



## **Power Exchanges and Market Coupling – tools for mitigating energy costs favoring EU competitiveness**

Brussels, April 30<sup>th</sup> 2014

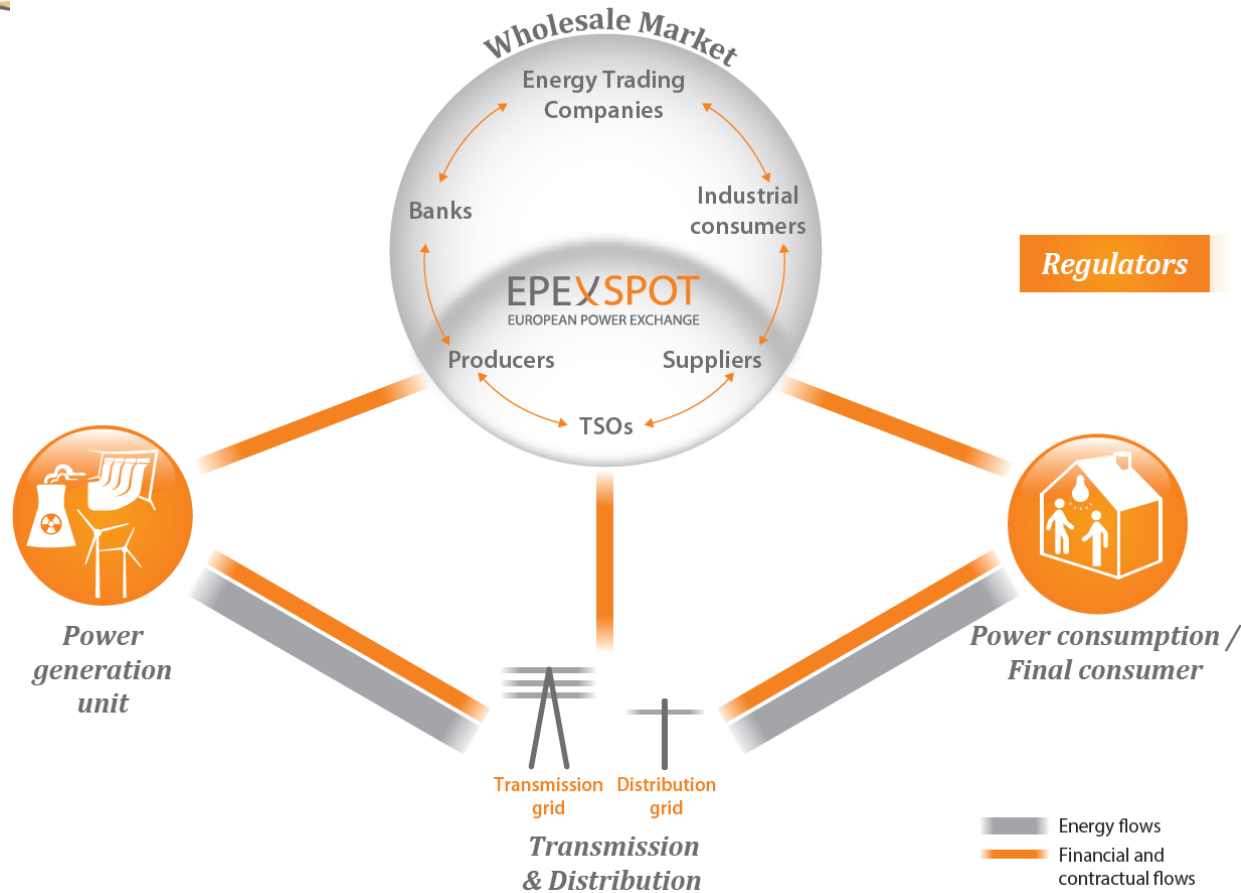
Dr. Wolfram Vogel | Director Public Affairs & Communications, EPEX SPOT

- 1990 : Creation of the UK pool
- 1992 : Creation of NordPool in Norway
- 1996 : European Directive on energy market liberalization
- 2000: Creation of two exchanges in Germany
- 2001 : Creation of Powernext in France
- 2006 : Launch of 1<sup>st</sup> market coupling in continental Europe
- 2008/09: **Creation of EPEX SPOT**, merger of FR & DE exchanges
- 2010 : EEG Law in Germany; launch of CWE market coupling
- 2011 : Internal Energy Market 2014; NOME Law in France
- 2013 : European Network Codes

