

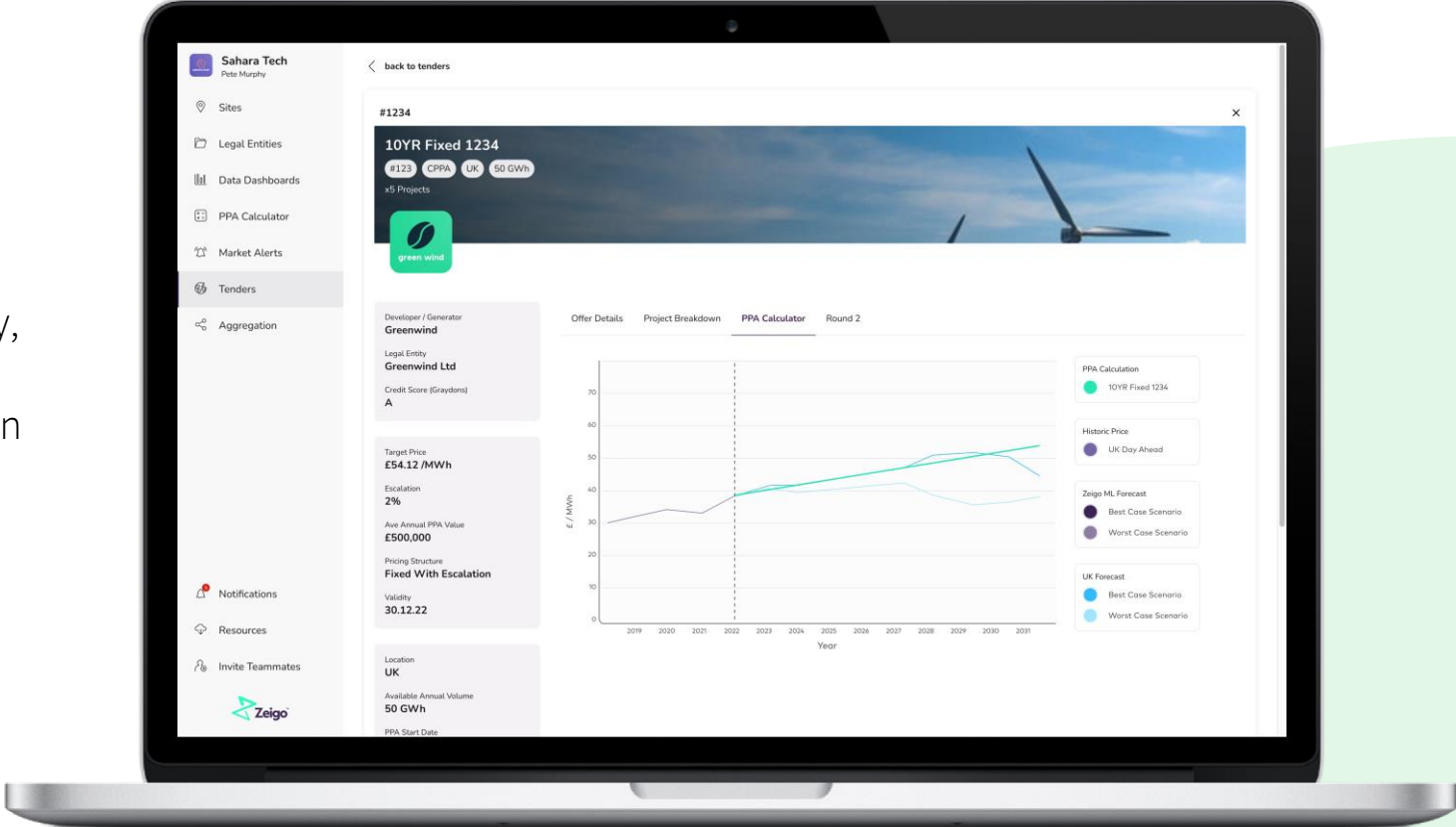


Monthly Market Report

February 2023

Introduction to Zeigo

The digital procurement platform for renewable energy, specializing in physical PPAs, now part of Schneider Electric. The platform integrates technology and human expertise to advance and accelerate clean energy contracting for qualified companies.



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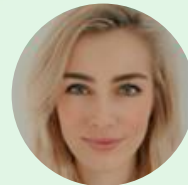
Contributors



Frederic Lyons

Head of Energy Markets at Schneider Electric

Freddie is an experienced energy price analyst having previously worked as an energy consultant at Argus Media.



