

Partnership between



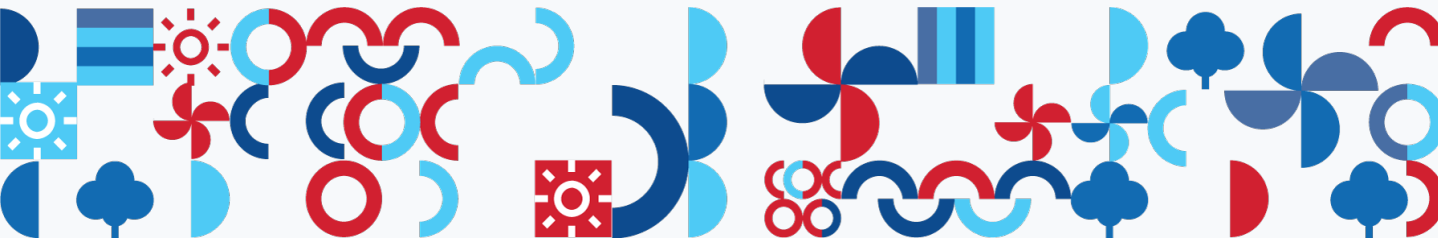
British Embassy
Jakarta



Energy 'crisis' in UK and Europe

What lessons can be learned for Indonesia's energy transition?

11 October 2021



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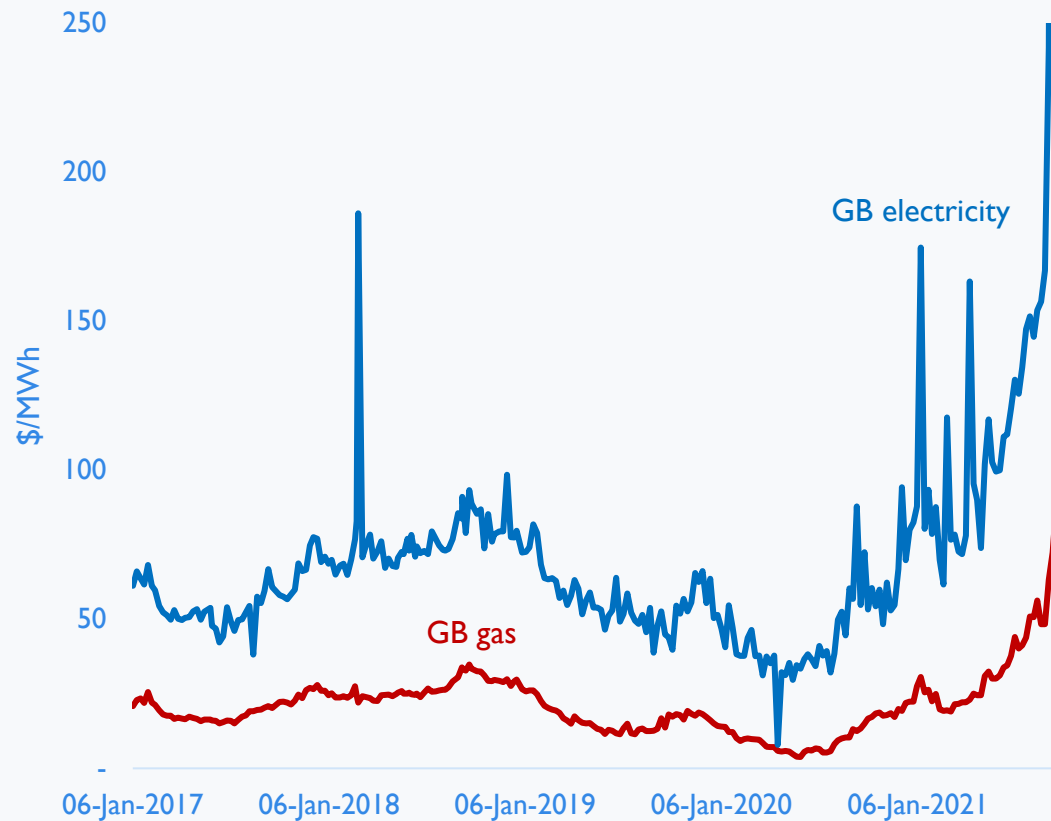
In consortium with