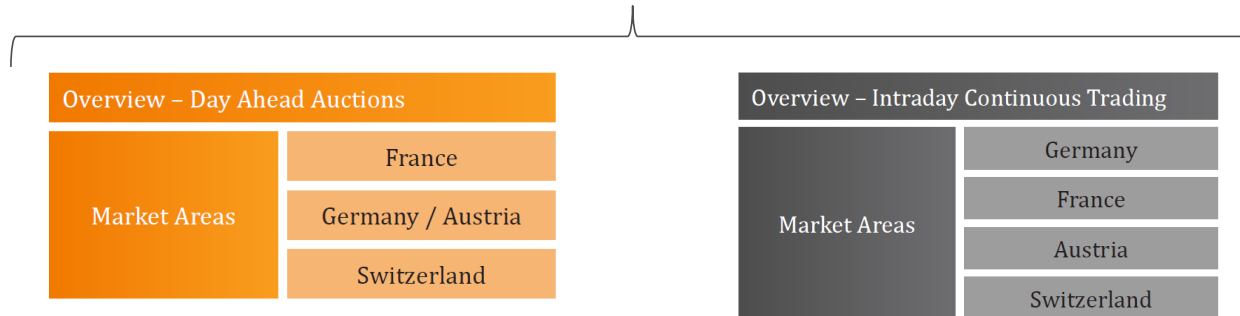
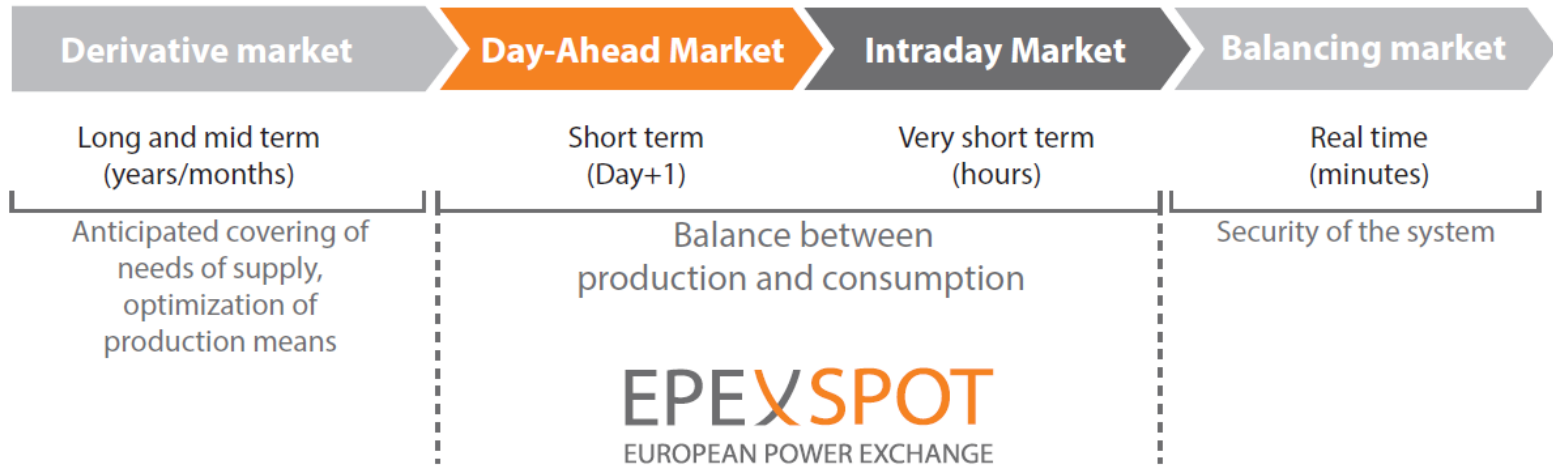


- The creation of EPEX SPOT and the development of power trading is one of the most **visible results of the liberalization of the European Power Market.**

