

Energy Transition: A Multifaceted Challenge for Europe

High-Level Energy Conference

The impact of the new EU electricity market design: how will the different pieces of the puzzle fit together?

6 December 2016, 9:00 to 13:00, Egmont Palace, Brussels

#ETseries2016

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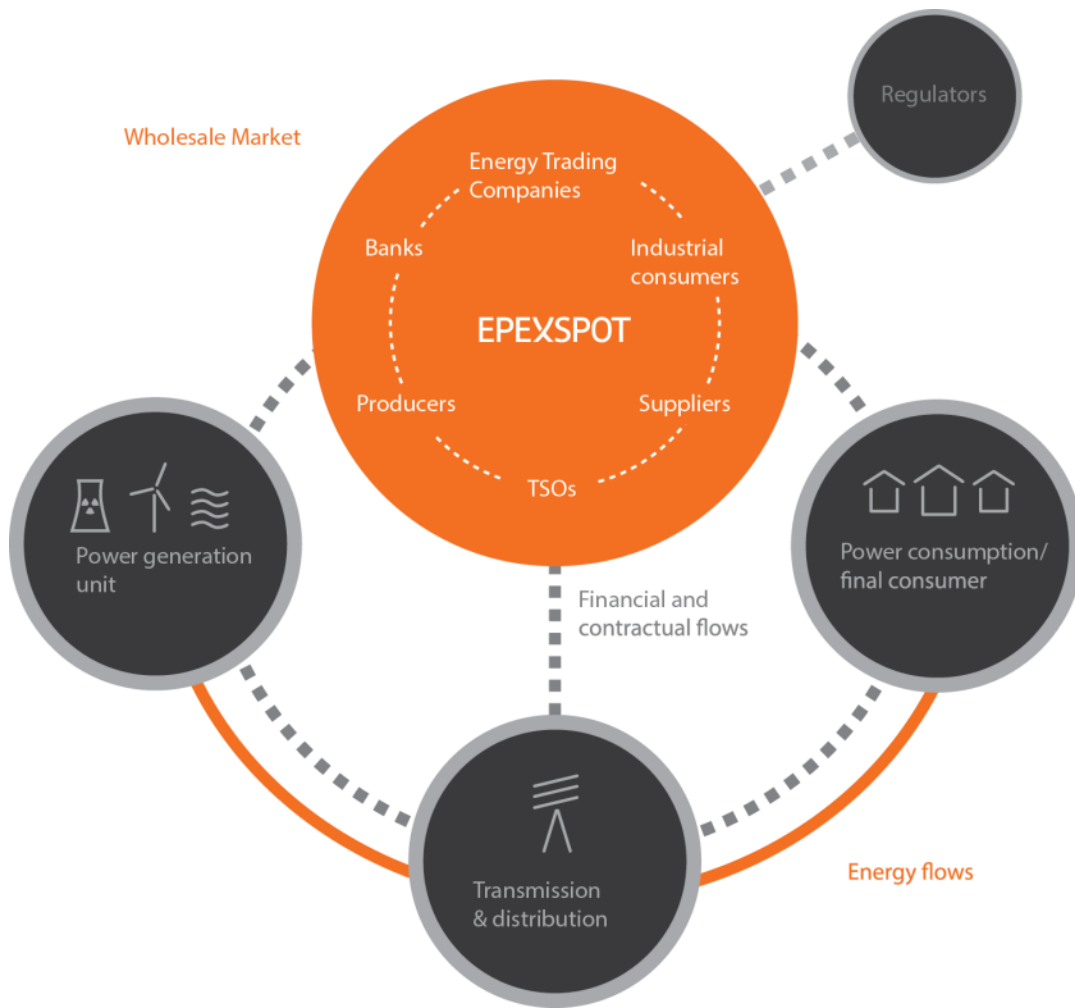
Looking beyond – how to enhance the integration of national markets and consumers in the electricity market?

