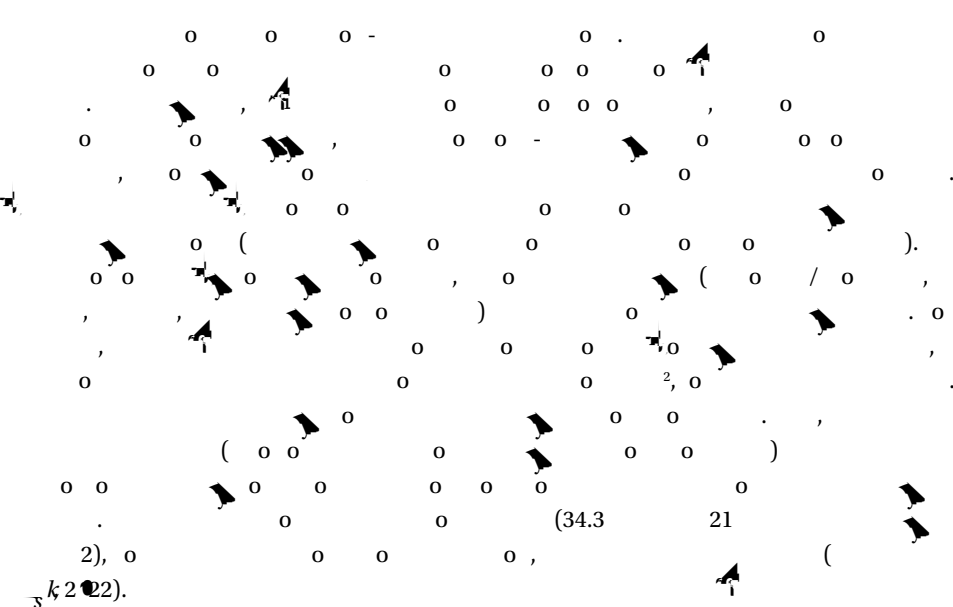

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Figure 1: The EU's main gas price benchmark and Germany's baseload electricity index have increased up to 15-fold since the first half of 2021