# The organized market: Third pillar of the energy value chain



- The **power exchange centralizes buy and sell orders of energy professionals** (producers, retailers, brokers, banks, large industrials)
- The power exchange thus promotes the **emergence of a transparent, regular, fair and neutral market price**

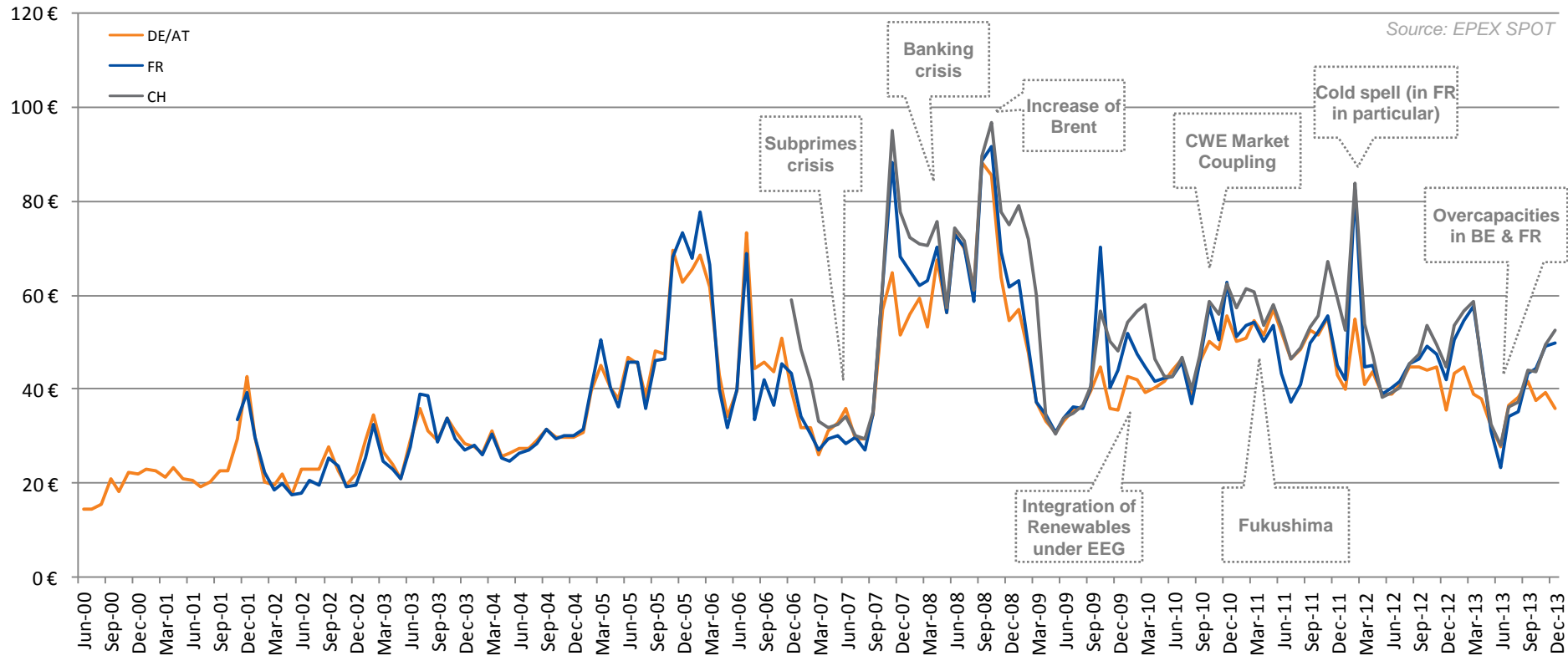


Source: EPEX SPOT

Day-Ahead and Intraday markets are complementary:

- **Day-Ahead:** blind auction, anonymous, without price indication → optimization of liquidity
- **Intraday:** continuous price formation, near real time → flexibility tool

# The Spot Market serves as EU price reference



Prix DA (en €/MWh)	2009	2010	2011	2012	2013
DE/AT	38.85	44.49	51.12	42.60	37.78
FR	43.01	47.50	48.89	46.94	43.24
CH	47.92	51.02	56.18	49.52	44.73