High-Level Energy Conference on the new EU electricity market design

Dr. Wolfram Vogel
Director Public & Regulatory Affairs

Brussels, 06 December 2016

The organised market: principles



- Access to an anonymous market
- Level playing field between members
- Financial guarantees through the Clearing House
- Calculation and publication of transparent and fair price references

EPEX SPOT Markets

The widest range of operation and services in Europe, covering today 50% of power consumption

■ Current own markets

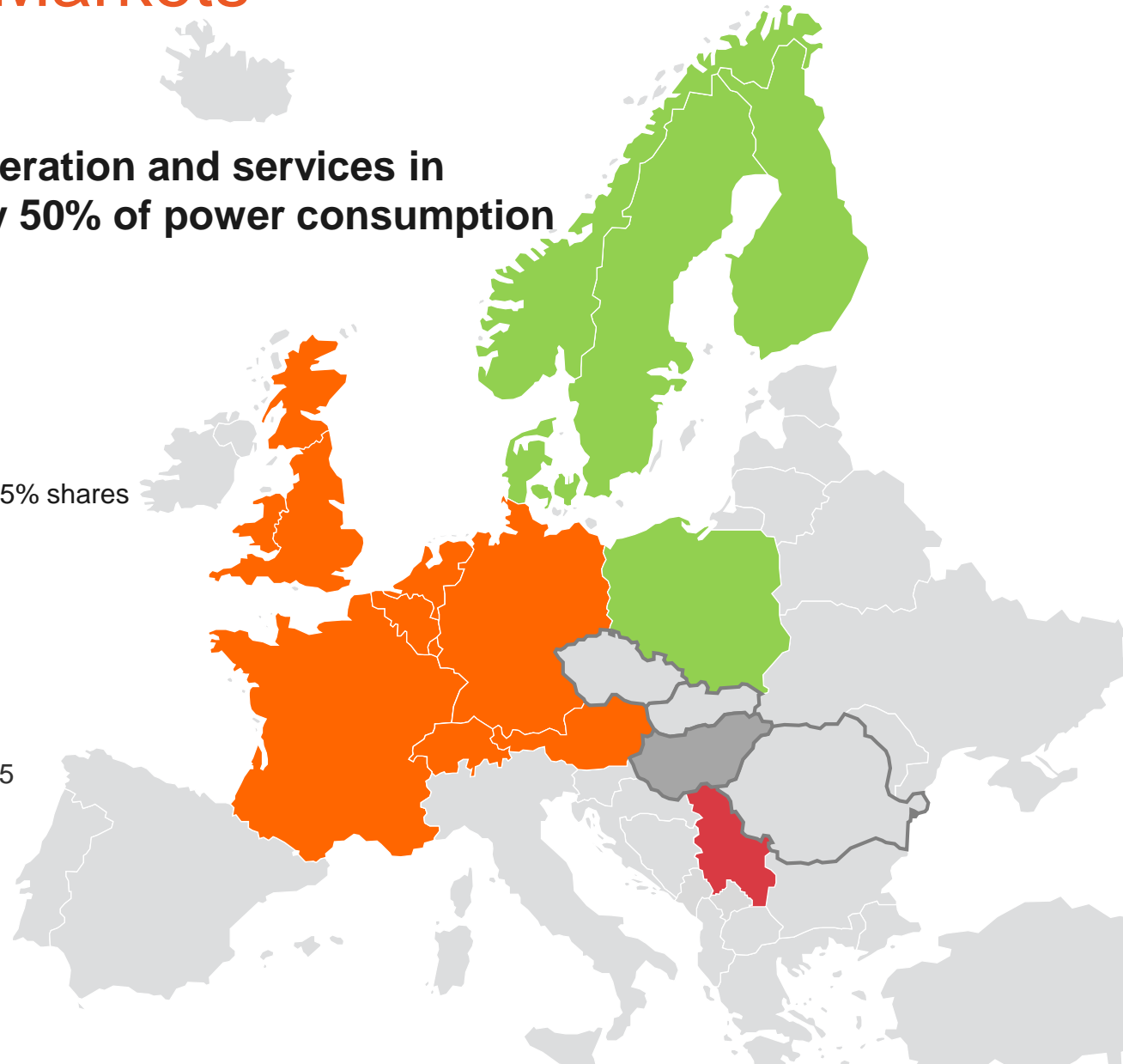
■ Market expansion

■ Market operation services and 25% shares

■ Market operation services

□ Market coupling services

- Over 275 Exchange Members
- 566 TWh of traded volume in 2015



Market review 2015: Volumes and delivery zones

DE/AT/LU: 302 TWh ↗



Thereof intraday: 37 TWh

Share in consumption: 52%

Delivery zones: 50Hertz, Amprion, APG, TenneT, TransnetBW

FR: 110 TWh ↑



Thereof intraday: 4 TWh

Share in consumption: 23%

Delivery zones: RTE

NL: 44 TWh →