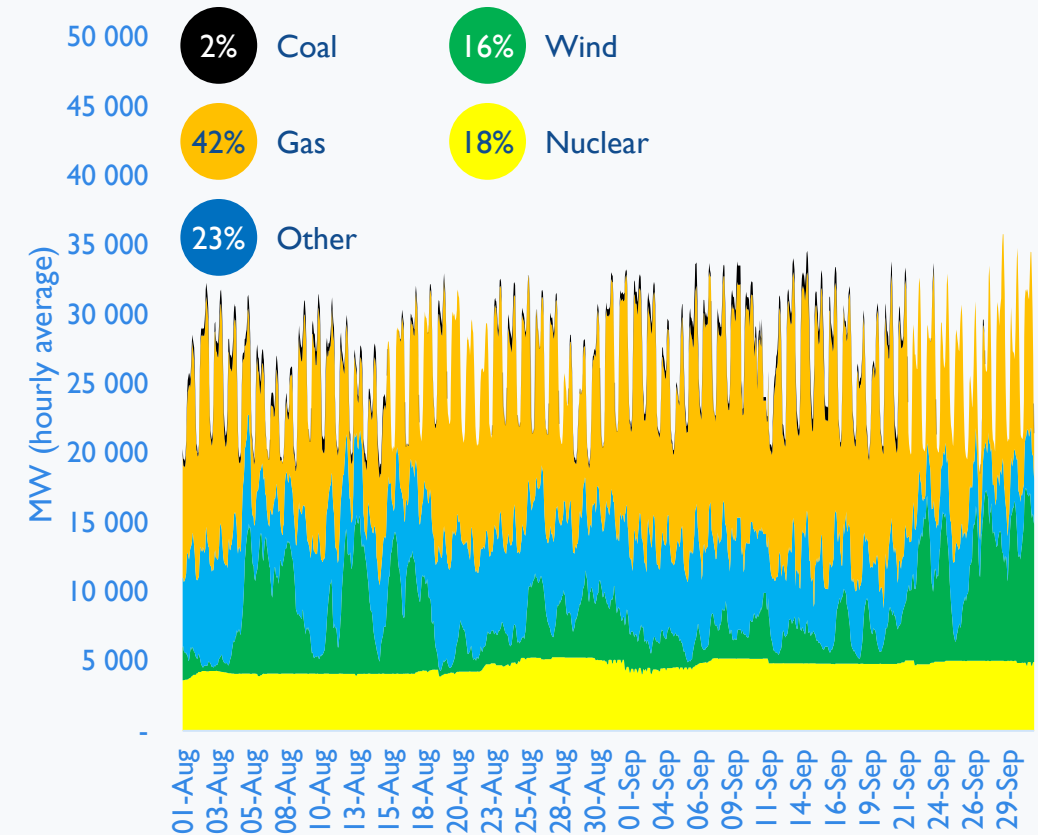
What is happening in the UK?

The market is working – high gas prices are passing into electricity prices, allowing importers to recover their costs and ensuring that demand can be met