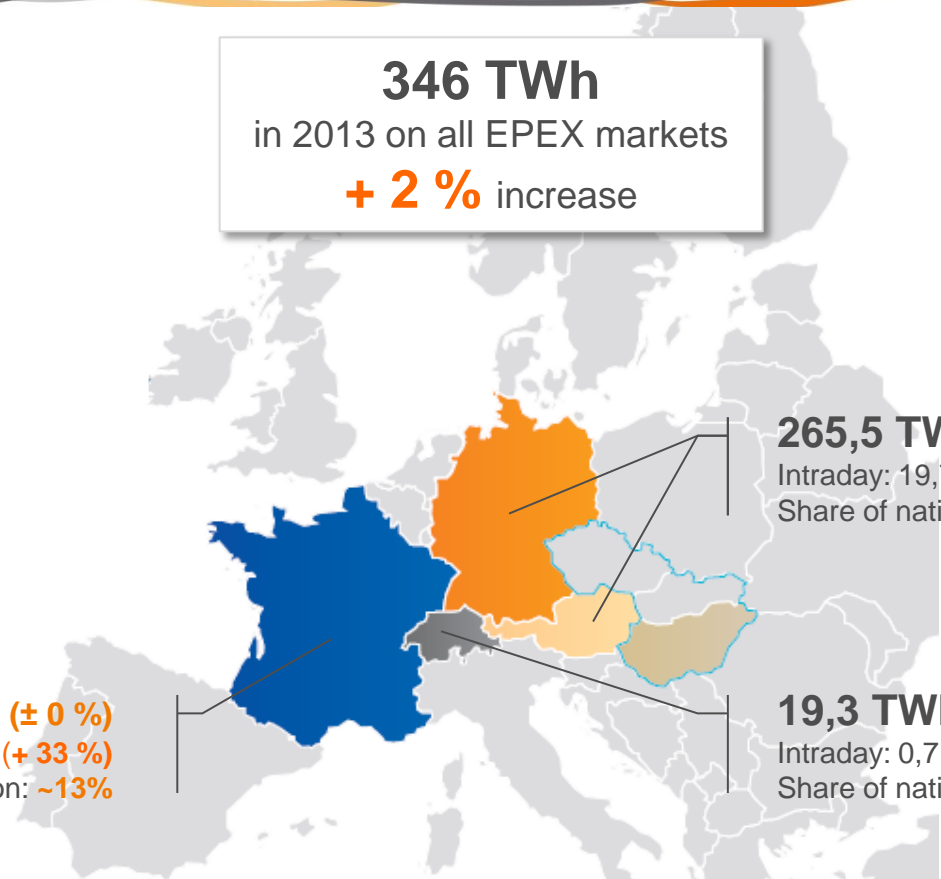
## EPEX SPOT MARKETS

-  Germany  
Day-Ahead & Intraday
-  France  
Day-Ahead & Intraday
-  Switzerland  
Day-Ahead & Intraday
-  Austria  
Day-Ahead & Intraday

## SERVICING OTHER EXCHANGES

-  Market operation services for the Hungarian Power Exchange HUPX
-  Market coupling services for the Czech Power Exchange OTE, Slovakian OKTE and HUPX