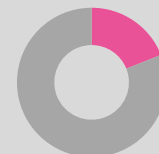


Thereof intraday: 1 TWh

Share in consumption: 39%

Delivery zones: TenneT

UK: 62 TWh ↑



Thereof intraday: 15 TWh

Share in consumption: 19%

Delivery zones: National Grid

BE: 24 TWh ↗



Thereof intraday: 1 TWh

Share in consumption: 28%

Delivery zones: Elia

CH: 24 TWh ↗



Thereof intraday: 1 TWh

Share in consumption: 38%

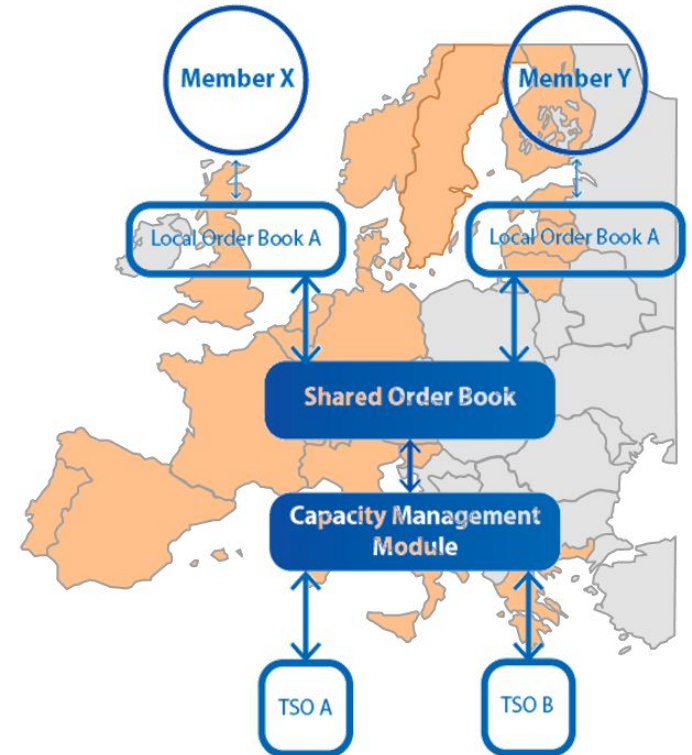
Delivery zones: Swissgrid

Two « Target Models » for market integration, now set in the EU Law

Day-Ahead Market Coupling



Intraday Market Coupling



Day-Ahead Market Coupling

Towards the Energy Union

- Multi Regional Coupling (MRC) is a day-ahead price coupling now covering **85% of European electricity demand**
- So far a voluntary cooperation between PXs and TSOs
- PXs operate the core market coupling processes through the “PCR” cooperation



PCR EVOLUTIONS

NWE, Baltic	Feb 2014
SWE	May 2014
Italy, Slovenia	Feb 2015
Switzerland	Technically feasible
CZ, SK, HU, RO	Separate PCR solution, end 2014
Austria-Slovenia	July 2016