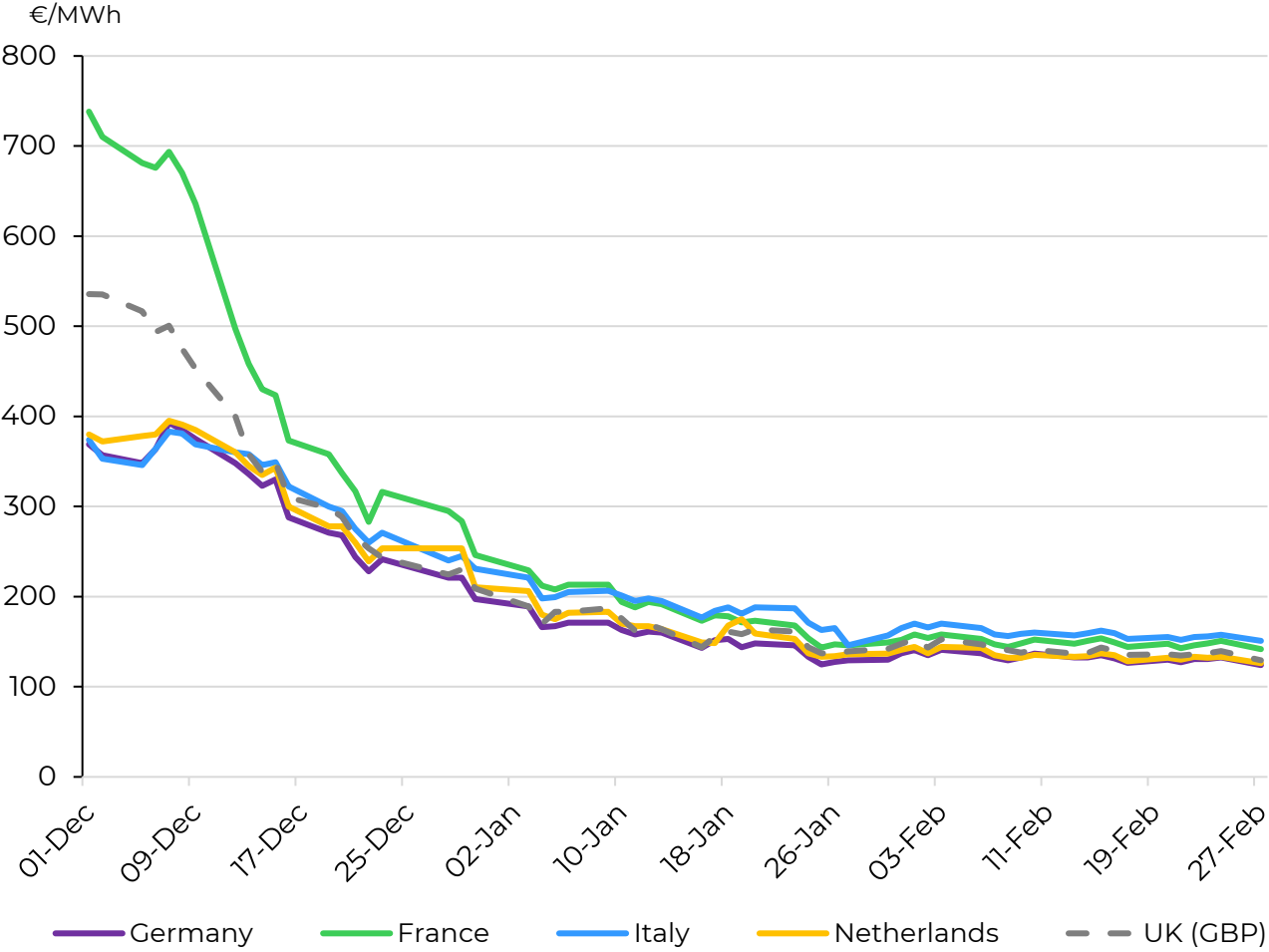
Meghan McIntyre

Energy Analyst at Schneider Electric

Meghan is an experienced energy analyst with an MSc in Sustainable Resources: Economics, Policy & Transitions from University College London.

European Power Prices

European Market Month-Ahead Prices



Although not as significant as rates seen in January, European power prices continued to decline this month.



