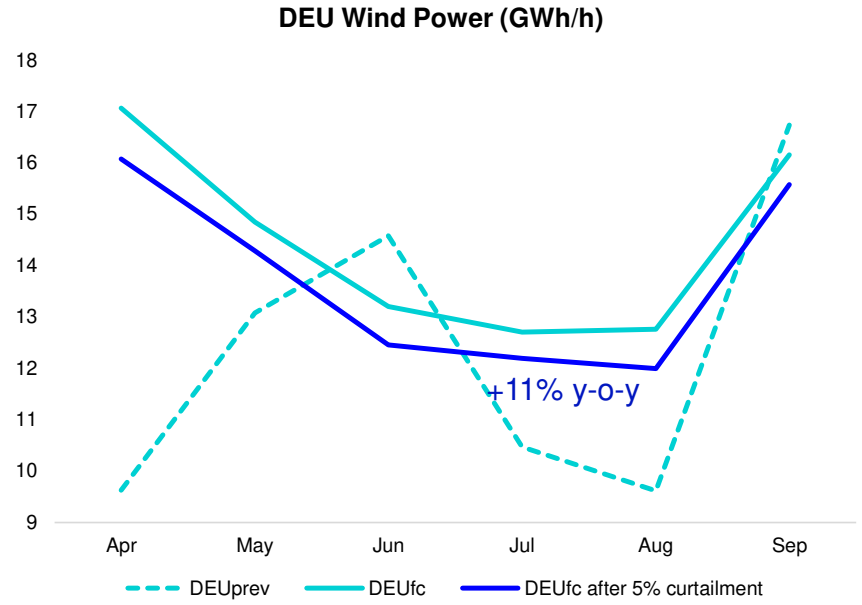
- Sum-25 curtailment of solar ~7% in Germany
- Applying the 2025 monthly curtailment rates in on our 2026 forecast shows a more realistic prediction
- We still expect y-o-y solar generation growth



Wind Curtailment

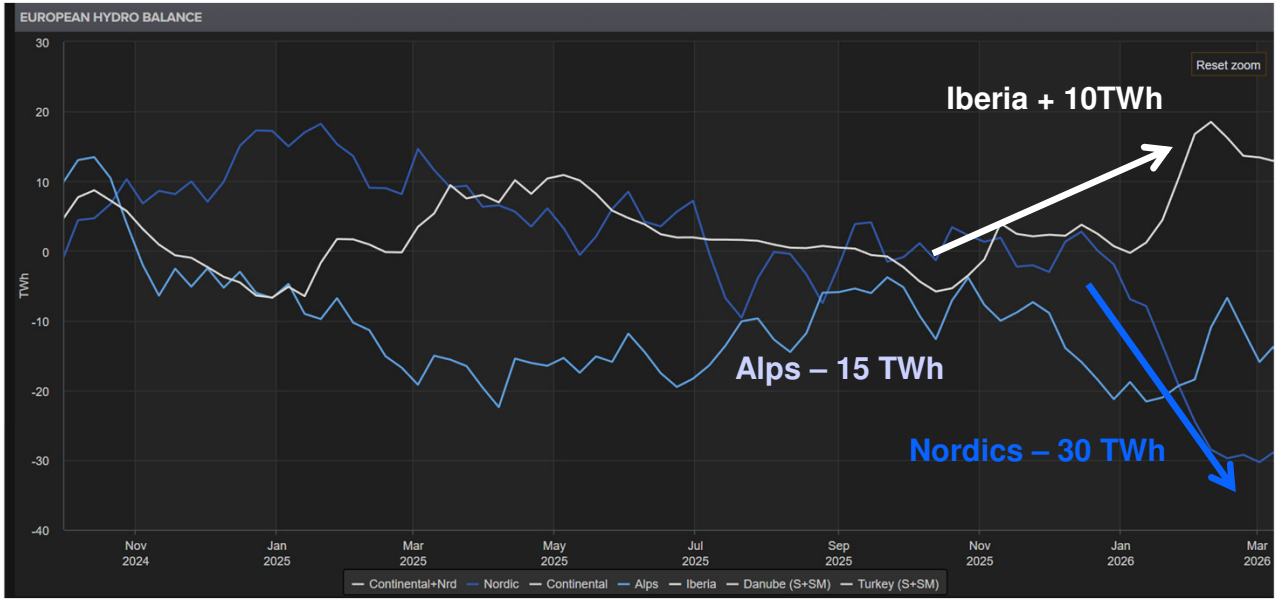
Forecast refers to generation potential

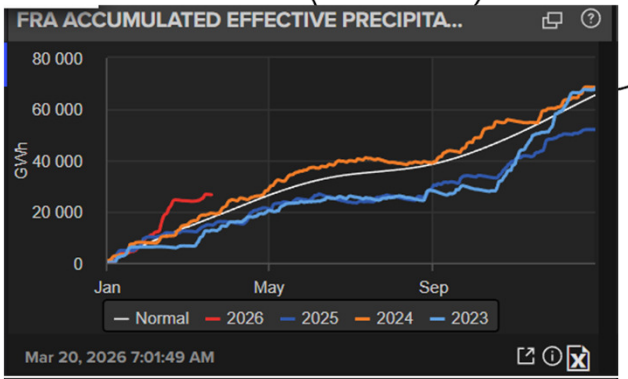
- Sum-25 curtailment of wind ~5% in Germany
- Applying the 2025 monthly curtailment rates in on our 2026 forecast shows a more realistic prediction
- We still expect y-o-y wind generation growth

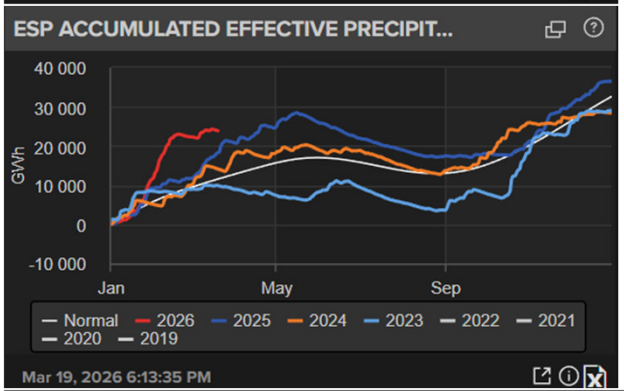


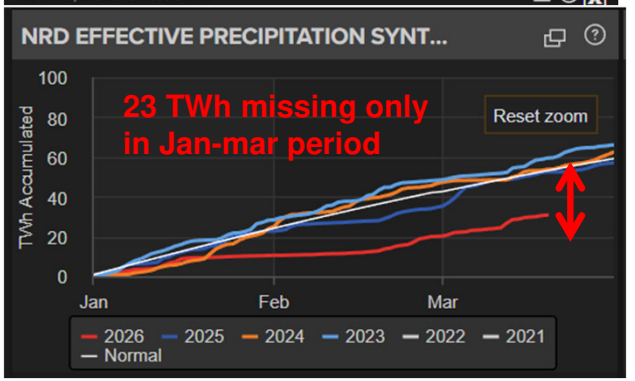
Hydrological Situation in Europe

- **Pyrenees:** strongest snowpack in 10y – extremely high hydro power in Spain
- **Alps:** below normal hydro balance – driest in the east (Austria), closer to normal in France
- **Nordics:** very rapid deterioration in Q1-26 – lowest in 15y! (especially in southern Norway)





