

# Clean Energy Package from the point of view of a power exchange

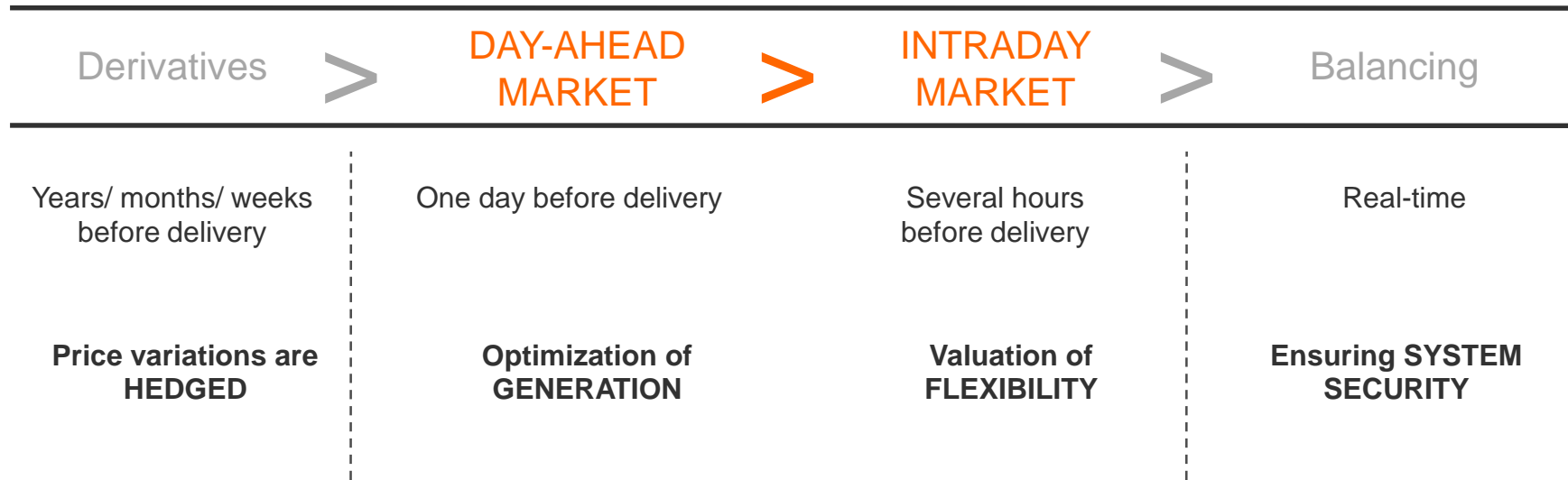
Strommarkttreffen  
Berlin, 09/03/2018

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# Timeline of the market



TSO



## DAY-AHEAD AUCTION

- Auction at noon, 7 days a week, year-round
- Market areas: Germany/Austria/Luxembourg, France, Great Britain, the Netherlands, Switzerland and Belgium
- Clearing activities:

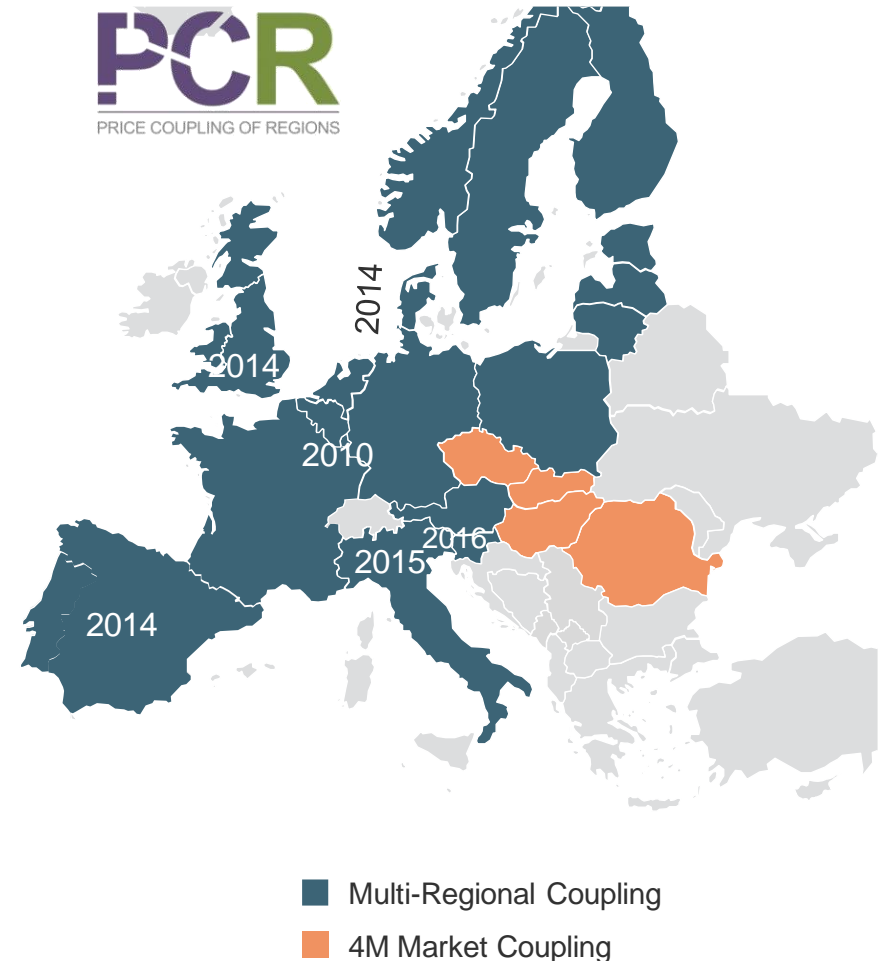
## CONTINUOUS INTRADAY

- Continuous trading and price formation, 24 hours a day, 7 days a week, year-round
- Market areas: Germany/Luxemburg, France, Great Britain, the Netherlands, Switzerland, Belgium and Austria
- Clearing activities:



# Competitive, liquid & European-wide interconnected wholesale markets

1. EPEX SPOT supports the strengthening of competitive and non-discriminatory **wholesale markets**
  
2. It is important to maintain the freedom for power exchanges to **develop innovative and competitive products** suiting market participants needs
  
3. **Market coupling** is a major step towards market integration, remaining barriers to cross-border trade must be further abolished

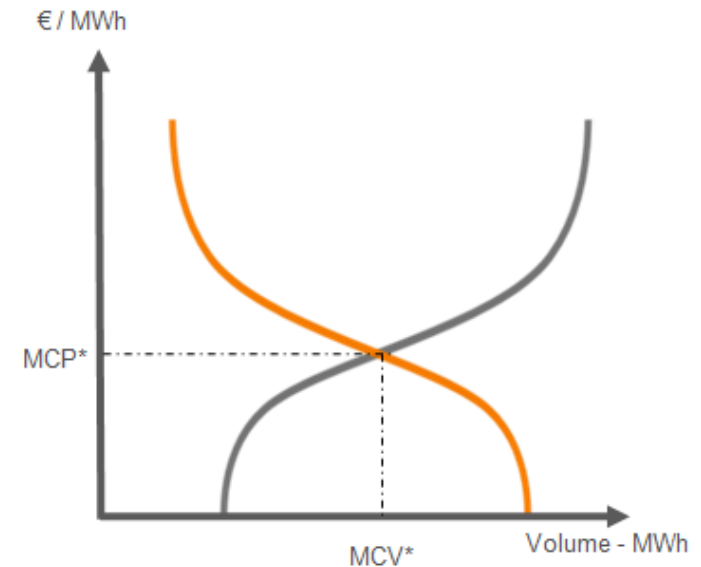




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## Unrestricted, market-based price formation and scarcity pricing

1. The **reference price** for electricity is decisive for:
  - short-term generation and consumption decisions
  - long-term investment decisions in new generation capacities
2. **Regulatory price caps** shall be removed to allow free price formation
3. Rely on **CACM Regulation** to define EU-wide **harmonized technical price limits**:
  - Day-ahead: -500 / +3.000 EUR/MWh
  - Intraday: +/- 9.999 EUR/MWh
4. The **reference to VOLL** risks to lead to unharmonized technical price limits and technical price limits that are too high, exposing smaller market participants to unnecessary risks and costs