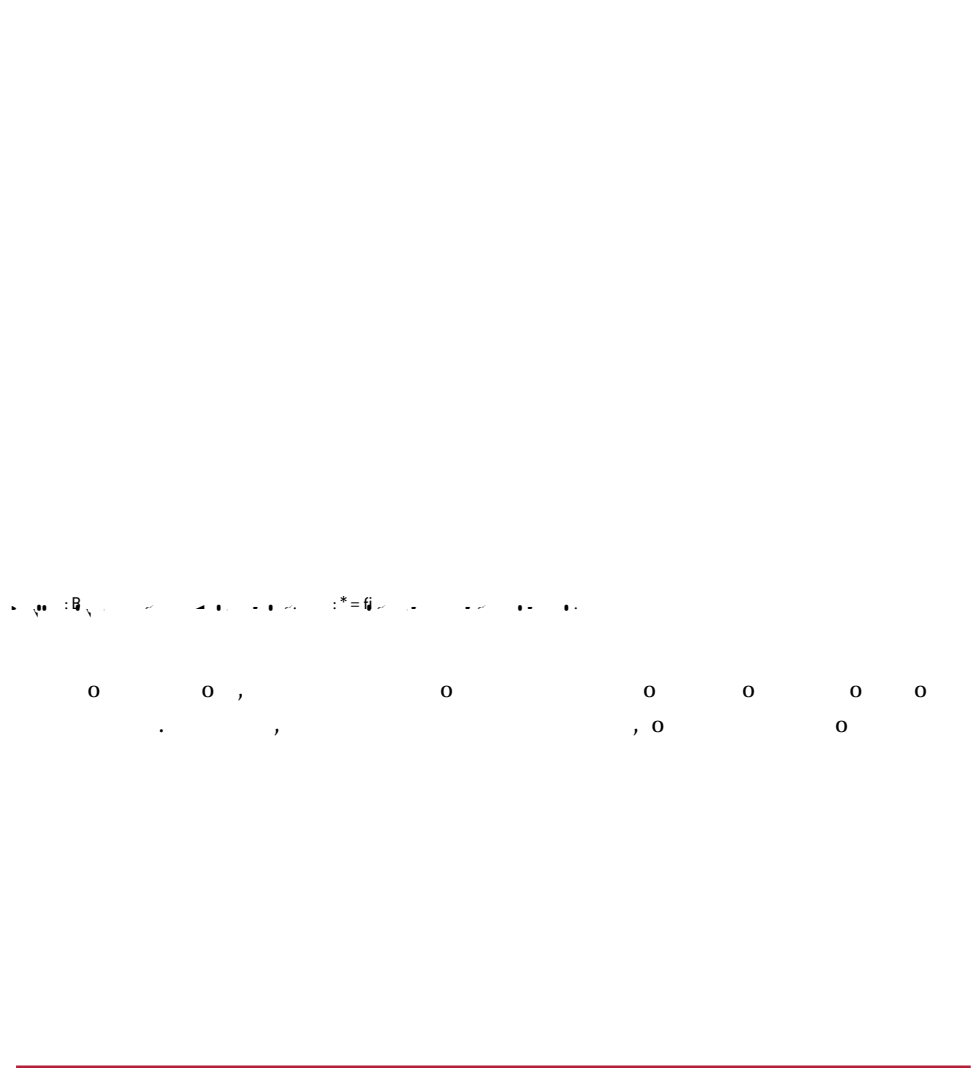


Source: BloombergNEF, IHS Markit. * = 10% increase, ** = 20% increase. Base prices are in EUR per MWh.



2 Which promise to pay the difference between the desired price and the spot price at realisation.

Figure 2: Changes in EU electricity generation mix in 2022 vs 2021*



3.1 The European Commission proposal

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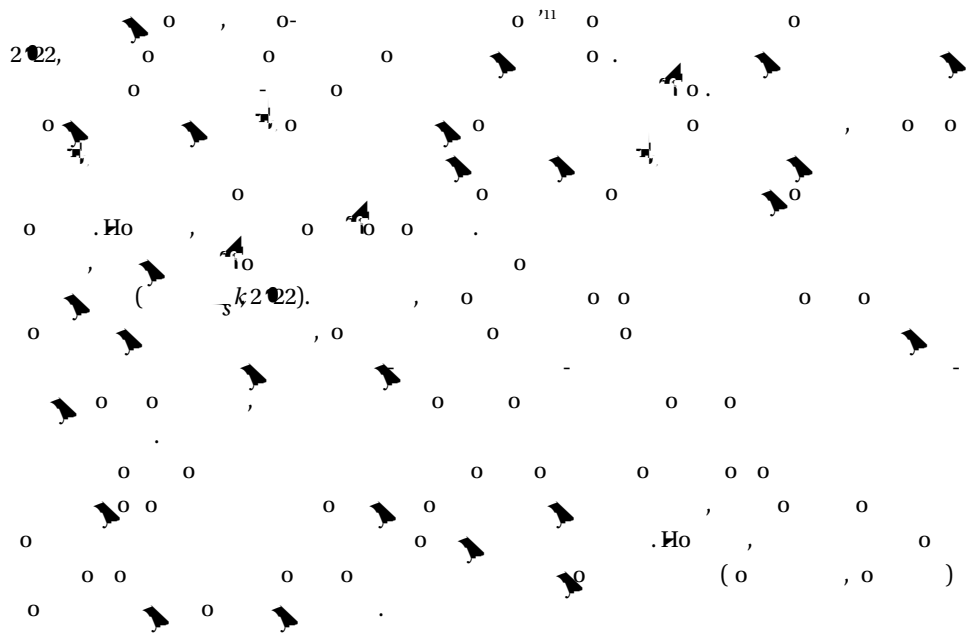
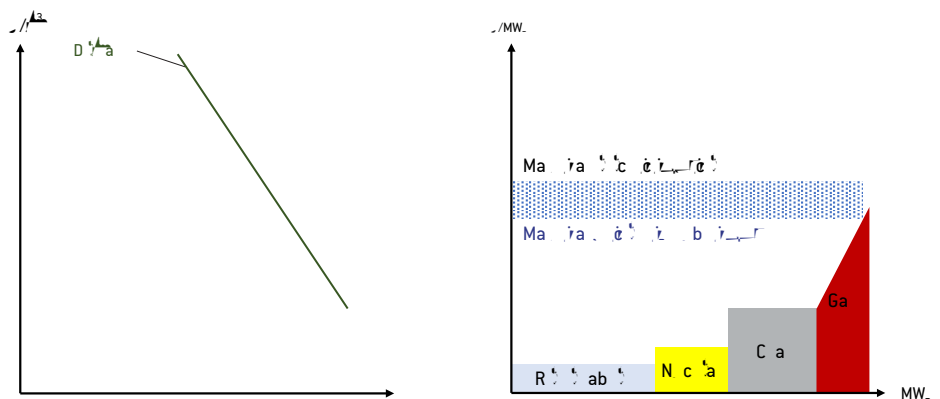
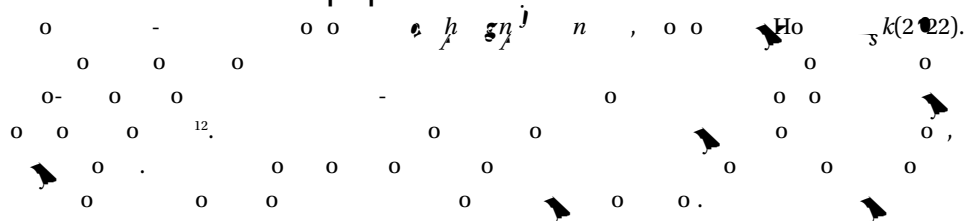