Wholesale GB electricity and gas prices, 2017-21



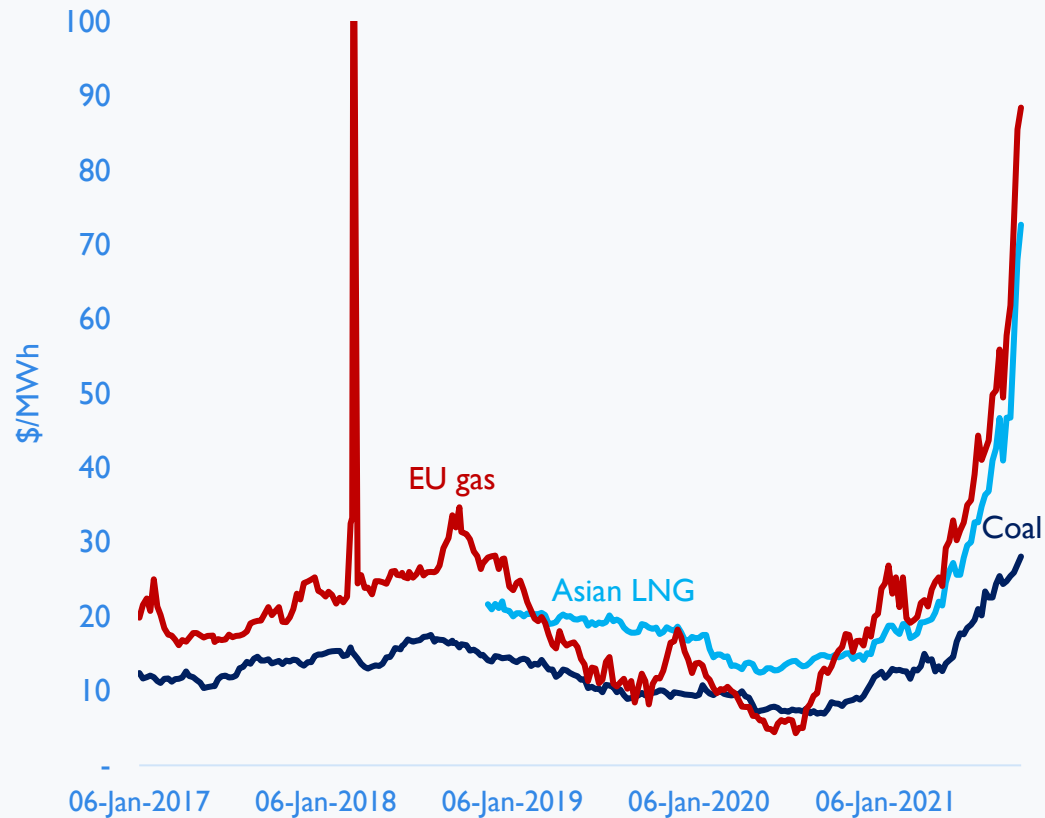
Generation mix, August-September 2021




Is the UK alone?

No – global fuel prices are rising. The UK's competitive electricity market just means that these higher prices are passing into electricity tariffs now rather than later