Intraday Market Coupling

XBID & Local Implementation Projects

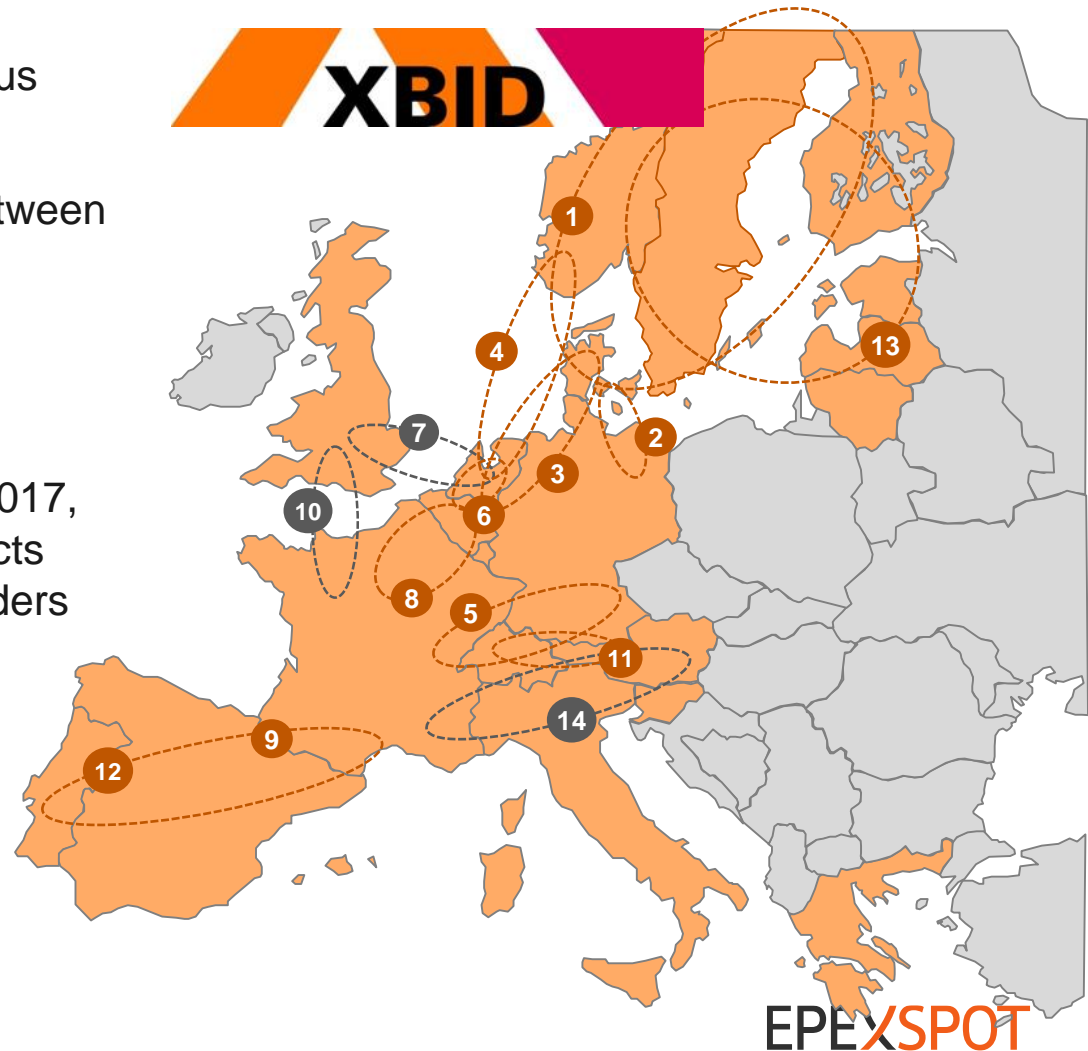
- XBID is a mechanism of continuous cross-border intraday trading
- So far a voluntary cooperation between PXs and TSOs
- PXs contract the XBID system to Deutsche Börse AG
- XBID is expected to go-live end 2017, while Local Implementation Projects (“LIPs”) set-up XBID on each borders