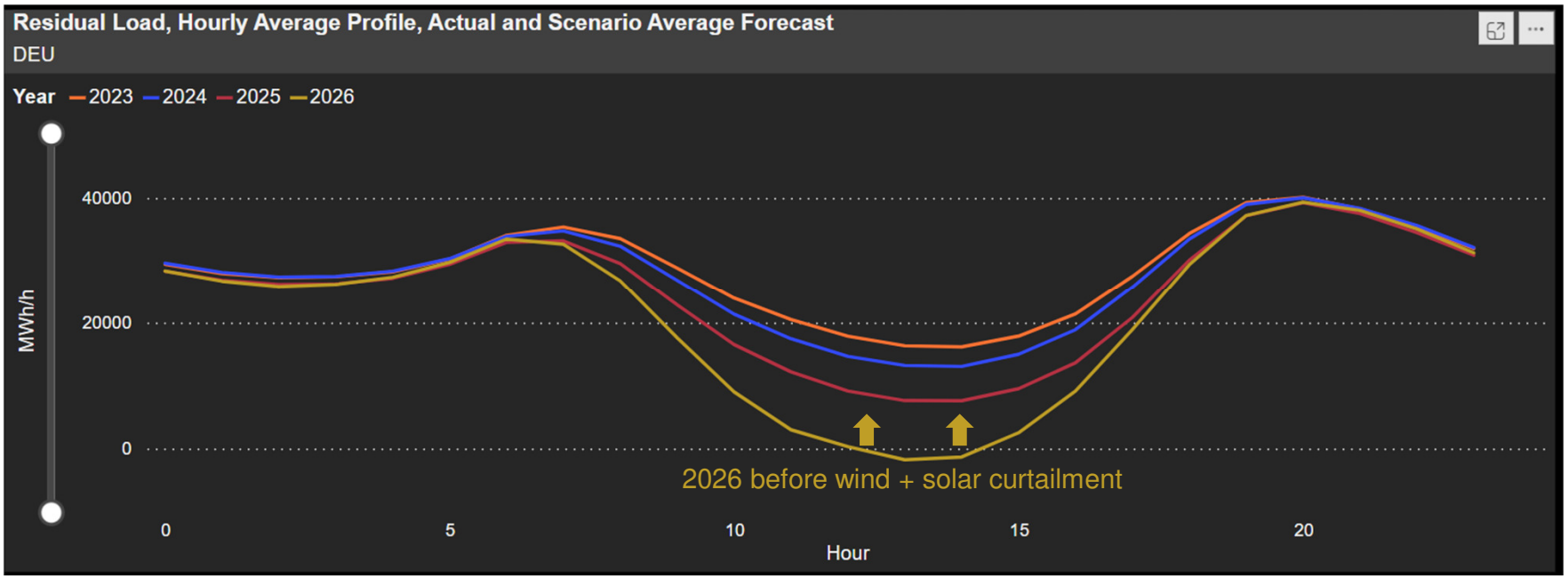




DEU Residual Demand

German consumption growth does not prevent the continued residual demand drop

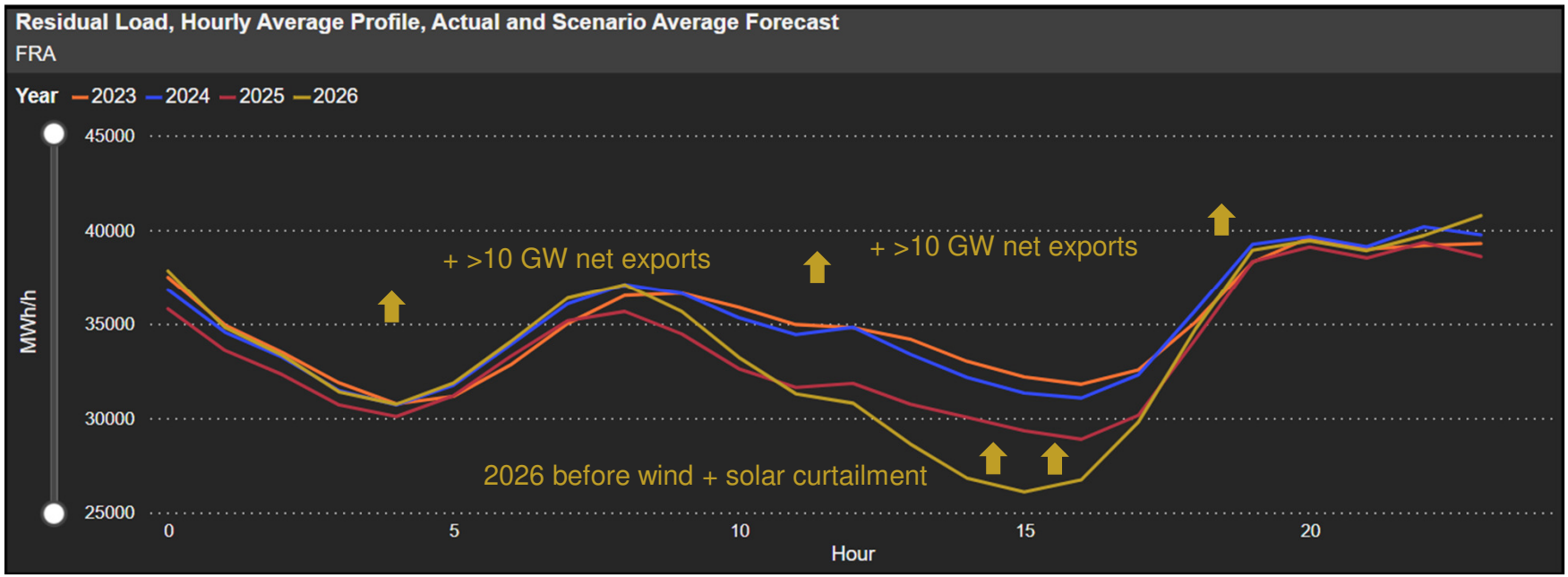
- 2026 before curtailment of wind and solar
- Even after curtailment midday hours average close to zero in Apr-Sep → raise potential for negative hours



FRA Residual Demand

French solar continues putting pressure on hour 12-16

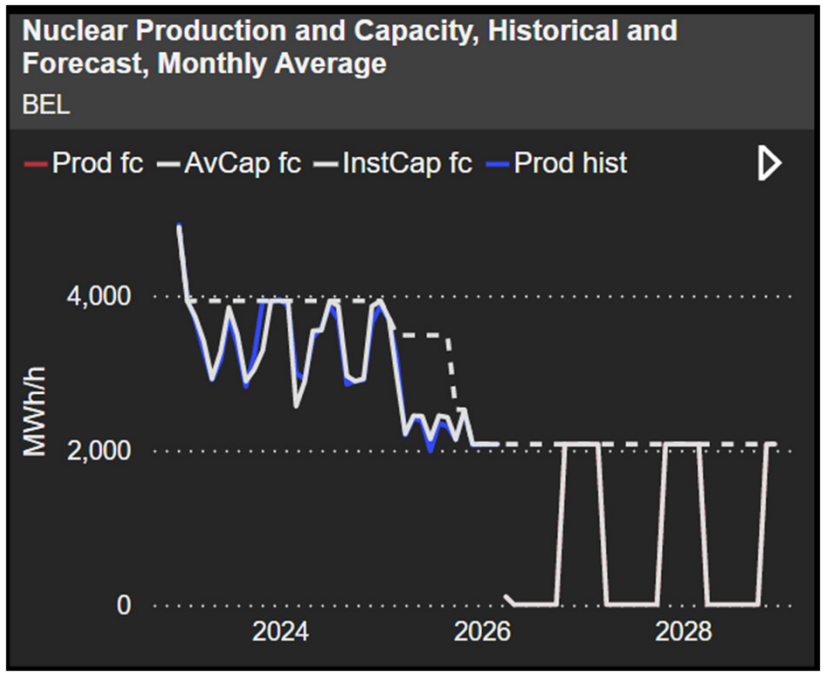
- Averaging close to **25 GW in hour 13-16**
- 25 GW ~must-run level of inflexible nuclear and hydro → raises potential for negative hours
- However, avg **net exports of > 10 GW** allow for less modulation of French nuclear & hydro

