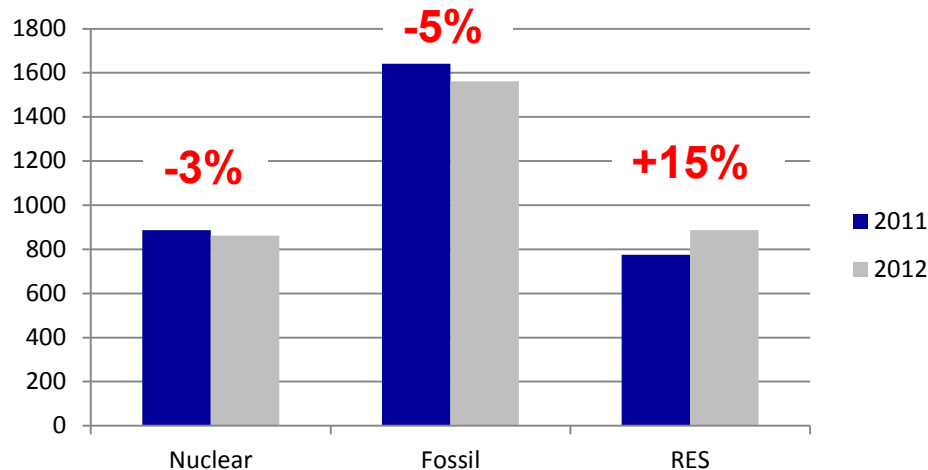


Trends in power generation and demand

Generation by Primary Energy

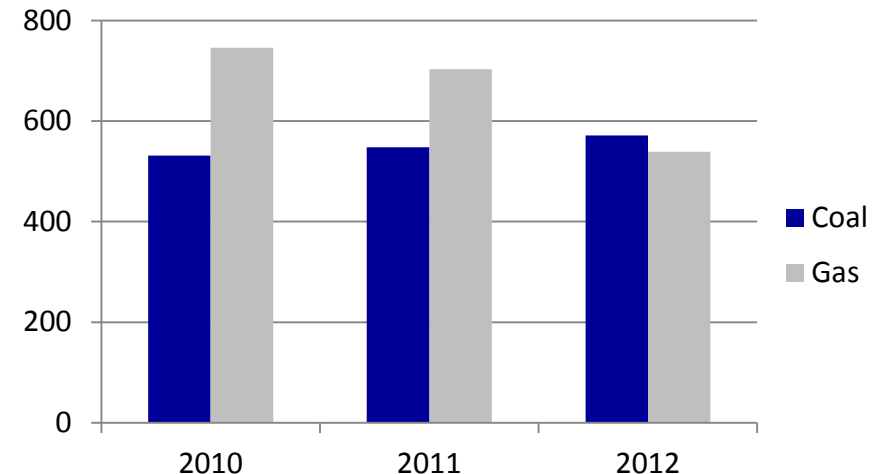


- Significant gas to coal switch
- Continued decrease of production by fossil fuel fired technologies in total
- Stagnating nuclear power production

