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# Vattenfall first quarter profit grows as higher power prices offset output drop

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OSLO (Reuters) - Swedish utility Vattenfall reported increased operating and post-tax profit for the first quarter of 2019 on Thursday, as higher power prices than the same period last year offset a reduction in electricity generation.

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FILE PHOTO: Cooling units are seen in a Vattenfall cooling plant in Berlin, Germany

August 15, 2017. REUTERS/Axel Schmidt/File Photo

Vattenfall's operating profit reached 8.2 billion Swedish crowns (\$860 million) in the first quarter, up from about 7 billion crowns a year ago, while its after-tax profit was up 55 percent year-on-year, climbing to 6.4 billion crowns.

Profit rose despite a 3.6 percent reduction in Vattenfall's power generation, caused by lower water levels at hydropower reservoirs and reduced nuclear power output after a failure at its Ringhals 2 reactor in Sweden.

"Higher prices had a greater effect than lower volumes, and together with strong earnings from trading contributed to an increase," Chief Executive Magnus Hall said in a statement.

Average Nordic spot prices were 22 percent higher, at 47 euros (\$52.40) per megawatt hour in the first quarter of 2019 year-on-year, mainly due to costlier carbon dioxide EU emission allowances and lower water reservoir levels, the company said.

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Prices in Germany and the Netherlands were also higher, by 15 percent and 8 percent respectively.

Nuclear power output at Ringhals 2 will be restored at the end of April, it said.

A severe storm in Sweden that damaged the electricity grid in early January also took its toll on the results, increasing costs by some 850 million crowns.

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In fossil-based power generation Vattenfall saw more gas utilization than coal due to the increase in the CO2 price, the CEO told Reuters.

“It actually pushes the production toward gas rather than coal. We have seen that in this quarter. The CO2 price now, which established itself on the higher level comparing to few years ago, is a new important factor,” he said.

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The Dutch government asked Vattenfall in March to close the 650 megawatt (MW) coal-fired Hemweg 8 power plant by the end of 2019, earlier than the expected closure date of 2024.

The company is unlikely to take a write-off, however, as it expects state compensation to cover for the losses, Hall said.

Vattenfall also said it had filed a complaint to the senate in Berlin, challenging the city's decision not to renew a concession to continue operating its electricity grid.

Editing by David Evans

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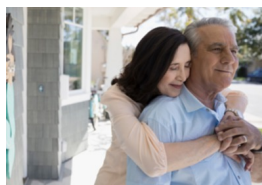
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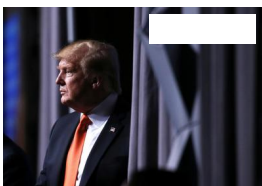
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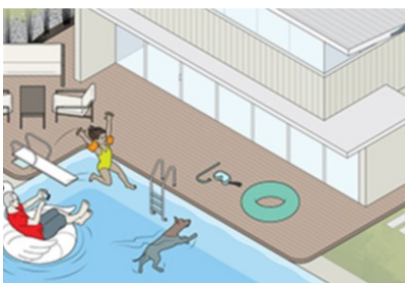
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