**346 TWh**  
in 2013 on all EPEX markets  
**+ 2 %** increase



**265,5 TWh (+ 2 %)**  
Intraday: 19,7 TWh (+ 25 %)  
Share of national consumption: ~45%

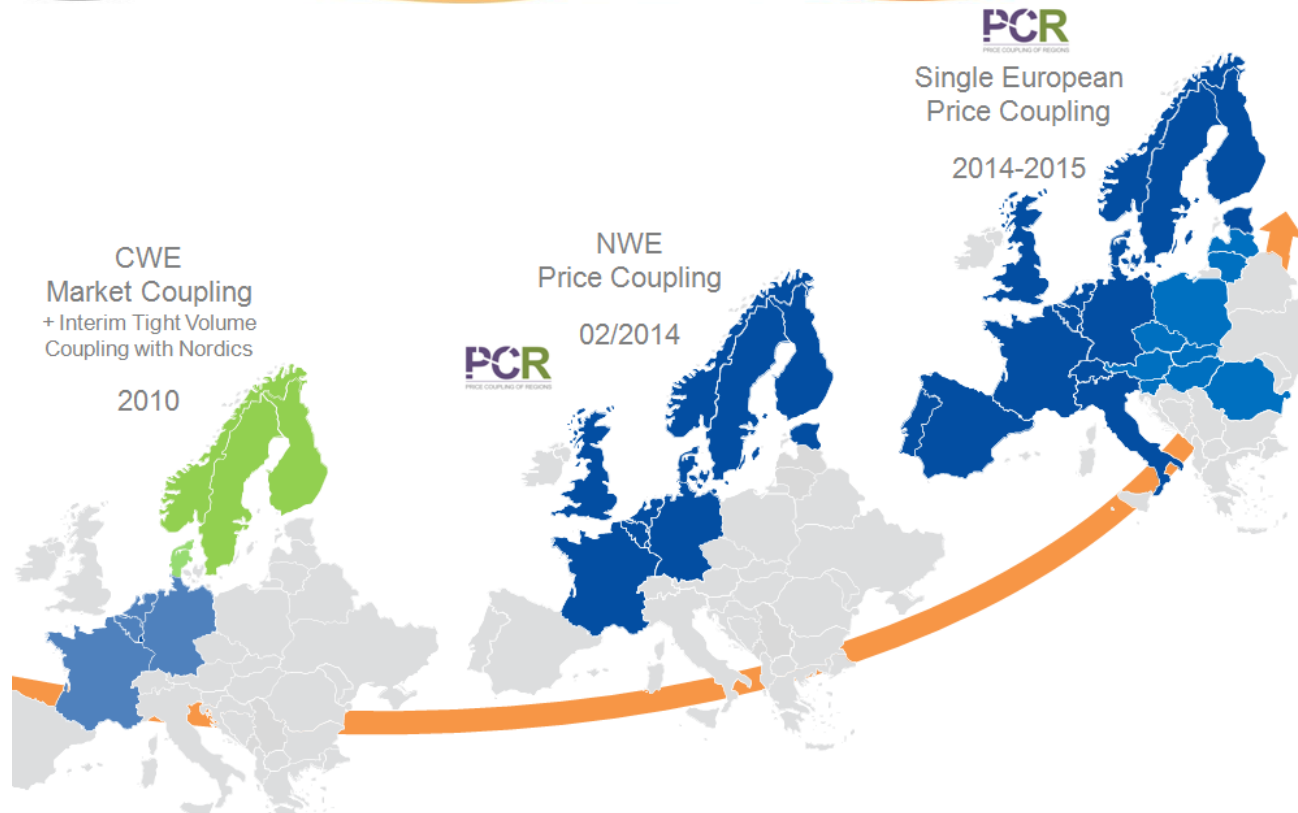
**61,3 TWh (± 0 %)**  
Intraday: 2,9 TWh (+ 33 %)  
Share of national consumption: ~13%

**19,3 TWh (+12 %)**  
Intraday: 0,7 TWh (Start: 6/2013)  
Share of national consumption: ~30%

Source: EPEX SPOT

- EPEX SPOT's market areas cover **1.200 TWh of yearly power consumption**, which represents **40% of EU's Integrated Electricity Market**.
- EPEX SPOT has an inherent incentive to **integrate European power markets**. We support this process by our **harmonized cross-border trading systems**.

# European Market Coupling: Integrating the EU electricity market by end of 2014



Source: EPEX SPOT

- **European Target Model** for Day-Ahead markets: **cross-border trade optimization** based on implicit auctions of cross-border capacities
- Development of a single and harmonized method to calculate electricity prices on a European level („**Price Coupling of Regions**“)
- Regional model allows to adjust political objectives, cross-border cooperation unlocks **macroeconomic benefits**