Although there has been an easing of power prices, the EU has remained concerned over future volatility and power market vulnerability to political tensions. As gas markets heavily influence power market prices, the EU Commission is debating potential reforms that would decouple power markets from gas prices.



Prices were highest on the 1st February, reaching 152.50 GBP/MWh in the UK, 158.00EUR/MWh in France and 141.00EUR/MWh in Germany.

European Gas Prices



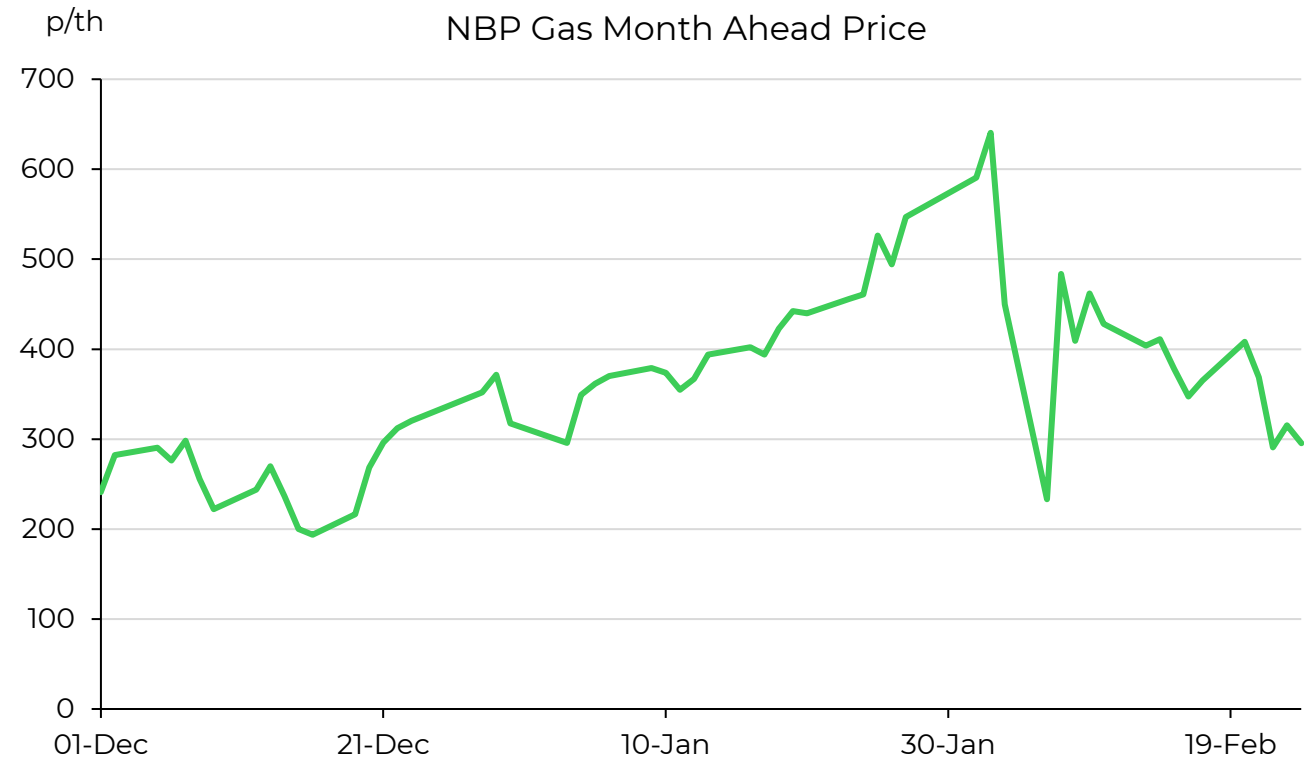
Gas markets also saw a continued decline in February following a sudden price drop at the end of January as fears of gas shortages did not materialise over winter.



Due to falling gas prices and the carbon price exceeding €100 for the first time, coal-to-gas switching has been observed.



Prices reached 153.1p/th on 1st February and fell to a low of 122.30p/th on 21st February.



European CPPA Prices



PPA price inclines leveled off slightly in Q4 2022 following persistent rises earlier in the year.



Prices for Operational and Baseload offers continue to attract a premium as more developers elect to go merchant rather than enter PPAs.

