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

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Timeline of the market

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<table>
<thead>
<tr>
<th>Derivatives</th>
<th>DAY-AHEAD MARKET</th>
<th>INTRADAY MARKET</th>
<th>Balancing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years/ months/ weeks before delivery</td>
<td>One day before delivery</td>
<td>Several hours before delivery</td>
<td>Real-time</td>
</tr>
<tr>
<td>Price variations are HEDGED</td>
<td>Optimization of GENERATION</td>
<td>Valuation of FLEXIBILITY</td>
<td>Ensuring SYSTEM SECURITY</td>
</tr>
</tbody>
</table>

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**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: ecc

**CONTINUOUS INTRADAY**

- Continuous trading and price formation, 24 hours a day, 7 days a week, year-round
- Market areas: Germany/Luxembourg, France, Great Britain, the Netherlands, Switzerland, Belgium and Austria
- Clearing activities: ecc
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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PCR = Price Coupling of Regions
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

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CACM = Capacity Allocation & Congestion Management, NEMOs = Nominated Electricity Market Operators, VOLL = Value of lost load
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.

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API = Application Programming Interface, OTR = Order to trade ratio
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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MCO = Market Coupling Operation, NEMO = Nominated Electricity Market Operator
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