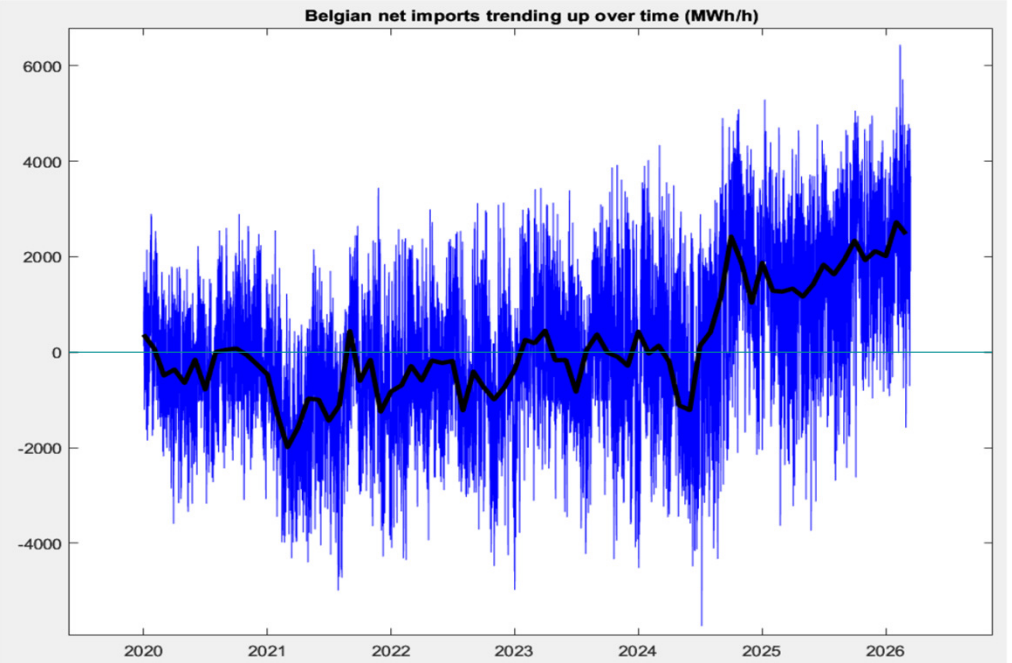


Belgium: Full nuclear maintenance

Expect even higher Belgian net imports

- Full outage for the next three summers
- **2 GWh/h = 9 TWh** of Belgian nuclear potential missing this summer
- However, Belgium has a quite well interconnected system and can cover more than 50% of peak summer demand with imports

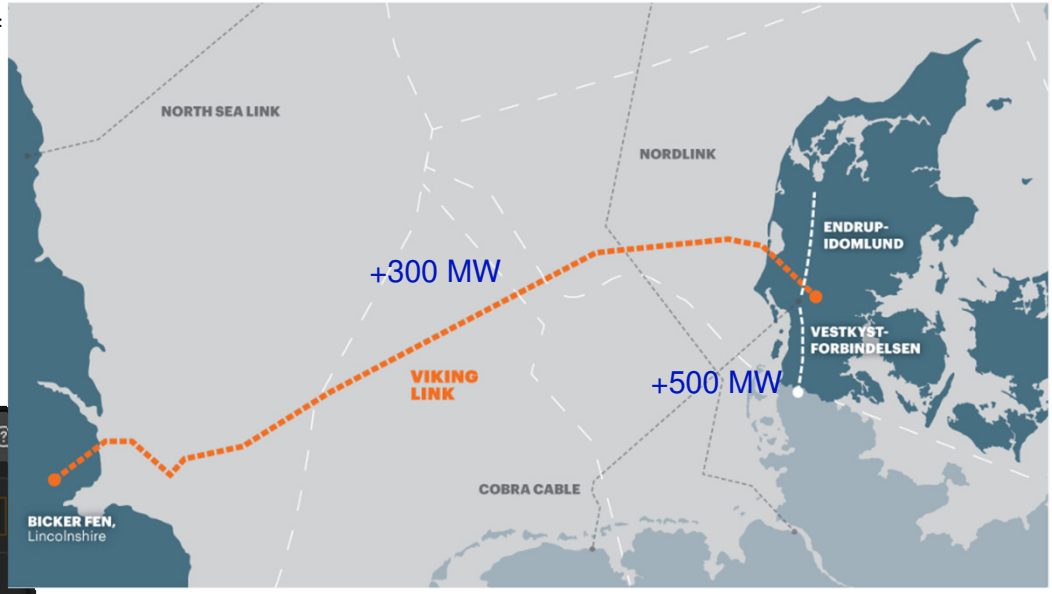


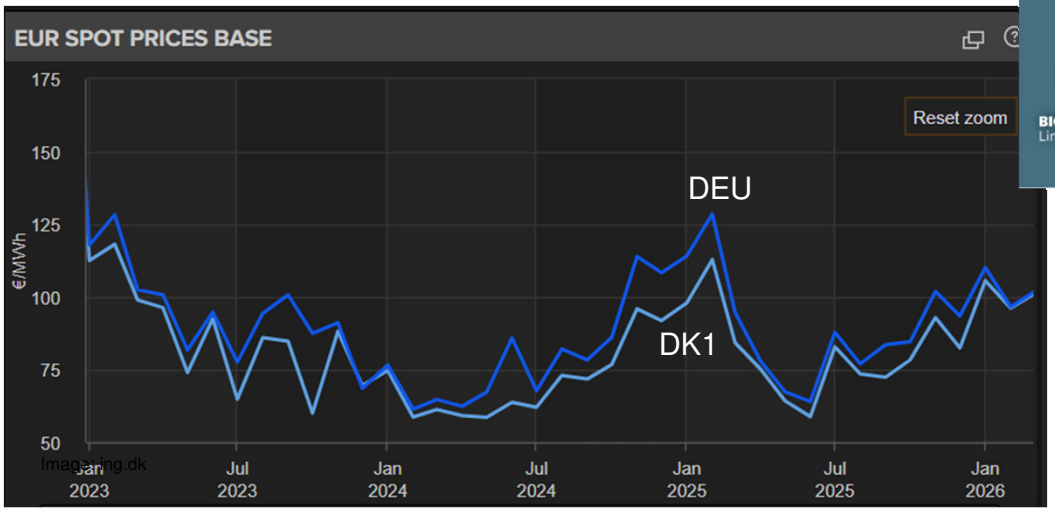


SDDP Scenario: The impact of WestCoast Link and Viking link phase 2 on NRD summer prices is minimal

- WestCoast Link (Vestkystforbindelsen) is due for completion 15th of April, which increases the transmission capacity between
  - DK1 and DEU with **500 MW**
  - DK1 and GBR with **300 MW**

