

Electricity is becoming more expensive - EPS should not sell electricity without the price of CO2 included

The price of gas, the CO2 tax and tropical temperatures have led to the fact that now there is no chance to buy electricity for next year at a price lower than 90 euros per MWh. The average wholesale price for deliveries in 2022 will range from 80 to 85 euros per MWh. And the electricity market in Serbia is part of the European market, says Dejan Stojčevski, technical director of SEEPEX a.d. Belgrade for the Energy of the Balkans, commenting that the sale of electricity without the price of CO2 would lead EPS directly to ruin

Whoever bought electricity for 2022 in March this year paid 60 euros per megawatt hour (MWh). Now the price has already reached 92 euros / MWh. Below 90 euros, there is now no chance to buy electricity for next year. With a tendency to increase. Because, as we approach the end of the year, the price rises, says Dejan Stojčevski, technical director of SEEPEX a.d. Belgrade for Balkan Energy.

“Currently, no one will give them a price lower than 90 to 95 euros per MWh. That is now the current price. According to the current parameters, the average wholesale price of electricity for deliveries in 2022 will range from 80 to 85 euros per MWh. It is now a new reference price in the coming period “, says Stojčevski, noting that he personally thinks that these prices will remain in the next period, for at least two to three years. For sure”.

It should be said that these projected wholesale electricity prices are much lower than 130 euros - the price at which MWh, on the wholesale market, on electricity exchanges in Southeast Europe, was sold last week

Gas increased the price of electricity

“In general, the causes of this increase in relation to the pre-pandemic period, when the price of MWh was around 50 euros, are the price of CO2, the price of gas and increased consumption due to tropical temperatures. Summer is very hot, so the consumption of electricity for cooling has increased. “These are the three main causes that led to a drastic increase in the price of electricity, with a tendency for it not to return to the level before the pandemic”, Stojčevski points out.

Earlier, the gas and electricity markets were separate, and now, when one gas price jumps, everything else jumps.

The technical director of SEEPEX points out that the price of gas has increased three times compared to the period from February to March this year. This indirectly affected the increase in the price of electricity, which is also produced in gas power plants.

Gas has now risen in price at auction. The price of 1,000 cubic meters of natural gas last week cost 585 dollars on the stock exchanges, which certainly influenced the jump in the

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price of MWh to around 130 euros.

“Essentially, gas will dictate the price of electricity the most. And we will see what will happen to gas - because gas storages are not filled enough “, says Stojčevski.

However, gas has already started to become cheaper, although its price will certainly depend on the start of the Nord Stream 2 gas pipeline and geopolitical circumstances regarding the conditions of transit through this new pipeline, that is, the quantities that Gazprom will transport through Ukraine. But it is realistic that speculators have contributed to this astronomical price.

“The price of CO2 is currently around 56/57 euros per ton, which is approximately the price of CO2 per MWh. This price may vary, but it will not be significantly lower. It can only increase, so that this item remains an important parameter in determining future electricity prices in Europe “, explains Stojčevski

Important when buying

This increase indicates the differences in price that are achieved when buying long-term contracts, for a year or more in advance and electricity sold on the stock exchange.

“There is already a big difference. We at Seepex have been pointing this out in recent years. We have even organized seminars for large end customers. We pointed out that it is time for end customers, we are talking about large consumers, to unite or to start entering the market on their own. To create a trade team, which will optimize the purchase of electricity. It has been known for a long time: electricity is never bought at the end of the year. Whoever waits for that next year will always do worse. It is the cheapest to buy for the next year from February to the beginning of May “, says Stojčevski, stating that he speaks from his many years of experience.

In bilateral contracts, customers contract procurement with electricity suppliers. If they buy from a supplier they can agree on a price. If they buy on the market, for final consumption, that is the price on the stock exchange.

The current price is significantly higher compared to the pre-pandemic period. In the period of 2017, 2018 and 2019, there were peaks and falls in the price of electricity, but the average annual wholesale price (constant) was between 50 and 51 euros per MWh.

“During the pandemic, the price dropped to 39 euros. But, that is not a reference case at all, because there was less consumption, the industry did not work... We know what was happening “, explains Stojčevski, emphasizing that this is the average wholesale price for Southeast and Central Europe.

In Western Europe (Germany, France...), electricity is always about 10 euros per MWh

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cheaper than in these countries from the Czech Republic to the south, to Greece

Where is Serbia?

The price of electricity in Serbia depends on the price in Europe. It cannot be viewed in isolation. The Technical Director of SEPEX points out that our country is part of the European market.

“EPS is a reliable and reliable supplier, but Serbia is too small to dictate a price to me,” says Stojecvski, and tells those who say that EPS should sell electricity without the price of CO2 that it would “lead EPS directly to ruin”. This applies to any goods. That is the market price”.

The interlocutor of the Energy of the Balkans also points out that with this wholesale price of electricity, there is no need for incentives for RES producers.

“Green energy with these prices can go on the market. Without any incentives “, categorically stated Stojčevski, noting that green capacities in our region have not yet compensated for the exit of thermal power plants from production.

Source: Energija Balkana