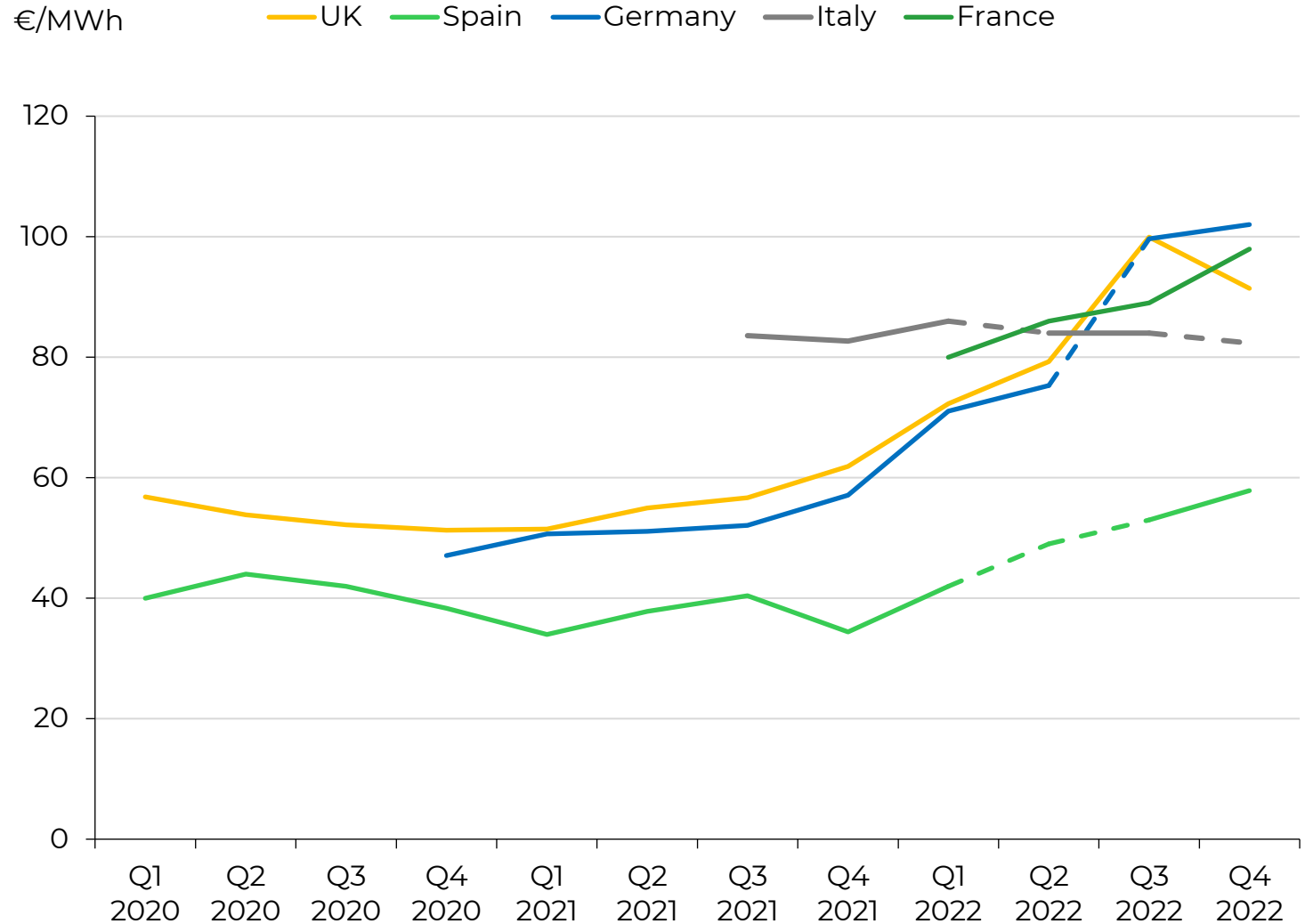


As demand for PPAs continue to rise, medium-to-long term forecasts expect prices to remain high in line with power market forecasts.



