

Wednesday 29 April 2026

The energy transition in times of surplus and rising costs

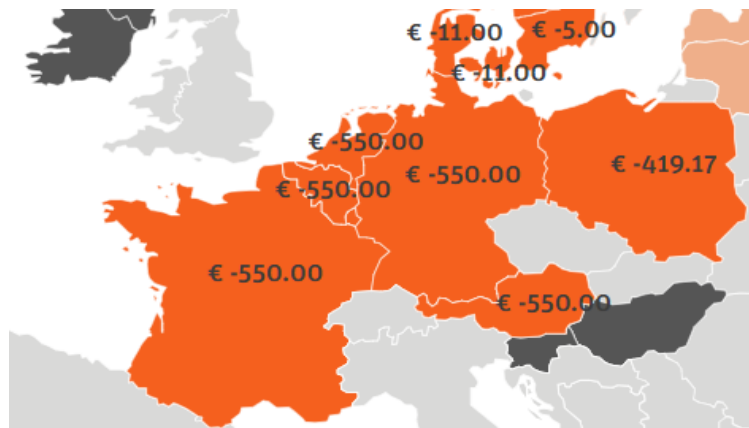
- **Abundant solar and wind energy**, combined with low demand, has led to oversupply and low intraday electricity prices in recent days; this is becoming increasingly common and could break records again in 2026;
- At the same time, **longer-term electricity prices** remain high because gas dictates the price; geopolitical tensions (such as those surrounding LNG supplies from Qatar) are keeping gas prices high, meaning that electricity remains relatively expensive despite abundant renewable energy;
- **ETS costs and the phasing out of free emission allowances** are putting increasing pressure on businesses and creating a risk of carbon leakage, whilst the revision of the EU ETS is receiving increasing attention;
- **The EU ETS works** best when CO₂ pricing is combined with subsidies to make sustainability profitable, but political divisions (including over price caps and floors) and greater policy flexibility can both facilitate adjustments and undermine investment certainty.

Electricity prices fell to record lows over the weekend

Last weekend, the newspapers were once again full of reports urging people to use more electricity. Due to negative electricity prices for much of the day, households could earn money by increasing their demand for electricity. Households could switch on their tumble dryers and dishwashers, charge their cars and even receive money in return. Provided they have a dynamic contract. However, the articles mostly failed to mention that just a few weeks ago, owners with a dynamic contract were still paying top dollar due to high gas prices caused by the war in Iran and a lack of renewable electricity generation.

Intraday electricity price hits rock bottom

EUR/MWh



Source: Epex Spot

The reason for these negative prices across virtually the whole of north-western Europe was a combination of factors. For instance, there was a large generation of renewable electricity from solar and wind. At the same time, there is typically less demand for electricity at the weekend – particularly from the business sector – resulting in a significant oversupply. To balance the markets, prices fell to a record low of minus 550 euros (see image above from Sunday 26 April at 14:00). This would cause demand for electricity to rise slightly, but the main effect is that supplying electricity at those prices is not profitable. This leads to the shutdown of energy sources, thereby restoring balance to the grid.

This was a preview. Receive the full market update with all exclusive insights by sending an email to one of the addresses below.

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