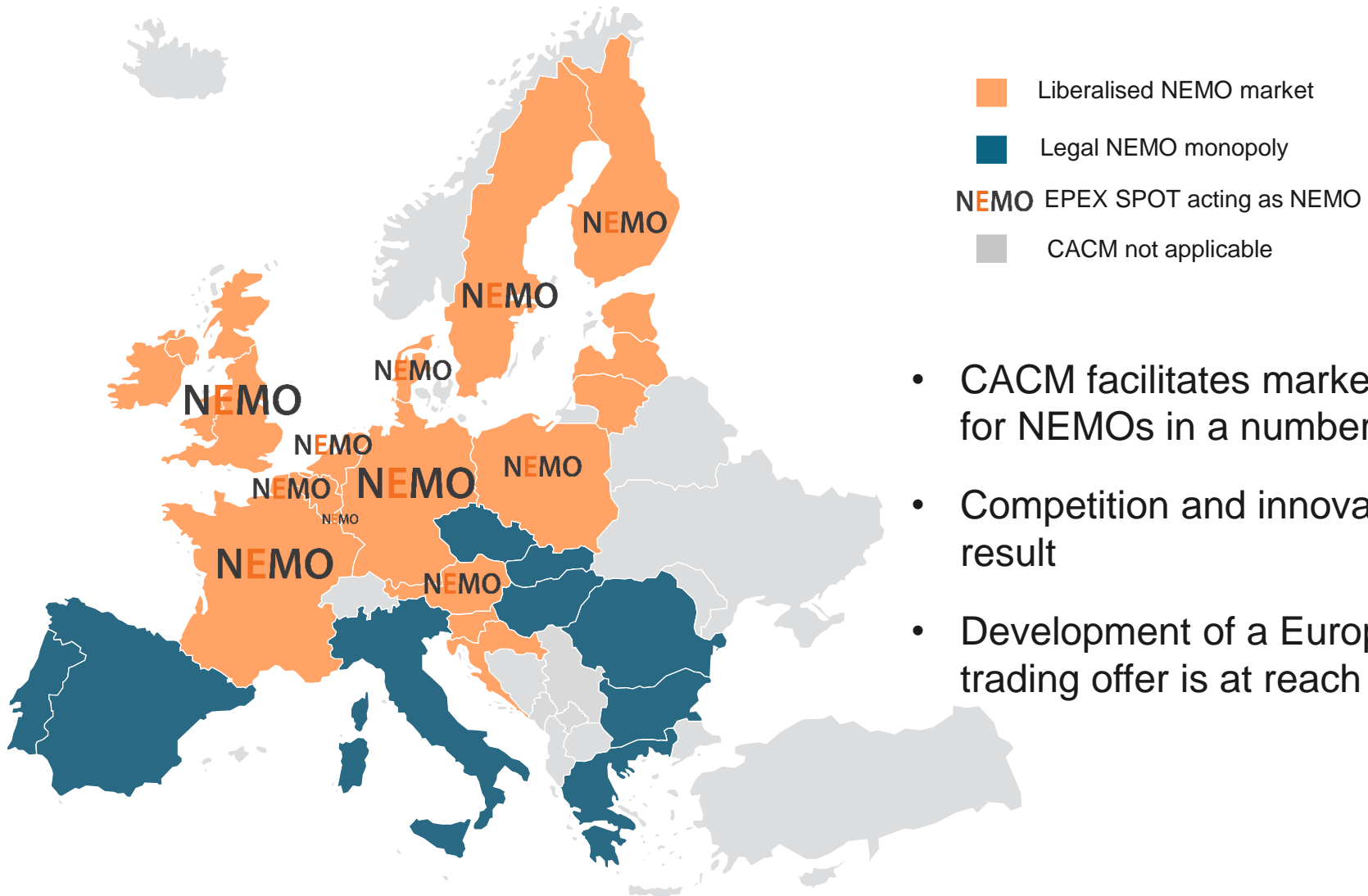
1st go-live wave LIP



2nd go-live wave LIP



A wider scope for integrated markets development and competition



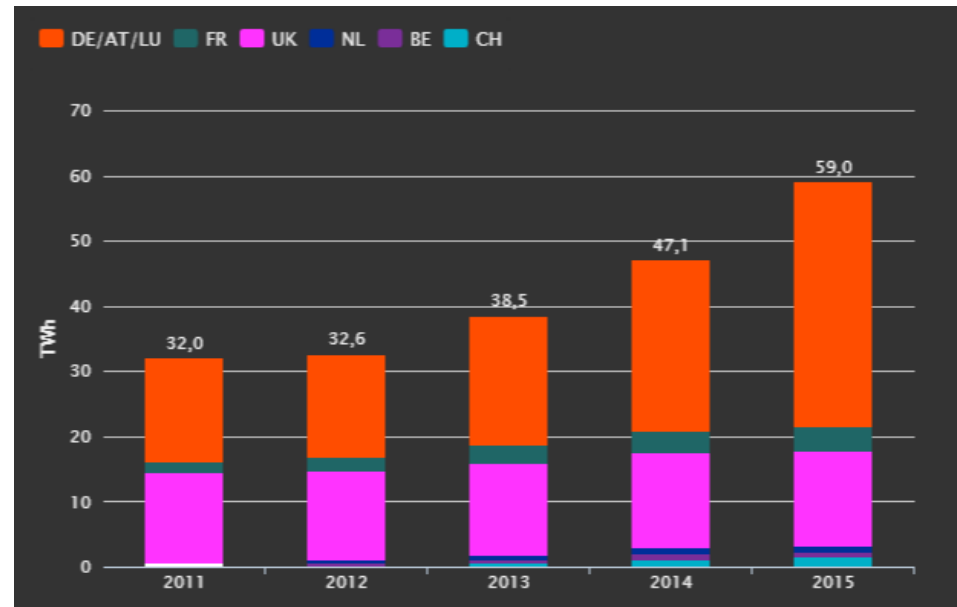