**Optimal use of interconnectors  
facilitating congestion management**

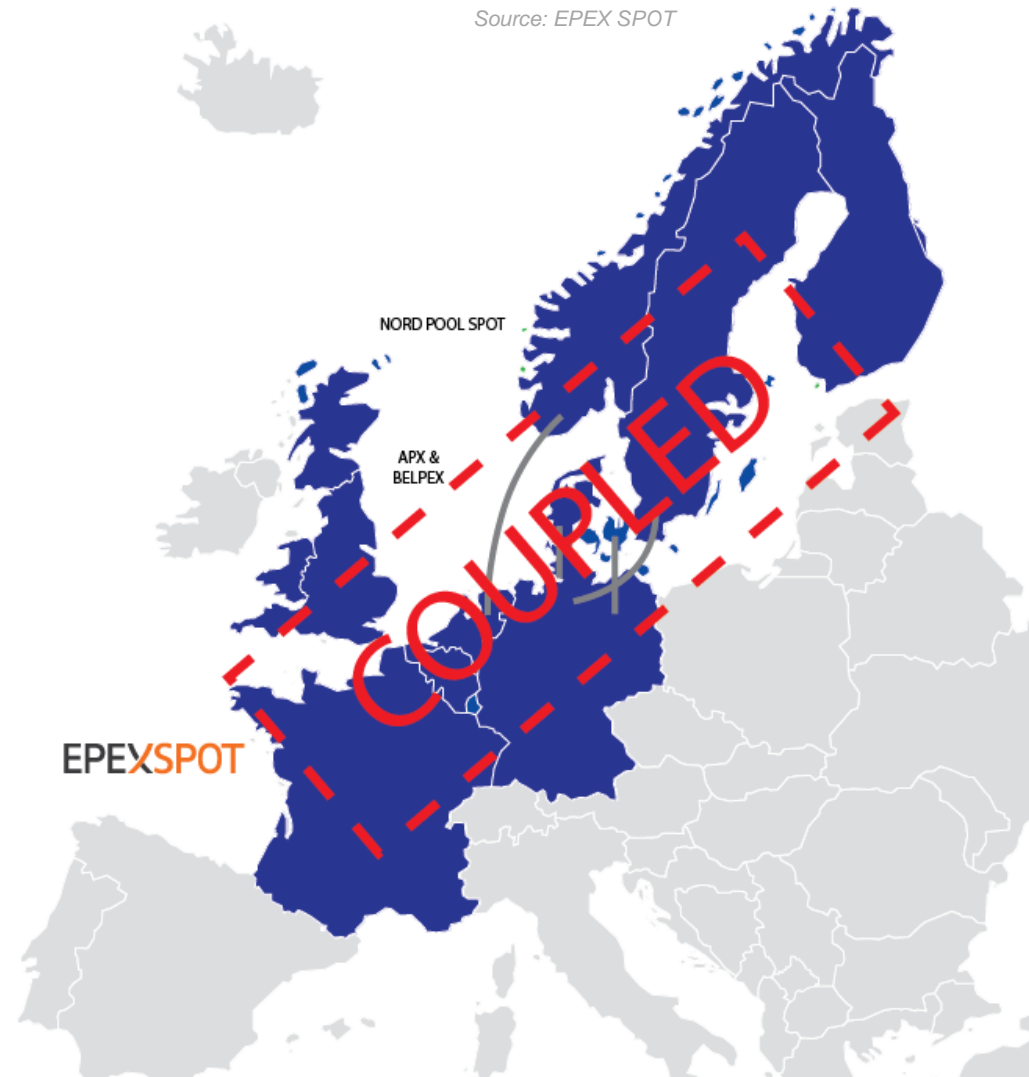
**Price convergence of market areas in case of  
sufficient border capacity (~50% of hours in 2013  
for Germany & France)**