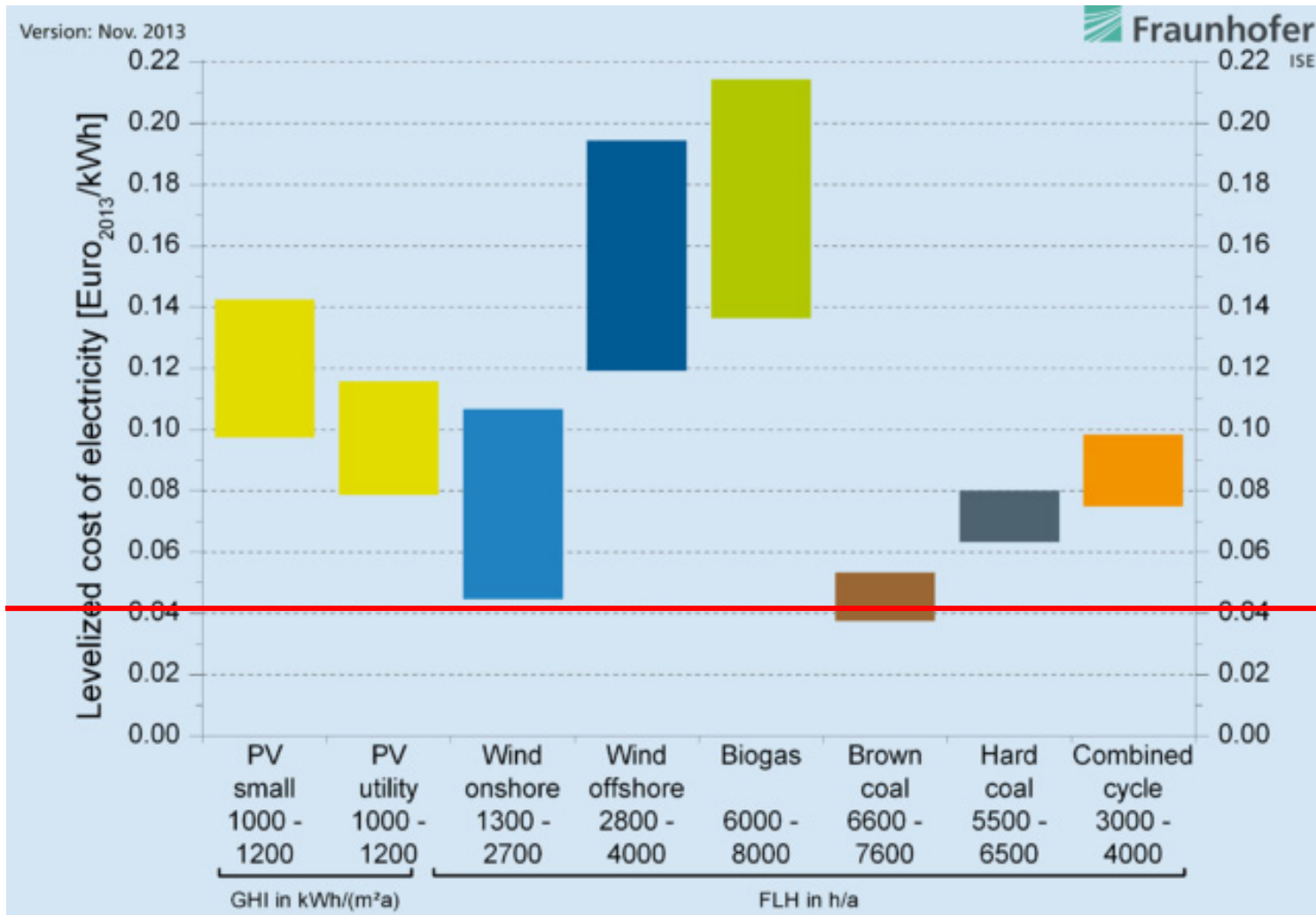
- Stagnating EU 28 consumption
- Continued growth of all RES technologies driven by wind and solar

TWh

Coal / gas ratio



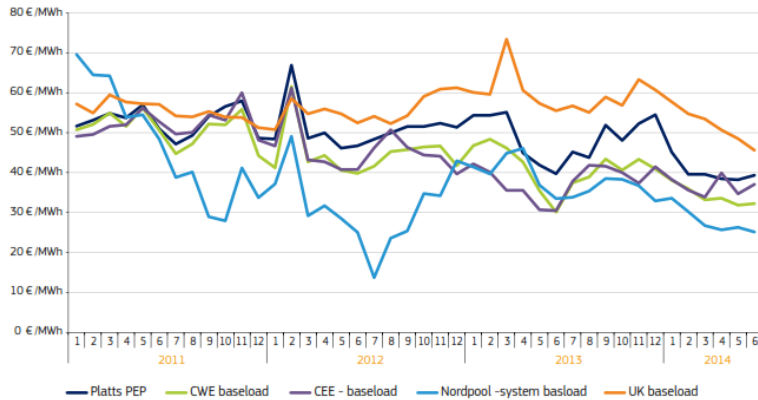
Levellised costs of electricity versus wholesale power prices



Today's wholesale
price level
(Pan European Power Index)

Energy, flexibility and capacity to be properly valued

Wholesale price dropping across markets



➡ disincentive for providers of firm capacity to remain active

“Europe Mothballs 20GW of Gas Plants in 2013, With More to Come”

“The European gas plant bust is underway”

“Platts: European gas-fired generation in crisis”

➡ Investment is exclusively driven by subsidies

... in addition the IE Directive removes thermal generation capacity

How to ensure security of supply while the RES growth that is necessary for decarbonisation takes place?

- Fully implement a European energy market and increase interconnections
- Cost-efficient RES support schemes + operational integration of RES in the market
- Make the market fit for RES: adapt market design to properly value energy, flexibility, capacity

Urgent need for CCS demonstration

*CCS is a fundamental climate technology and a **key enabler of a carbon neutral power sector***

*The **cost** of decarbonisation without CCS would be **far higher***

STATUS

- CCS technology is proven but needs to be scaled up to large integrated projects

ACTION

- incentivise the **construction of CSS demonstration units**: both capex and opex support needed, both member states and the EU have a role
- **reform the EU Emissions Trading System** so as to provide a longer-term incentive to implement the technology
- **EU CCS Roadmap** needed: Long term plan to ensure progress (member state, regional and EU level)
- development of low carbon technologies (incl. CCS) to be taken into account in **national plans to reach the 2030 targets**