

Yesterday electricity prices shocked again

Yesterday U.K. wholesale electricity prices were at 414 euros a MW hour . In Germany, France and Italy they hit Euros 465 a ME hour. This is a tenfold rise on a year ago.

The U.K. has been linked into the European market by interconnectors and is often a net importer thanks to the policy of keeping us short of capacity. This summer we have a small surplus to export but the winter may well prove more difficult.

The continent is facing a damaging storm of problems. The wind often does not blow much, hobbling the windfarms when we have high pressure and no westerly winds. The low level of water in reservoirs and rivers has hit renewable power from hydro in Norway, Italy, Spain and elsewhere . The French nuclear fleet has maintenance issues at several plants and is short of cooling water to enable them to run at others. Germany has closed three of her remaining six nuclear stations and is still planning the closure of the rest by end year. The continent is racing to get Russian gas out of its system before Russia throttles the supply taps further.

Too little attention has been paid to security of supply and too much trust has been placed in renewables which do not always deliver. The U.K. has just shut one of its nuclear stations and plans to close all but one of the rest this decade. Even allowing for Hinckley C coming on stream we will end the decade with less nuclear than we began. That is why we need to keep all our gas plants and get more domestic gas out of the ground. On a bad day for wind the U.K. gets under 2% of its electricity and well under 1% of its energy from wind turbines.