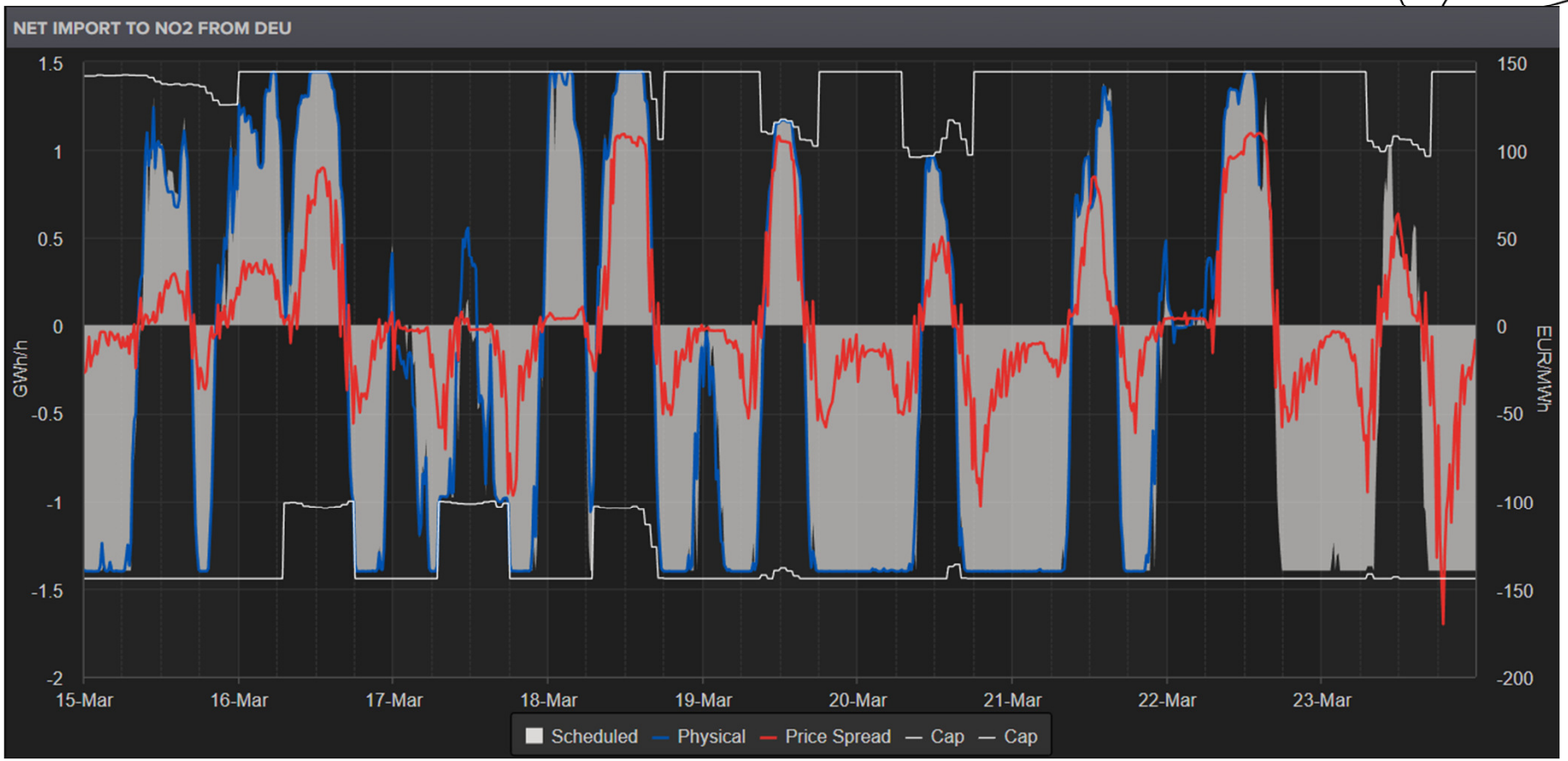
- Can expect an even **tighter coupling between DK1 and DEU**
- The impact on the rest of the Nordic prices is limited





*Data from 19th of March

Nordic power flows: NO2 to DEU



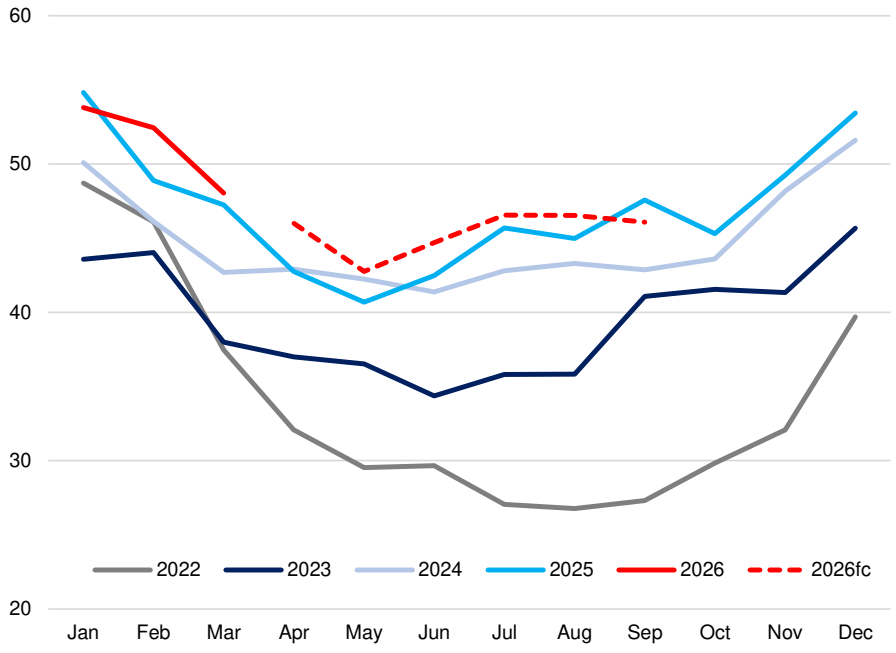
Healthy French nuclear availability – increasing modulation (fc Mar 20th)

CORPORATE

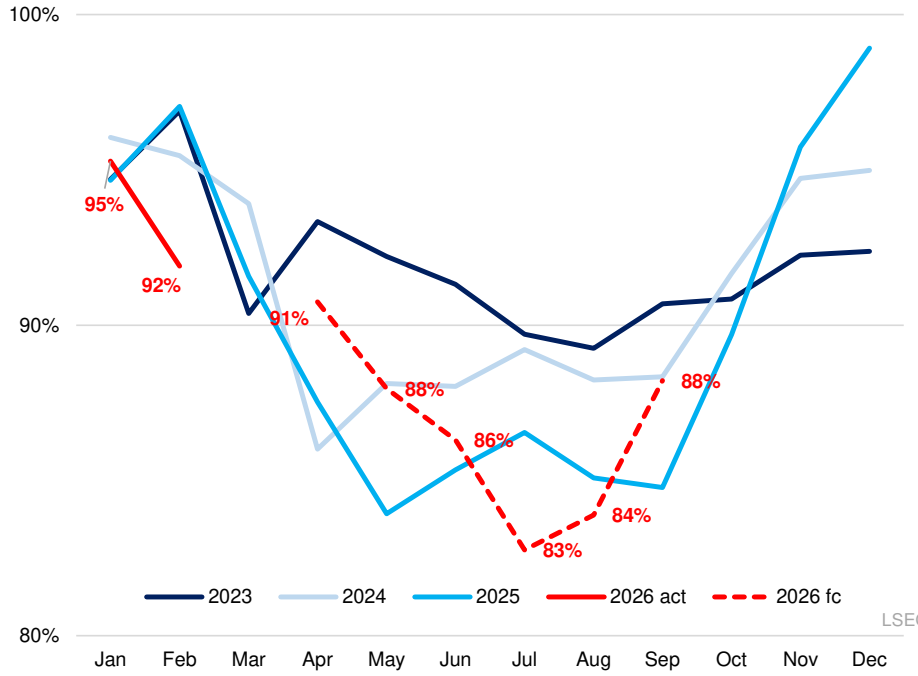
Healthy French nuclear availability with Flamanville 3 fully online