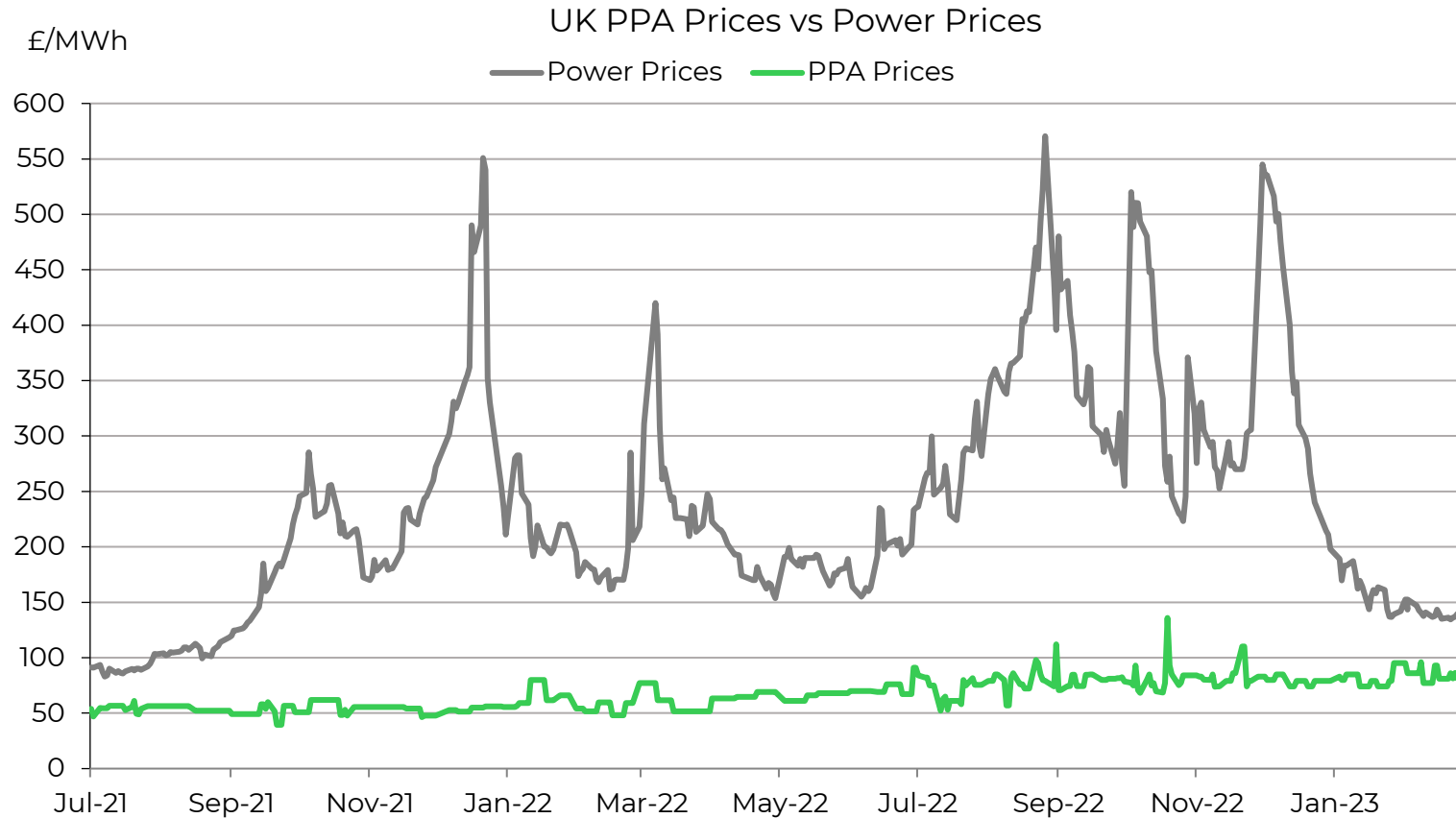
Prices represented are an average from all offers received on the Zeigo platform with varying volume, term, COD, pricing structure etc.

European PPA Offer Prices



*A dotted line represents the predicted trend due to a lack of sufficient data — Zeigo

Power Prices vs. PPA Prices (UK)



— Zeigo

- Using the UK as a case example, despite an increase in PPA prices, they continue to follow a stable pricing trend compared to power market prices.
- PPA prices are more related to the cost of the renewable assets rather than fluctuations in the power market.
- Global inflation has impacted the cost of oil, shipping costs and commodity prices hugely over the past 12 months.
- Similar trends are observed throughout Europe, as forecasts expect several years of elevated market prices.