**Absorbing extreme weather conditions (i.e. cold spell,  
storm front) across several market areas**

**Smoothing effect on negative or positive price spikes**

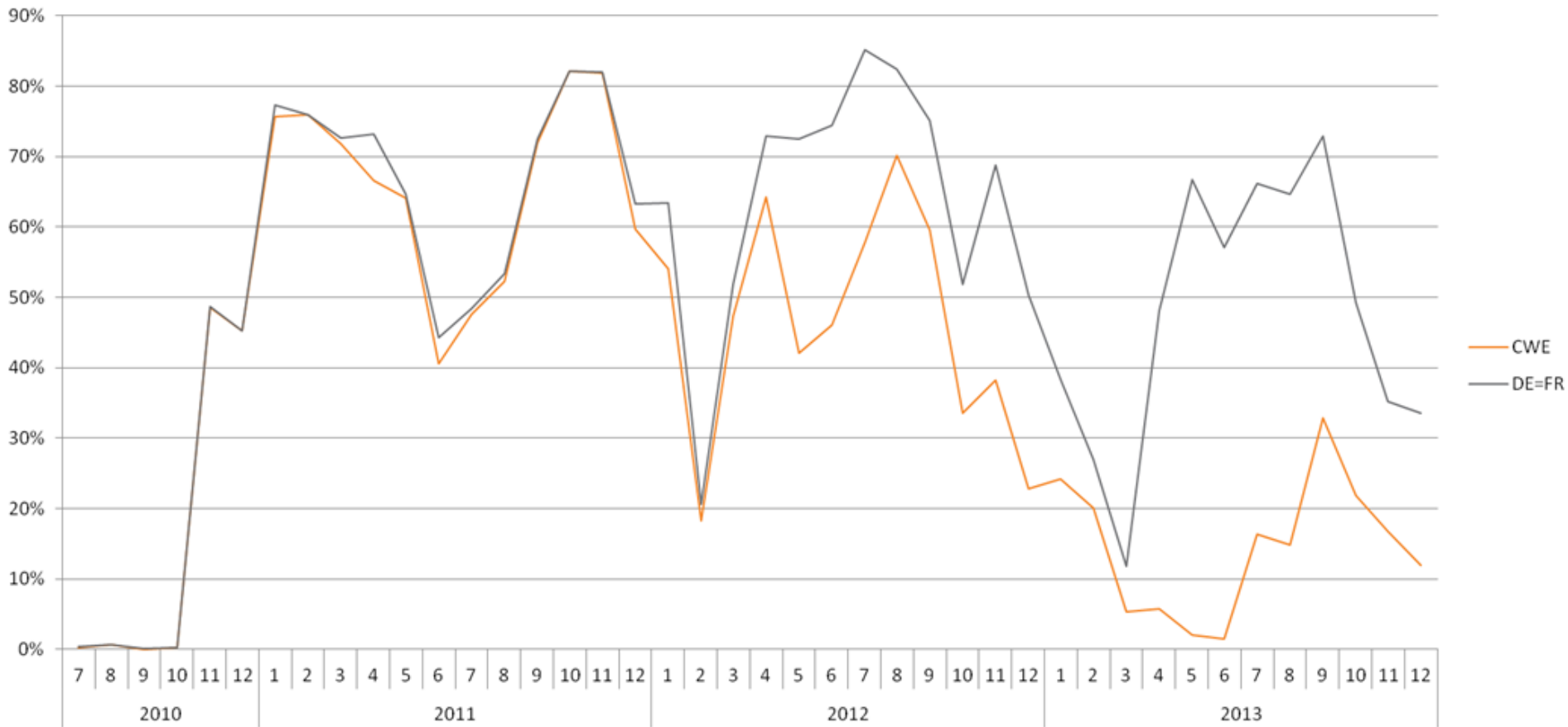
**Higher security of supply through market integration  
and no longer depending on the individual country**