- Generation **Sum-26: 172 TWh**, vs. 165 in Sum-25 & Sum-24
- +7 TWh largely compensate the “missing” 9 TWh of nuclear generation in Belgium
- Nuclear modulation (declining load factors) like last summer

FRA nuclear availability (GW)



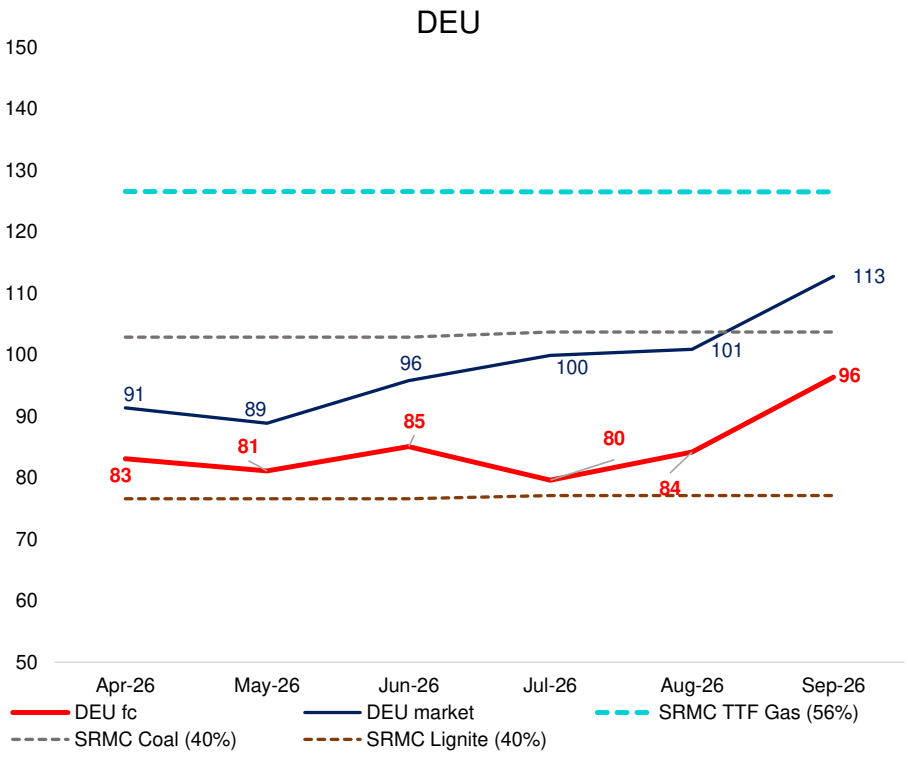
French nuclear: Load factors (%)



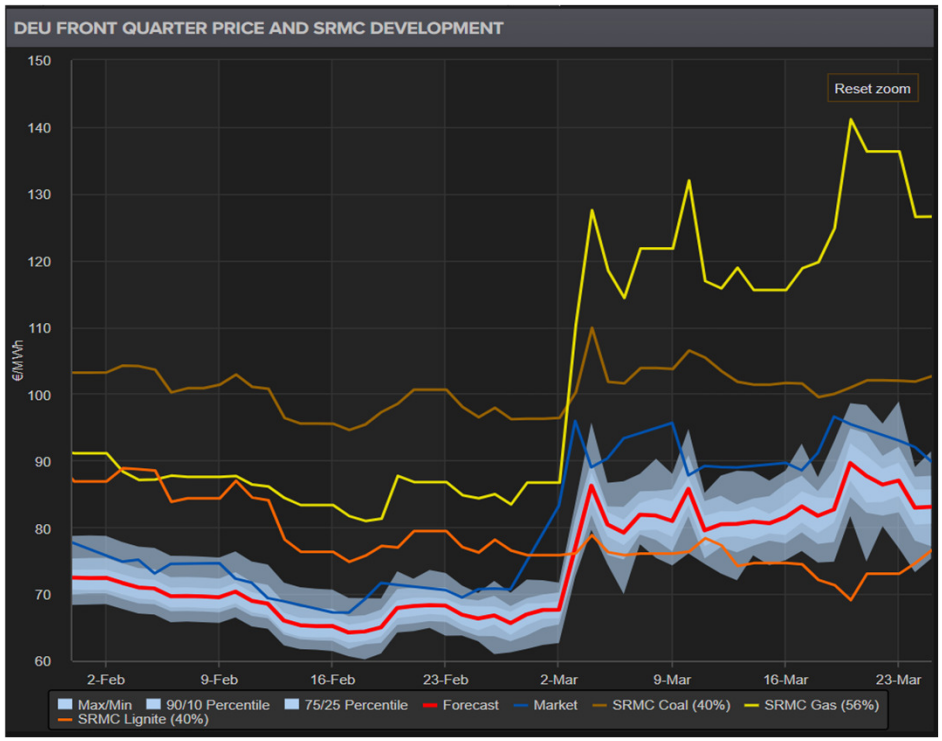
Price Forecast (Mar 25th)

Underlying TTF Gas: 54.4 €/MWh

Bearish compared to current market valuation

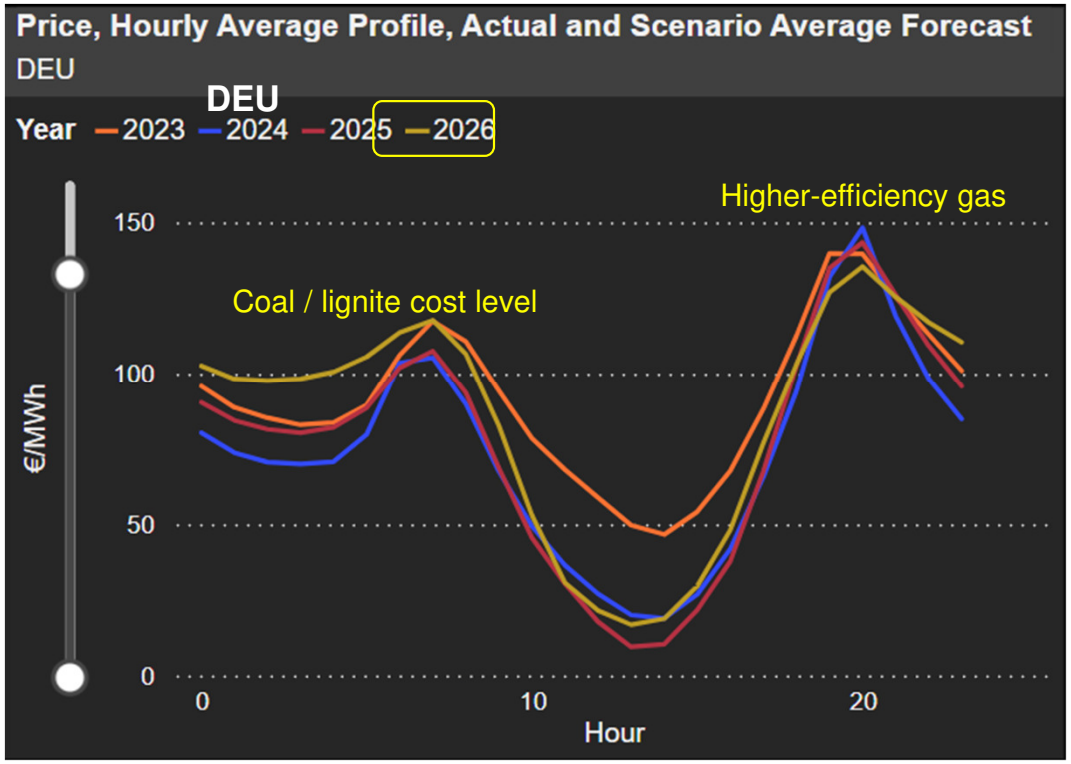


Our forecast is updated every day with the last traded fuels & carbon prices. Since the start of the War in Iran our fundamental forecast has risen, but somewhat less than the market price.