Select European PPAs Signed in February

Total European PPAs signed: 9
Signed Capacity: 1,984GWh

	Off-taker	Volume	Developer	Technology
	INEOS Inovyn	1139GWh	Statkraft	
	MYTILINEOS	232GWh	EDPR	
	Vodafone	216Wh	MYTILINEOS	
	Digital Realty	120GWh	Engie	
	Sofidel	90GWh	ACCIONA Energía	
	Leroy Merlin	60GWh	Voltaia	
	Zimmer Biomet	41GWh	ACCIONA Energía	
	L'Oreal	26GWh	EDF Renewables	
	Iliad	20GWh	Engie	

European Level Policy Has Shaped PPA Decisions

CfD/Auction Schemes

Reduce the number of renewable projects



Projects might get pulled



In the UK, most capacity is for offshore wind



The strike price is often below PPA pricing



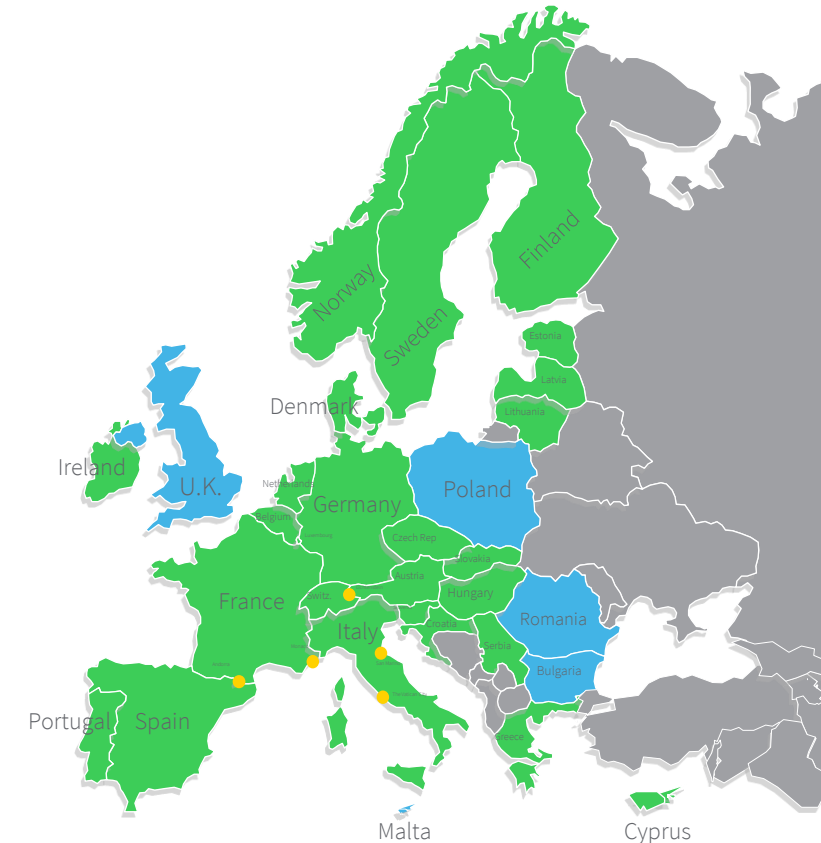
National level renewable targets well exceed future auction volumes



EU Windfall Taxes

Region	Length	Cap Price EUR/MWh	% of profits	PPA Impact
EU	Dec 22 – Jun 23	180	90-100%	Low
UK	Jan 23 – Mar 28	85	45%	Medium
Spain	Dec 22 – Jun 23	67	90-100%	Medium
France	Jul 22 – Dec 23	100	90-100%	Medium
Germany	Dec - 22 Jul 24	110	90-100%	Medium
Ireland	Dec 22 – Jun 23	120	90-100%	Low
Netherlands	Dec 22 – Jun 23	130	90-100%	Low
Poland	Dec 22 – Jun 23	87	90-100%	High

RE100



RE100 Countries

Excluded countries from Jan 2024

European Market PPA Maturity



Vulnerability to gas shortages is expected to accelerate the UK transition to renewable power sources in line with ambitious policy targets for 40GW of offshore wind by 2030, providing room for continued PPA activity.



France continues to be a growing PPA market and is a supporter of EU market reforms that would result in greater inclusion of CfD and PPA contracts as a route to price stability.



Estonia signed its first PPA in 2022, as well as showing positive signs of growth in the onshore wind market.



