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Gas power plants boom in Europe

About 160 gas-fired power plants will be newly constructed or extended in Europe by 2015. The installed capacity will increase by about 66 gigawatts. Spain, Italy, France, the UK and Benelux are boom countries. The high gas price in Germany, on the contrary, delays the construction of most new gas-fired power plants.

Between 2011 and 2015, about 160 gas-fired power plants will be newly constructed or extended by new generating units in Europe. There has never been such a strong market growth on the continent. The capacity of the European gas-fired power plants will increase by 66 gigawatts to 242 gigawatts. Almost 43 billion euros will be invested.

Large-scale gas-fired power plants with a capacity of more than 10 MW_{el} are primarily booming because many coal-fired power plants are very old. If they should be kept in operation, they would have to be adjusted to stricter legislation, which in some cases entails technological modernisation. Furthermore, they are increasingly criticised for their high CO₂ emissions – and their operation becomes more costly due to the European CO₂ certificate trading.

Gas-fired power plants do not only produce less CO₂. Due to their flexibility they are also better in compensating the unsteady electricity generation from renewable energy sources like wind power. Unlike coal-fired power plants, the operation of gas-fired power plants can be adjusted within seconds. Besides combined cycle power plants have the best energy efficiency of all types of fossil-fuelled power plants.

Against this background, most European states plan to develop electricity generation from natural gas considerably. Gas-fired power plants are primarily booming in countries that increasingly focus on a supply with liquefied natural gas (LNG). Over the past years, LNG was considerably less expensive than gas from pipelines – because it is linked to the oil price to a far lesser extent and because there was an excessive supply of LNG due to gas finds in the USA in the course of fracking.

The boom countries Spain, Italy, France, the UK and Benelux will invest in LNG terminals and the construction of new gas-fired power plants in the next years.

Countries that do not have LNG terminals, like Germany, obtain almost all of their natural gas from pipelines. The gas price is contractually linked to the oil price in these cases. Hence, natural gas is expensive in these countries – and the price will remain high in the near future. Under these circumstances, constructing and operating gas-fired power plants is not profitable in most cases. The construction of LNG terminals is either not possible due to natural preconditions or a sluggish competition hinders it. There are only few providers and the large ones in the industry are bound to pipeline gas by long-term contracts.

ecoprolog's recently published multi-client study "The European market for gas-fired power plants" analyses the European operator and plant market of gas-fired power plants. It can be ordered at www.ecoprolog.com

As a recognized industry expert, ecoprolog accompanies clients from Germany and abroad in working on implementation-oriented management issues with a political, technological or economic background in the sectors of environmental and energy technology. The company is active in the fields of strategy advisory, market and competition analyses as well as multi-client studies.