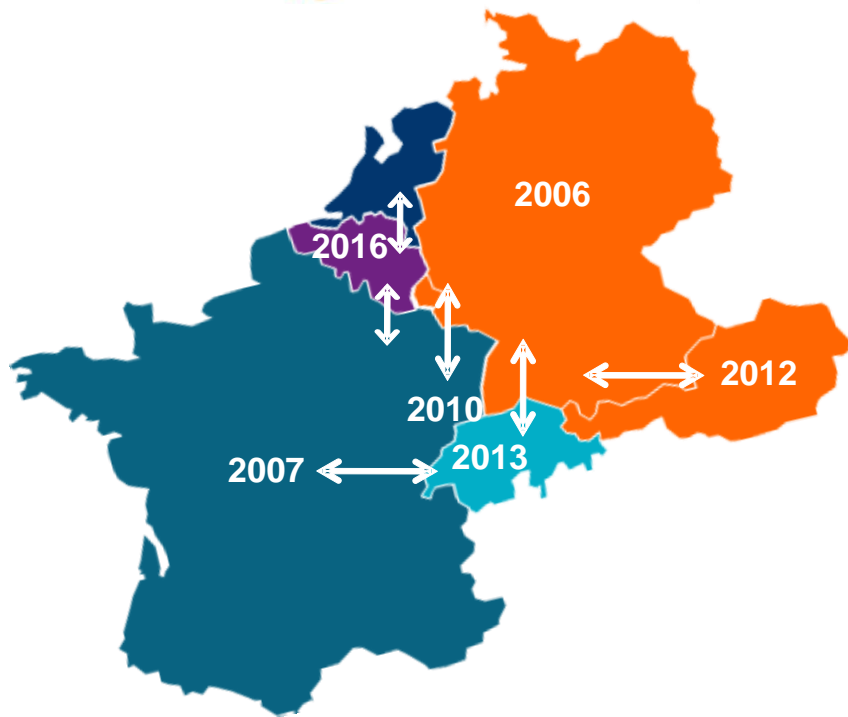
- CACM facilitates market entry for NEMOs in a number of hubs
- Competition and innovation as a result
- Development of a European trading offer is at reach

