

## Press Release

## **Exchange Council members concerned about implications of Electricity Market Reform proposals**

### **Members welcome recent EPEX SPOT launches advancing the energy transition**

**Leipzig / Paris, 5 July 2023.** At their second quarterly meeting in 2023, the EPEX SPOT Exchange Council members were updated about the latest developments in the political debate on the EU Electricity Market Design Reform. During the discussion EPEX SPOT and the Exchange Council members criticised the EU Commission's tendency to shift to a more centrally regulated electricity market, despite a continued need for market and country specific solutions that drive forward the energy transition in Europe. On the derivatives markets, several proposals like compulsory CfDs or the introduction of regional virtual hubs, could have a considerable negative impact on forward liquidity. On spot markets, the proposed elements like sharing of order books across all timeframes and the introduction of a Single Legal Entity are measures that are detached from the actual goal of the reform: to respond to the recent energy price crisis in a sustainable manner. "While we welcome that the principle of marginal pricing is confirmed and any market split based on technology is discarded, we look with concern at several of the proposals on spot markets, like the Single Legal Entity. These proposals lack any justification but rather aim to introduce monopoly elements into a competitive and decentralised environment. However, we rather need well thought out evolutions for the power market to achieve the energy transition, such as more efficient cross-border trading and coupled sub-hourly products to accommodate renewable generation" states Ralph Danielski, Chief Executive Officer of EPEX SPOT.

In addition to this, the members were pleased with the recent go-live of the connection to GOPACS, completed on 27 June 2023. By connecting the EPEX local flexibility market solutions (EPEX Localflex)

in the Netherlands with the GOPACS platform, both partners aim to achieve efficient congestion management through secure trading of flexibility. GOPACS is the coordination platform of Dutch System Operators to reduce congestion in the electricity grid. By connecting with EPEX Localflex, GOPACS grid operators gain access to a wider network of participants and to enhanced functionalities – and in turn, EPEX SPOT members can market their flexible assets in the Netherlands more efficiently via GOPACS.

Furthermore, the Exchange Council welcomed the recent go-live of 15 minute products in Denmark, Finland and Sweden. The start of these contracts was preceded by an introduction of the 15 minute imbalance settlement period by TSOs in the concerned countries.

Last but not least, the participants also discussed the adaptation of the price threshold that triggers a second auction procedure from -150 EUR/MWh to -500 EUR/MWh in several EPEX SPOT markets. “This decision was a swift and necessary reaction to recent price developments, in the Netherlands in particular, where high solar generation met low demand. This led to recurring negative prices, triggering too frequently the second auction procedures. Lowering the threshold brings a real operational advantage for market participants, as the timings foreseen within the common Single Day-Ahead Coupling process are relatively tight” confirms Bernhard Walter, Chairman of the EPEX SPOT Exchange Council. The Exchange Council also made sure that the involvement of market participants is very important on these matters and in the current assessment and welcomes activations of second auctions “only” when beneficial. Furthermore, the Council calls for the harmonisation of the second auctions, i.e., by linking the procedure to the Harmonised Maximum and Minimum Clearing Price (HMMCP) thresholds.

The second Exchange Council meeting of 2023 was held on 28 June 2023 in Leipzig and chaired by Bernhard Walter, Head of Market Design and Regulatory Affairs at EnBW AG.

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**The Exchange Council of EPEX SPOT** is an official body of the Exchange. 27 members and 4 permanent guests represent adequately the diversity of economic and corporate profiles that exists among the Exchange Members from various sectors: producers, power trading companies, transmission system operators, regional suppliers, and financial service providers, as well as commercial consumers and academics. Its missions include in particular the adoption of the Exchange Rules and the Code of Conduct of EPEX SPOT and their amendments. The Exchange Council approves new trading systems as well as new contracts or market areas and approves the appointment of the Head of the Market Surveillance Office. It meets up quarterly.

**The European Power Exchange EPEX SPOT SE** and its affiliates operate physical short-term electricity markets in 13 countries: in Central Western Europe, the United Kingdom, Switzerland, the Nordics and in Poland. Furthermore, EPEX SPOT newly offers local flexibility markets solution and Guarantees of Origin auctions, to foster the integration of renewable energy sources and to enhance the engagement of consumers and producers in the power market.

As part of EEX Group, a group of companies serving international commodity markets, EPEX SPOT is committed to the creation of a pan-European power market. Over 300 members trade electricity on EPEX SPOT. 49% of its equity is held by HGRT, a holding of transmission system operators. For more information, please visit [www.epexspot.com](http://www.epexspot.com).

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