Source: EPEX SPOT

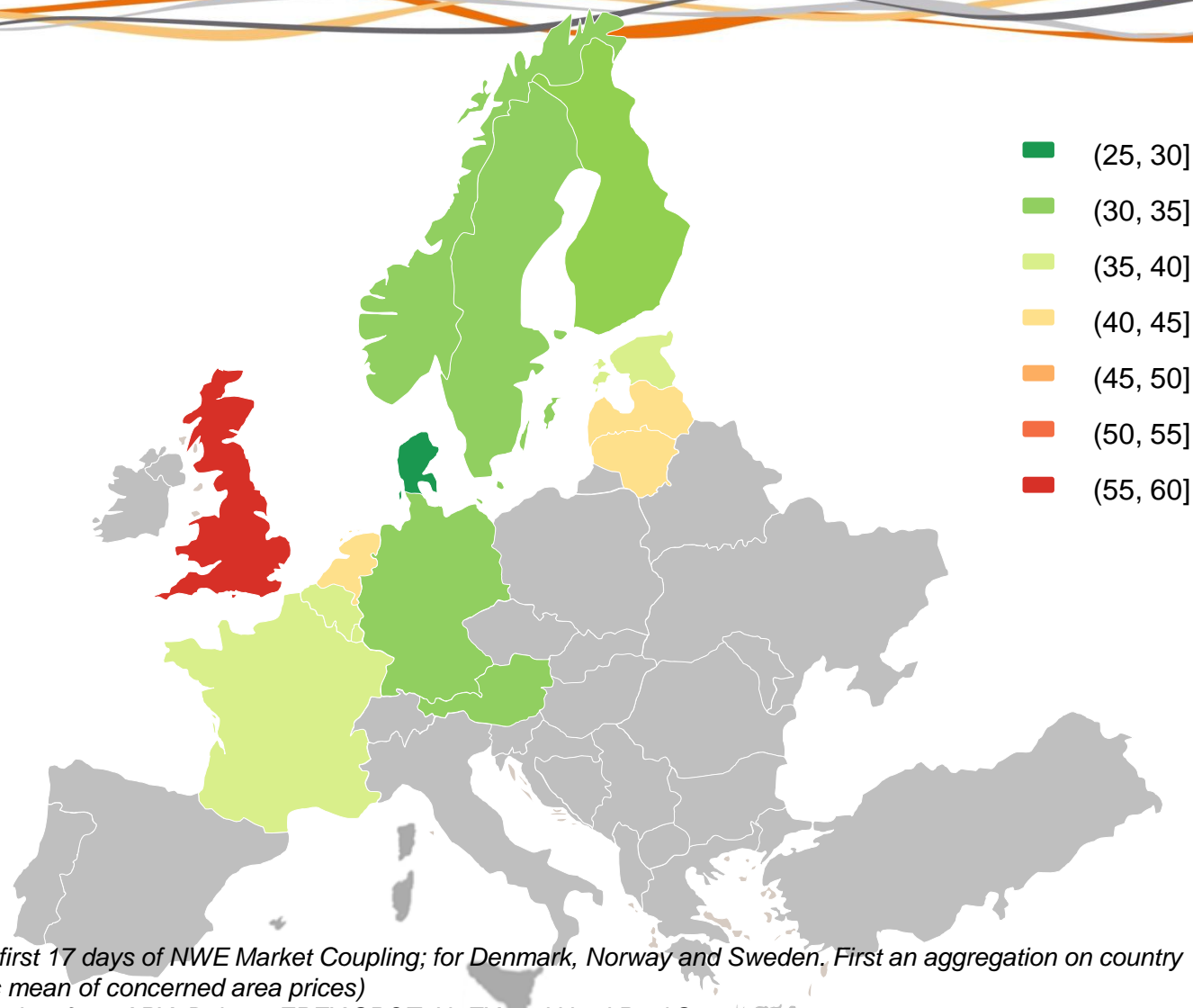




**Monthly Convergence Data for CWE area and FR-DE border**



Area	Average MCP
Denmark	€ 28.64
Norway	€ 30.58
Sweden	€ 30.69
Germany	€ 32.53
Finland	€ 34.53
Estonia	€ 35.63
Belgium	€ 38.64
France	€ 38.64
Latvia	€ 43.91
Lithuania	€ 43.93
Netherlands	€ 44.30
Great Britain	€ 55.08



**Note:** arithmetic mean of MCPs for first 17 days of NWE Market Coupling; for Denmark, Norway and Sweden, First an aggregation on country level was performed (again arithmetic mean of concerned area prices)

Source: EPEX calculation based on data from APX, Belpex, EPEX SPOT, N2EX and Nord Pool Spot

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**POWER FOR TODAY.  
POWER FOR TOMORROW.**

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	Price Base (€/MWh)	Price Peak (€/MWh)	Vol. Day Exc. (MWh)	Vol. Day OTC (MWh)	Vol. Month Exc. (MWh)	Vol. Month OTC (MWh)	Delivery Day
France	36.18	37.22	152,382	–	3,749,105	–	27/07/2013
Germany/Austria (PheIbX)	33.23	32.64	648,244	–	18,672,705	–	27/07/2013
Switzerland (Swissix)	36.03	37.00	57,814	–	1,634,144	–	27/07/2013
ELIX	33.14	33.33	–	–	–	–	27/07/2013

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