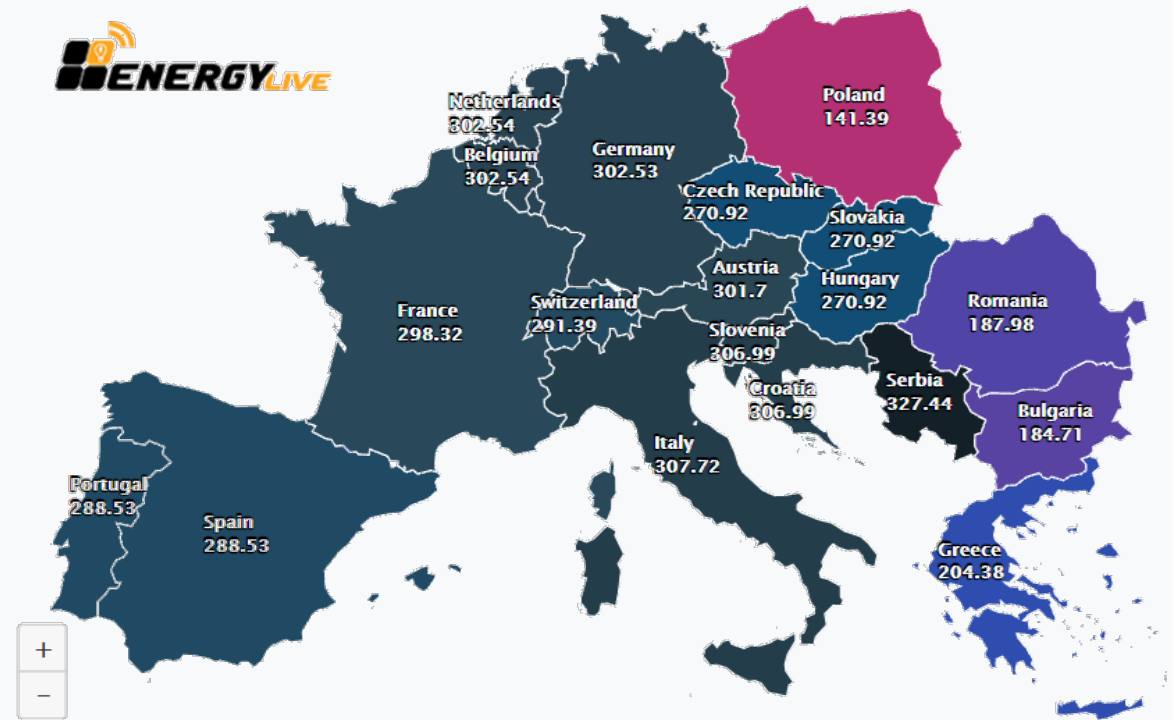
World fuel prices, 2017-21



 Bloomberg (EU gas = TTF spot day-ahead | Asian LNG = JKM | Coal = Newcastle FOB spot weekly)

European wholesale electricity prices

Day-ahead average prices for 2021-10-07

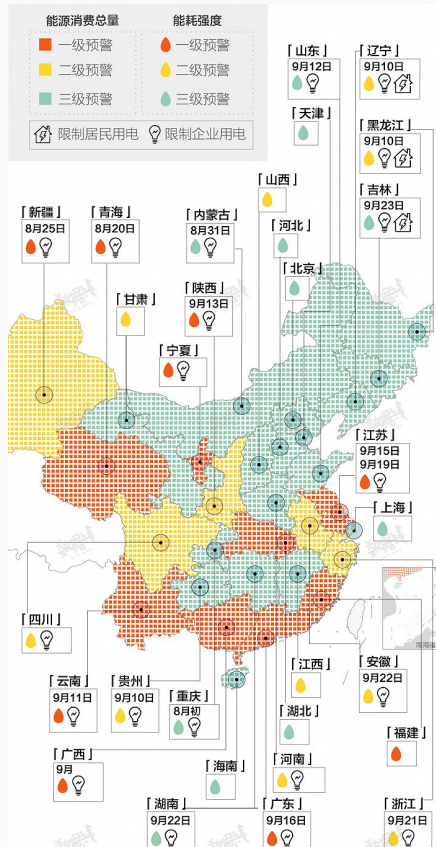


[Energy Live](https://www.energy-live.com)

Would more coal have led to a different outcome?

Probably not – China's coal-dominated system is seeing unprofitable generators reducing their output, resulting in load rationing and electricity tariff increases

Power rationing is becoming widespread in China



During August and September, 20 provinces / autonomous regions / cities have applied power rationing

China provinces are increasing on-grid power tariffs



Would more coal have led to a different outcome?

Probably not – India's coal-dominated system is seeing rapidly rising prices and reluctance by power plants to buy coal, leading to concerns over supply security