Figure 8: Illustration of the impact of the Spanish and Portuguese energy market intervention



Source: BNEF

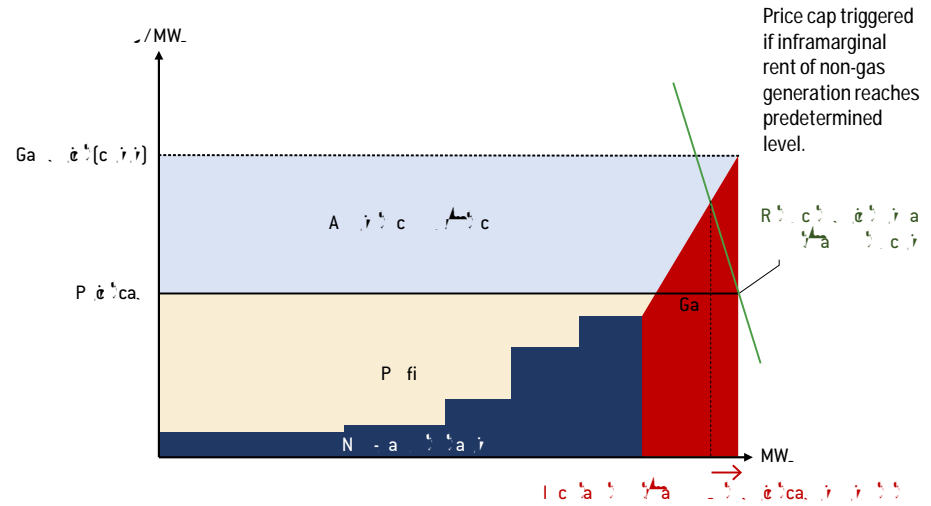
3.3 Price shock absorber proposal



11 Fernando Heller, 'EU Commission approves Spanish-Portuguese plan to cap gas prices', *Euractiv*, 10 May 2022, <https://www.euractiv.com/energy/eu-commission-approves-spanish-portuguese-plan-to-cap-gas-prices>

12 The LCOE is a measure of the net present cost of an electricity generation asset over its lifetime.

Figure 9: Illustration of the price shock absorber proposal



Source: BEA

3.4 Dual market proposals

13 For example, in the Single Electricity Market on the island of Ireland, an increasing price floor for the balancing market is administered if capacity reserves fall below predetermined levels. Presumably, price floors would override the price cap during periods of scarcity.

Figure 1: Illustration of the proposal to split the UK electricity market

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