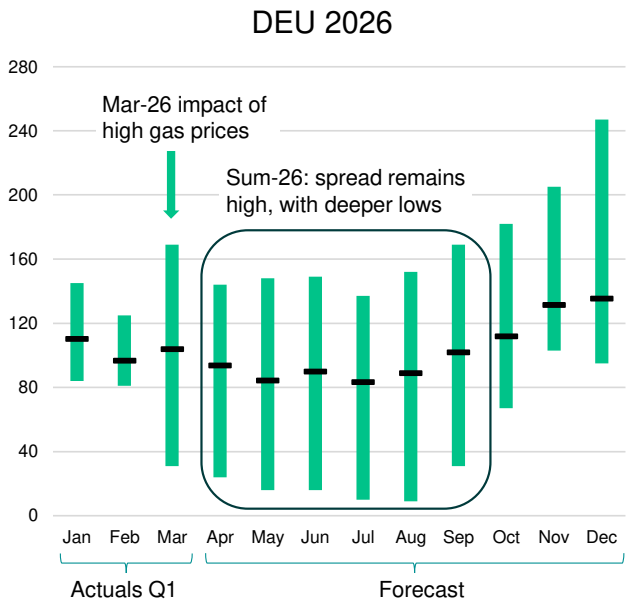
Average daily price profile Apr-Sep

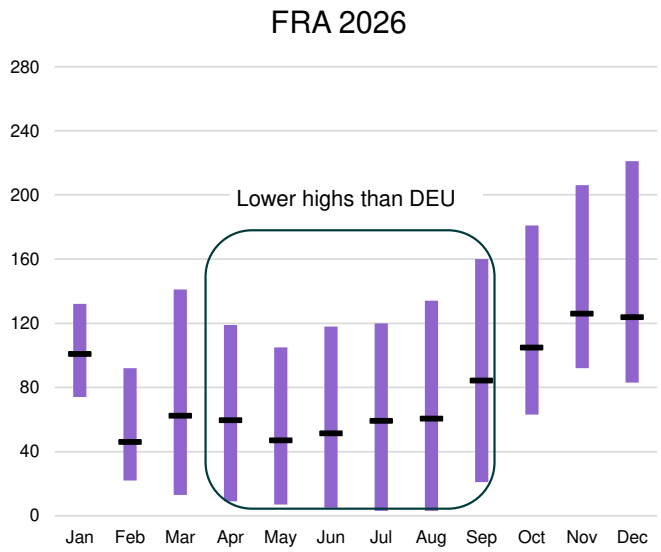
Growing High-Low range



Average daily price profile: High-Low spreads

- March 2026 daily profiles have wide range and we will continue to see large H-L spread in the summer



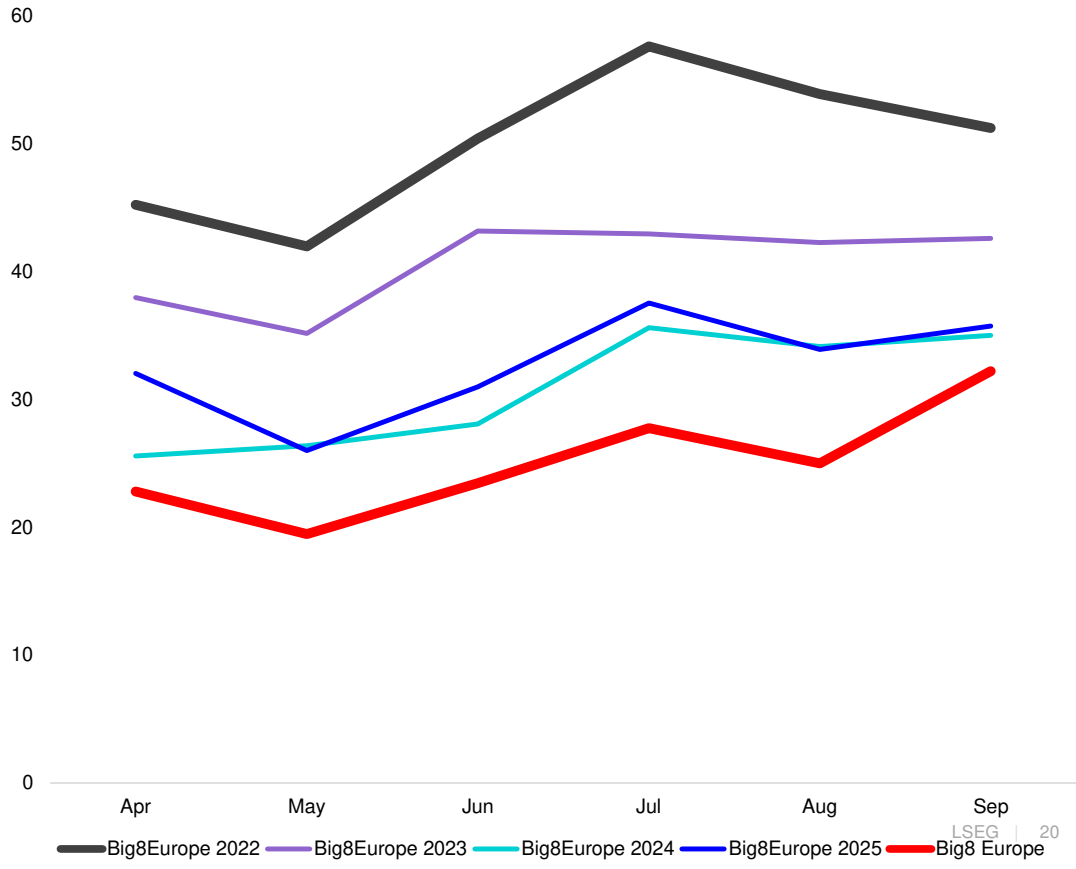


Gas-fired generation

Gas-fired generation expected to respond to higher gas price

- **23% lower gas-fired generation** compared to Sum-25
- Despite much higher gas costs in 2022, the reliance on gas-fired power was much higher:
  - French nuclear power crisis
  - Dry hydro year
  - Much lower renewable capacity than today
  - Power demand destruction since late 2022