PX prices have trebled, August-October 2021



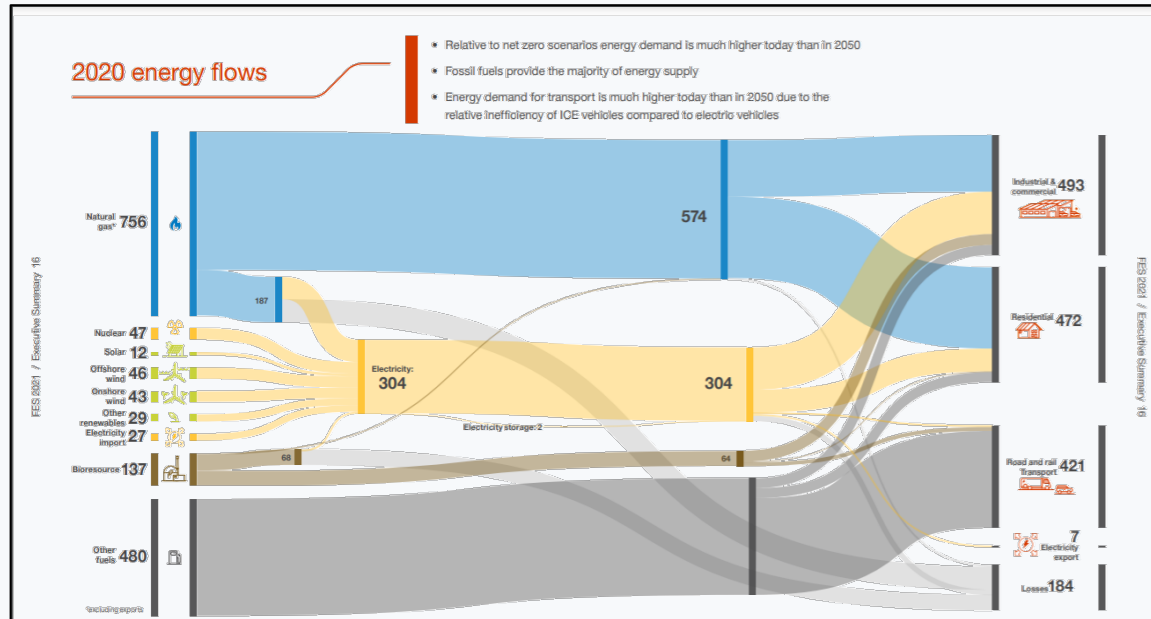
89 coal power plants have <4 days of coal stocks



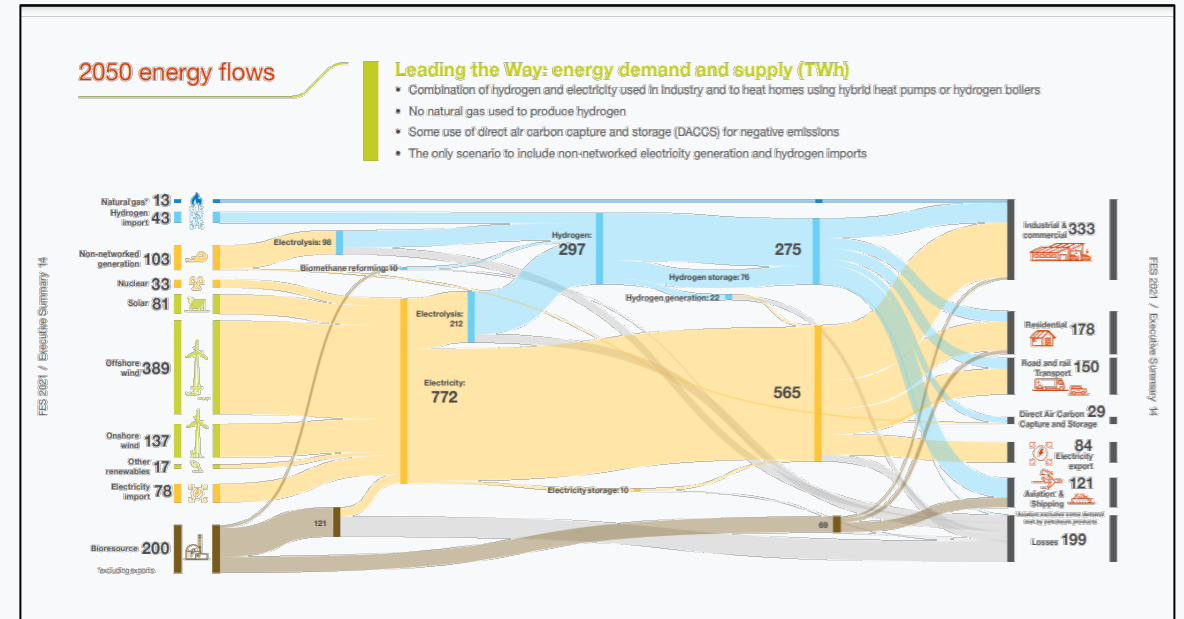
What can we learn?

More clean energy – if high fossil fuel prices are the problem, the answer is to reduce dependency on coal and gas rather than to add more fossil fuels

GB 2020 energy flows (78% fossil fuels)



2050 energy flows scenario (0% fossil fuels)



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