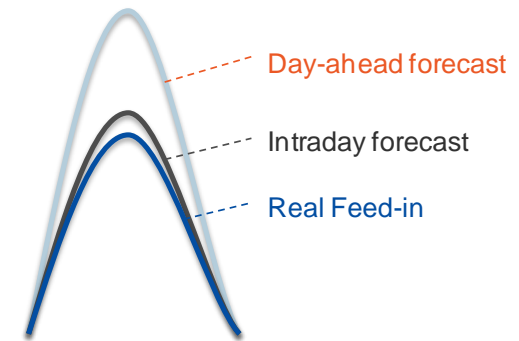




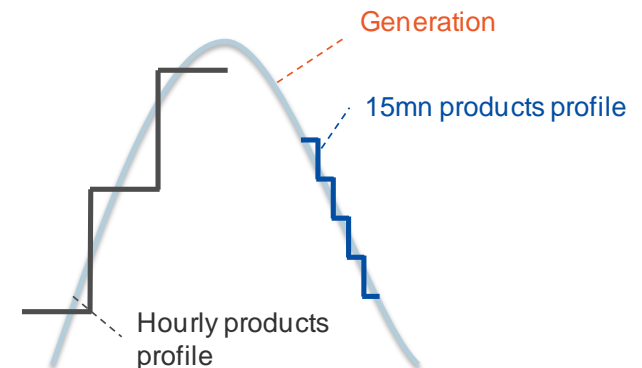
# Flexible markets to fully integrate renewables into the market

1. **Short-term electricity markets** are key for the successful **integration of renewables** into the market
2. EPEX SPOT continuously develops further **flexibility products**. We shorten and harmonize **lead times** and **product granularity** (e.g. 15min auction)
3. EPEX SPOT welcomes the fostering of **demand response** and the role of **aggregators**
4. EPEX SPOT is committed in accompanying the development of **trade automation** in the power market (**API/ algo trading**). OTR measures and tick-size increase have been effective to maintain **reliable and orderly market**.

FORECAST DEVIATIONS



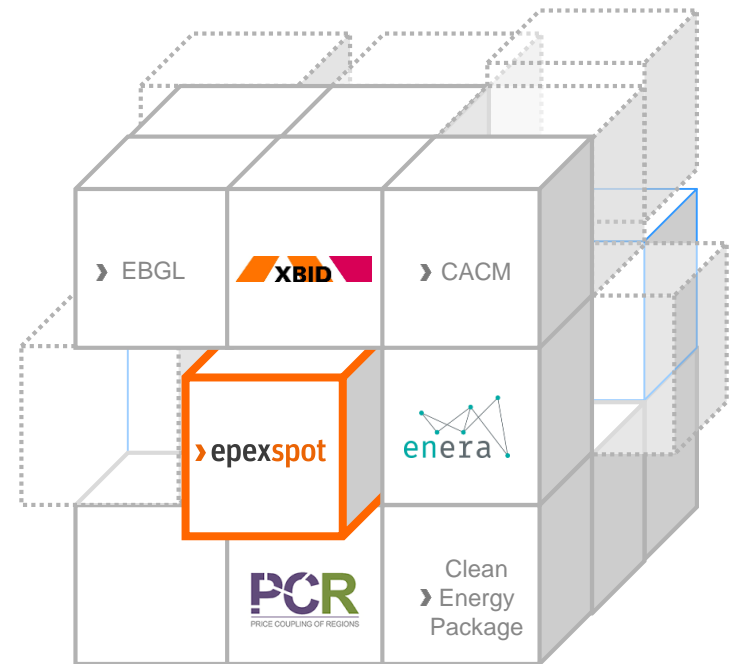
GENERATION RAMPS





# Further recommendations for the power market design of the future

1. An **appropriate regulatory framework** is important to ensure a clear unbundling between regulated and competitive market functions.
2. Regulatory oversight should be **strictly limited to what is needed** and should ensure a **cost-efficient, sustainable and competitive** Internal Energy Market
3. Empowerment of ACER and the strengthened **regulatory oversight of the MCO function** performed by NEMOs raise the question of the Agency's **internal governance** and in particular of the voting rights within the Board of Regulators.
4. EPEX SPOT calls for keeping **the 2/3 majority voting** in ACER's Board of Regulators.





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