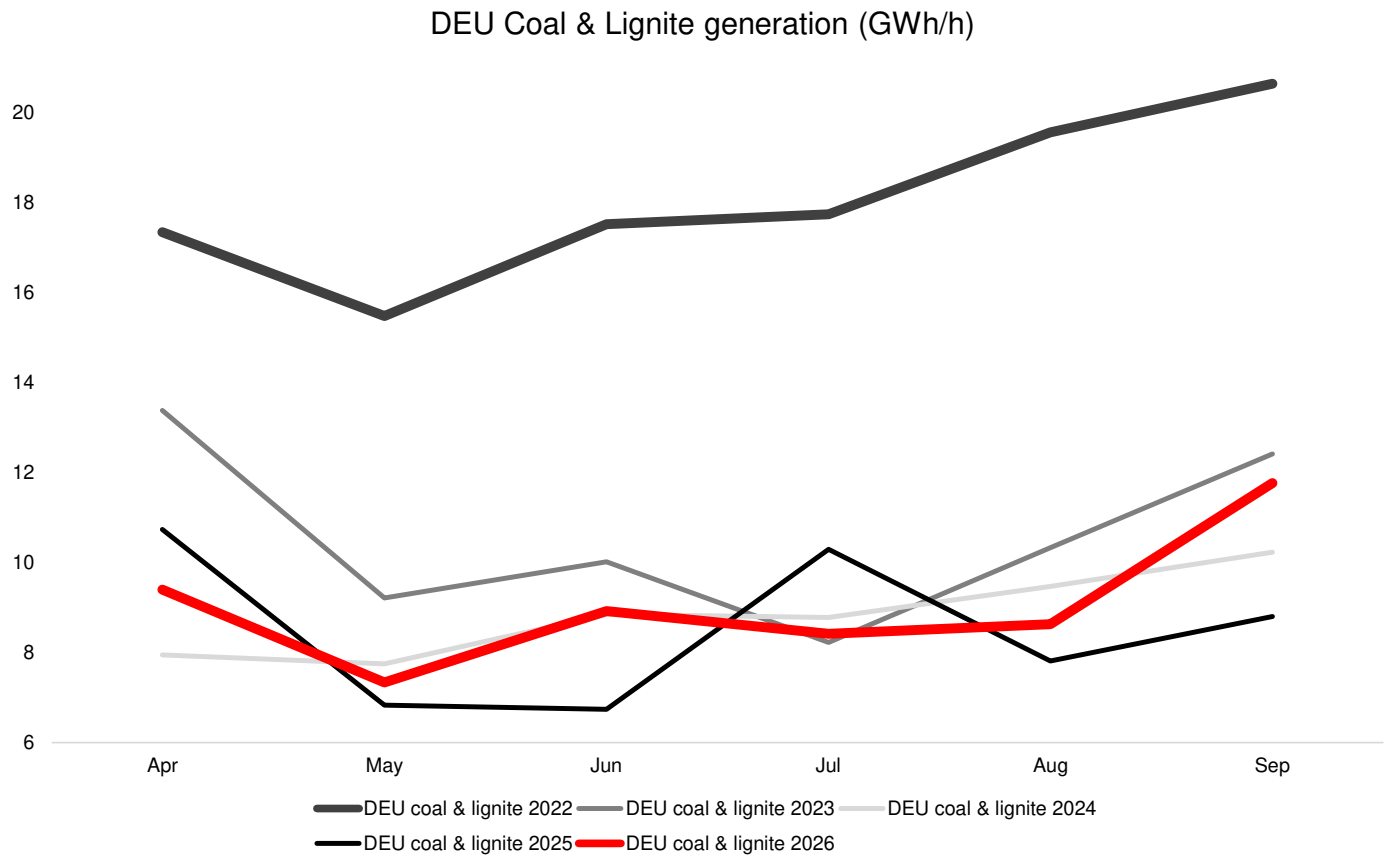
Summer gas generation Big8Europe (GWh/h)



Big8 Europe = DEU, FRA, GBR, NLD, BEL, ITA, ESP, POL

Coal and lignite generation in Germany

Fuel switching in Germany does raises overall coal & lignite generation by 6% compared to last summer. However, coal firing is far below Sum-22 levels.

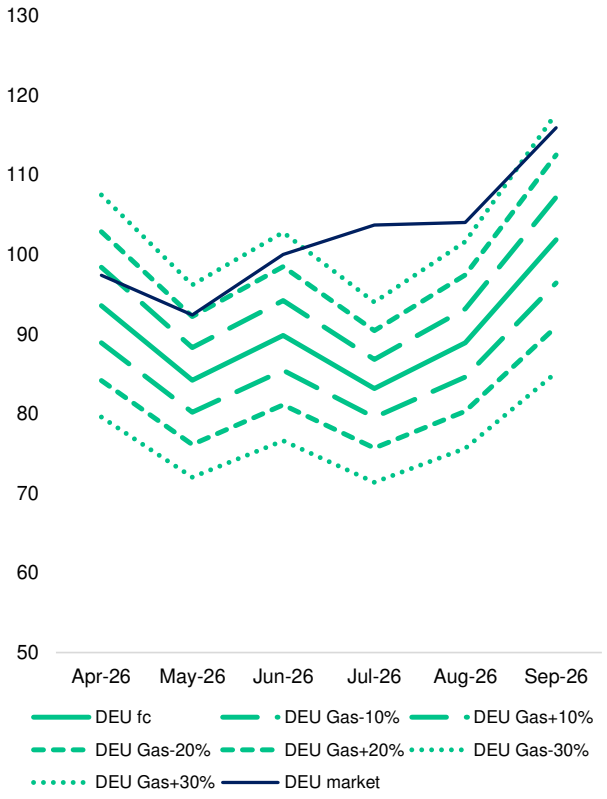


Gas Price scenarios

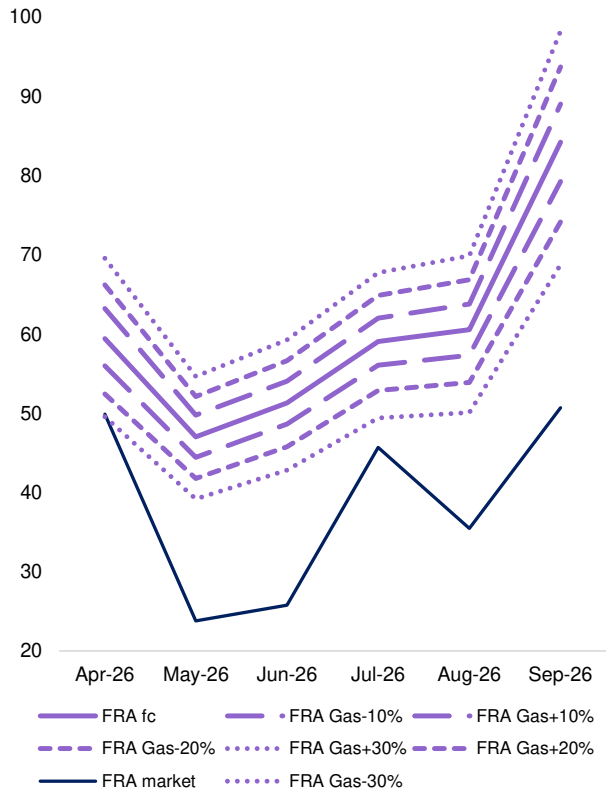
Variation of gas price by +/- 10% 20% 30%

