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More sun, lower electricity prices

The Dutch electricity price for the active monthly contract fell 15% to EUR 78/MWh, partly due to the increase in solar energy production. The shift to daylight-saving time on March 30 causes solar generation to occur later in the day, which lowers electricity prices in the evening and has a downward effect on monthly contract prices.

Research is being conducted into a possible split of the Dutch bidding zones, whereby a northeastern and a southwestern zone could be created. In a smaller bidding zone, the role of interconnection capacity becomes more significant. Additionally, a potential split would have implications for market liquidity.

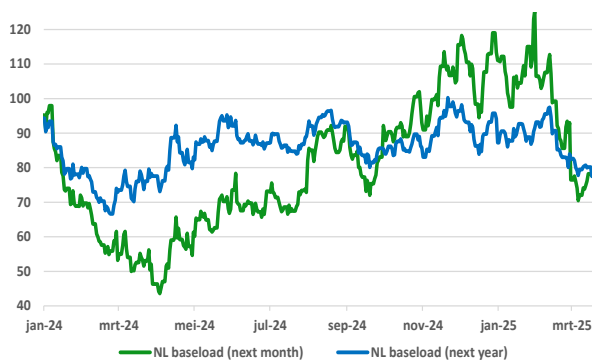
On the ETS market, the CO2 price has dropped to EUR 70/ton. From a technical analysis perspective, higher price floors are being established in the market. There are rumors of a potential linkage of the UK ETS and the EU ETS, which could put downward pressure on the EU ETS price. Furthermore, the European Commission is revising the CBAM system in order to reduce administrative burdens and has postponed the introduction of CO2 certificates by one year.

Solar energy pushes electricity prices down

The active monthly contract for the Dutch electricity price (baseload) is currently quoting around EUR 78/MWh. This represents a 15% drop compared to the price level of EUR 92/MWh a month ago. This decrease is larger than the percentage that can be seen in the TTF market, which shows only a 12% decrease in the price of the active monthly contract.

Electricity prices

EUR/MWh



Source: LSEG Eikon

The increasing production of [solar PV](#) is playing a role in the (relatively) larger price drop in the electricity market. With stronger solar intensity and more hours of sunshine in the coming month, solar is increasingly pushing the more expensive sources, such as natural gas, out of merit order during the week. This is reflected in monthly contract prices, which are essentially an average of the expected hourly prices in the day-ahead market. The switch to daylight-saving time at the end of March contributes to the relatively low prices in April and the months after.

On March 30, the clock will be set forward by one hour. As a result, solar power generation will be delayed by one hour. This primarily affects prices in the morning (06:00 - 09:00) and evening hours (17:00 - 21:00) on the day-ahead market, which are traditionally the most expensive hours of the day. Electricity consumption is typically higher in the evening, making these hours more expensive than morning hours. Therefore, the additional electricity production from solar in the evening hours due to

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