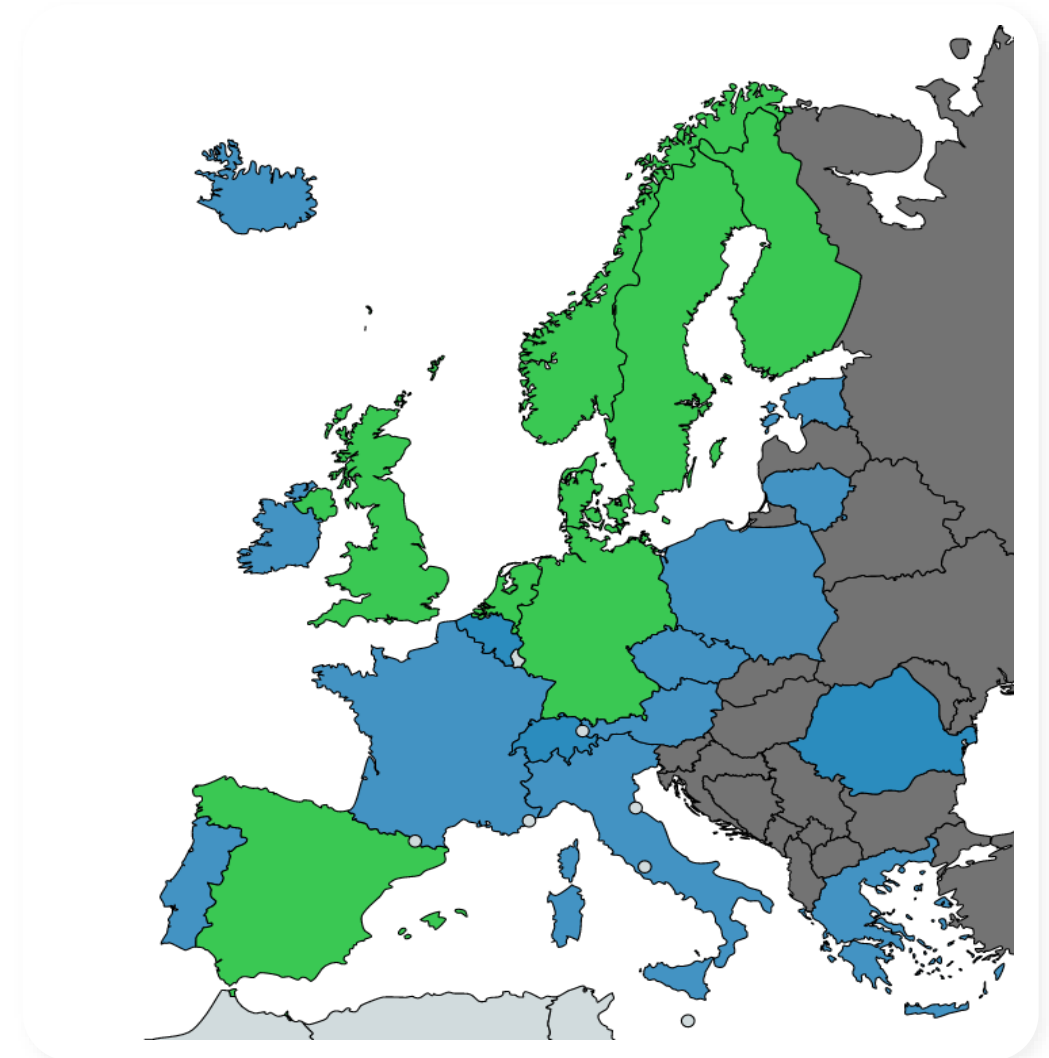
Germany has the most ambitious renewable targets in the EU. As a mature PPA market, they offer a viable pathway to securing renewable energy at a secure price despite current market conditions and hesitancy over EU market reforms.



The Spanish market continues to be the driving force for PPAs in Europe, signing the largest volume of renewable energy under a PPA in 2022, as it did in 2019 and 2020 (2nd in 2021).



Poland's high reliance on coal has seen the market slower to transition to renewable energy and the country has called for a suspension of the EU ETS as prices rise. However, an increase in PPA activity suggests they will grow in importance in the coming years.





About Schneider Electric

- ✓ Schneider's purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all. We call this Life Is On.
- ✓ Our mission is to be your digital partner for Sustainability and Efficiency.
- ✓ We drive digital transformation by integrating world-leading process and energy technologies, end-point to cloud connecting products, controls, software and services, across the entire lifecycle, enabling integrated company management, for homes, buildings, data centers, infrastructure and industries.
- ✓ We are the most local of global companies. We are advocates of open standards and partnership ecosystems that are passionate about our shared Meaningful Purpose, Inclusive and Empowered values.

Zeigo is now **Schneider**
Electric

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