Fist rule:
+/-10% gas price → +/-5% DEU/FRA
→ +/-7% GBR

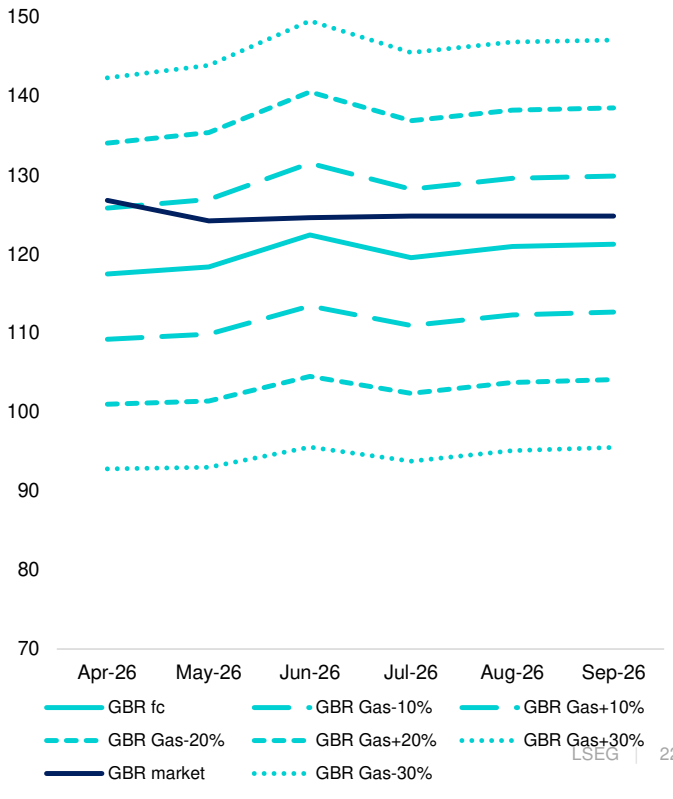
DEU



FRA



GBR



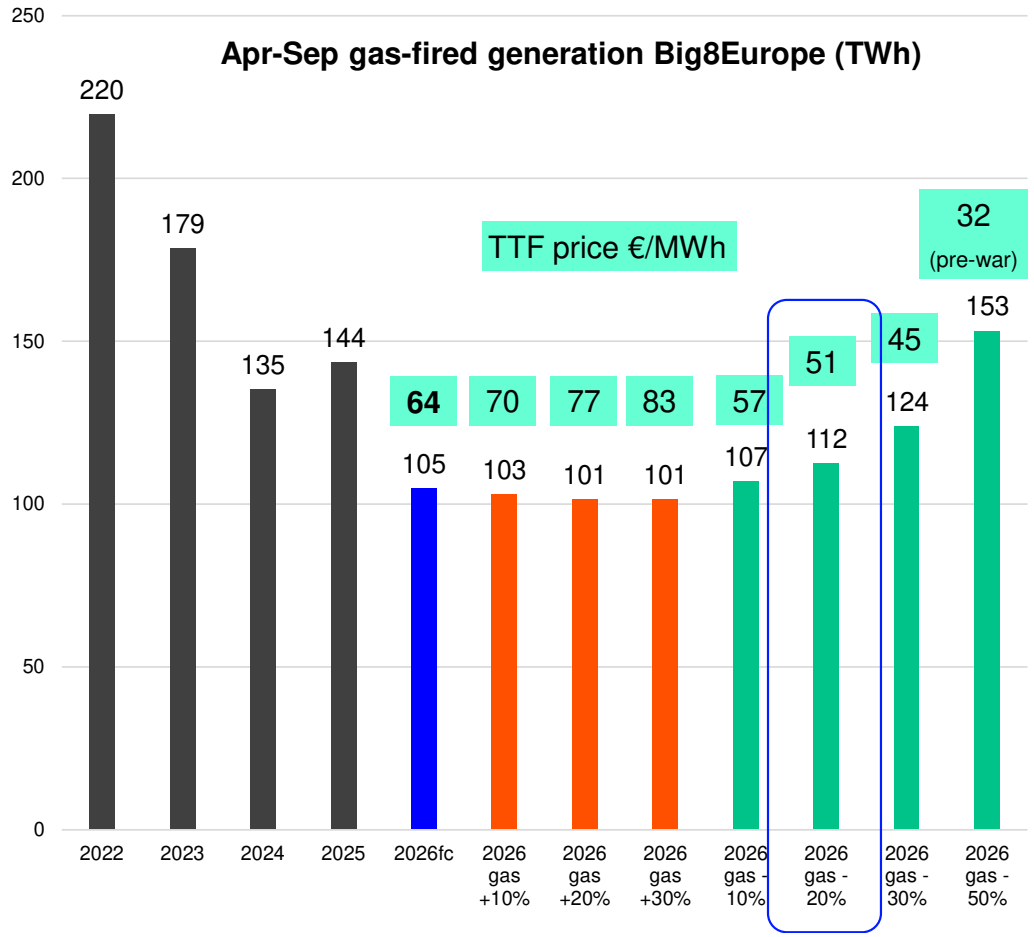
Gas Price scenarios

Underlying EUA Carbon: 63 €/t (Mar 20th)

How would gas-fired generation outlook respond to gas price variations

- At the base case **Sum-26 gas price level ~64 €/MWh** there is very little fuel switching room left
- Even with strong gas price increase gas-to-power will not drop further. **The power sector cannot contribute any further to regulating European gas demand**

- Gas plants are largely out of the money: gas price could fall 20% without inducing too much gas-to-power rebounce
- **Gas burn would start returning** from -30% (TTF dropping below 45 €/MWh)
- "-50% gas" is the **"pre-war" scenario** (TTF 32 €/MWh), for which we would have seen gas generation higher than last summer and **minimal hard coal generation**

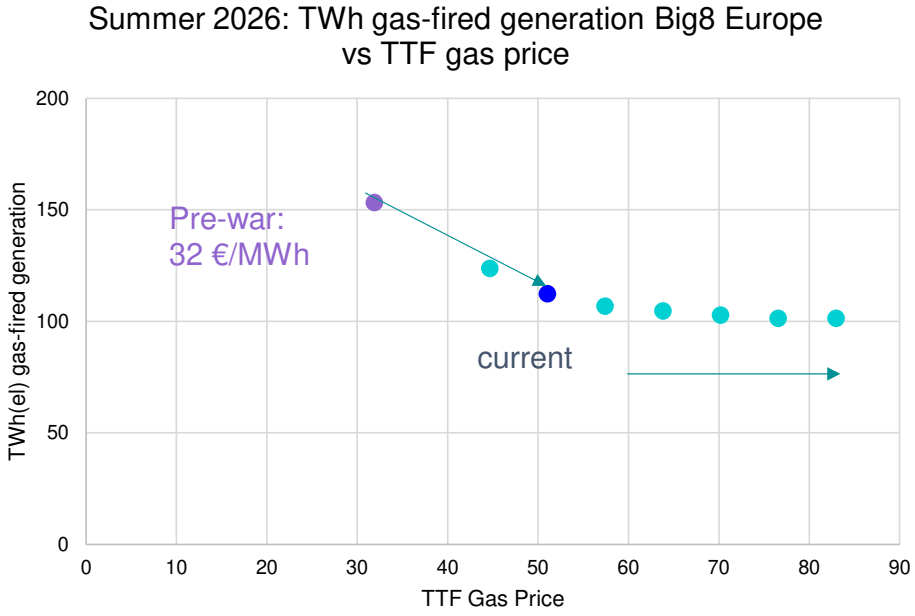


Gas Price scenarios

How would gas-fired generation outlook respond to gas price variations

Underlying EUA Carbon: 63 €/t (Mar 20th)

- Gas generation turns inelastic from TTF Gas > 60 €/MWh



Thank you

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