CACM partially set the rules for a more efficient CACM

- ✓ Clearer governance between TSOs and PXs (or “NEMOs”)
- ✓ Recognition of PCR and XBID as the EU Target Models
- ✓ Competition facilitated for NEMOs

- ? Financing of market coupling is uncertain
- ? Compatibility between national regulatory decisions
- ? Room for innovation aside the EU Target Models

Value your flexibility : EPEX integrated and most liquid Intraday market

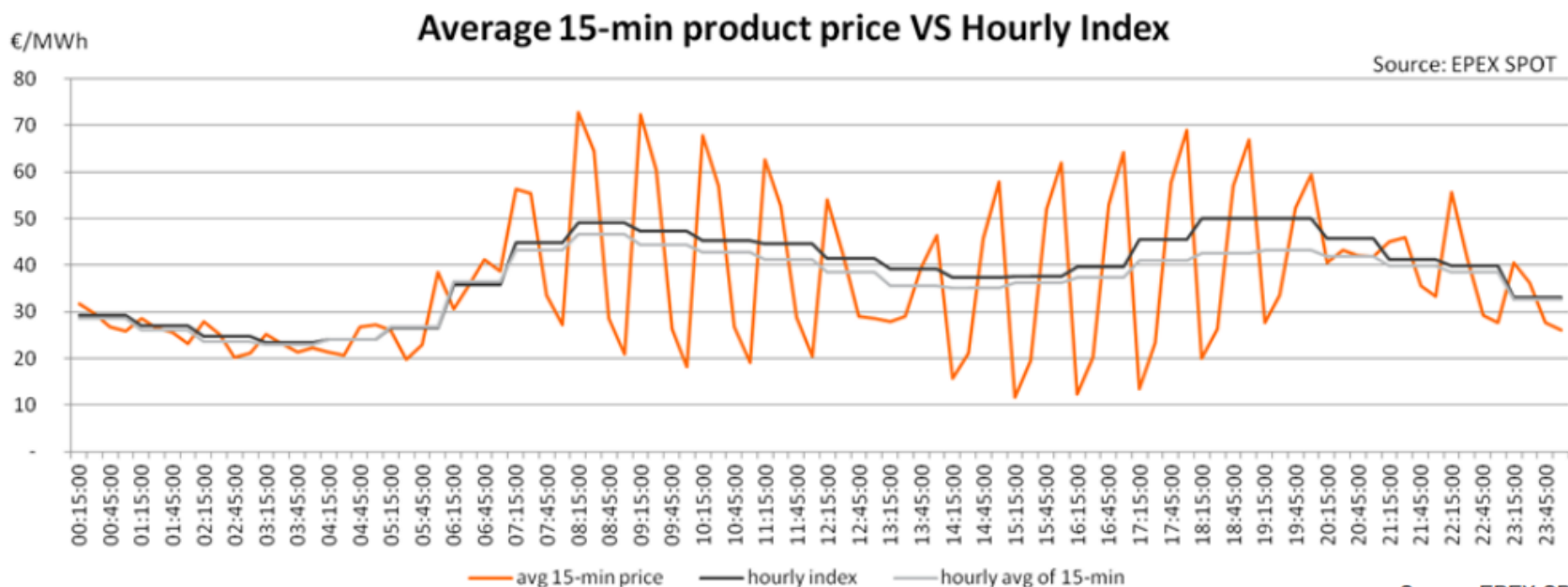


Years represent the launch of the respective market and / or cross-border trading solution

What is flexibility? Is there a value for flexibility on the Intraday market?

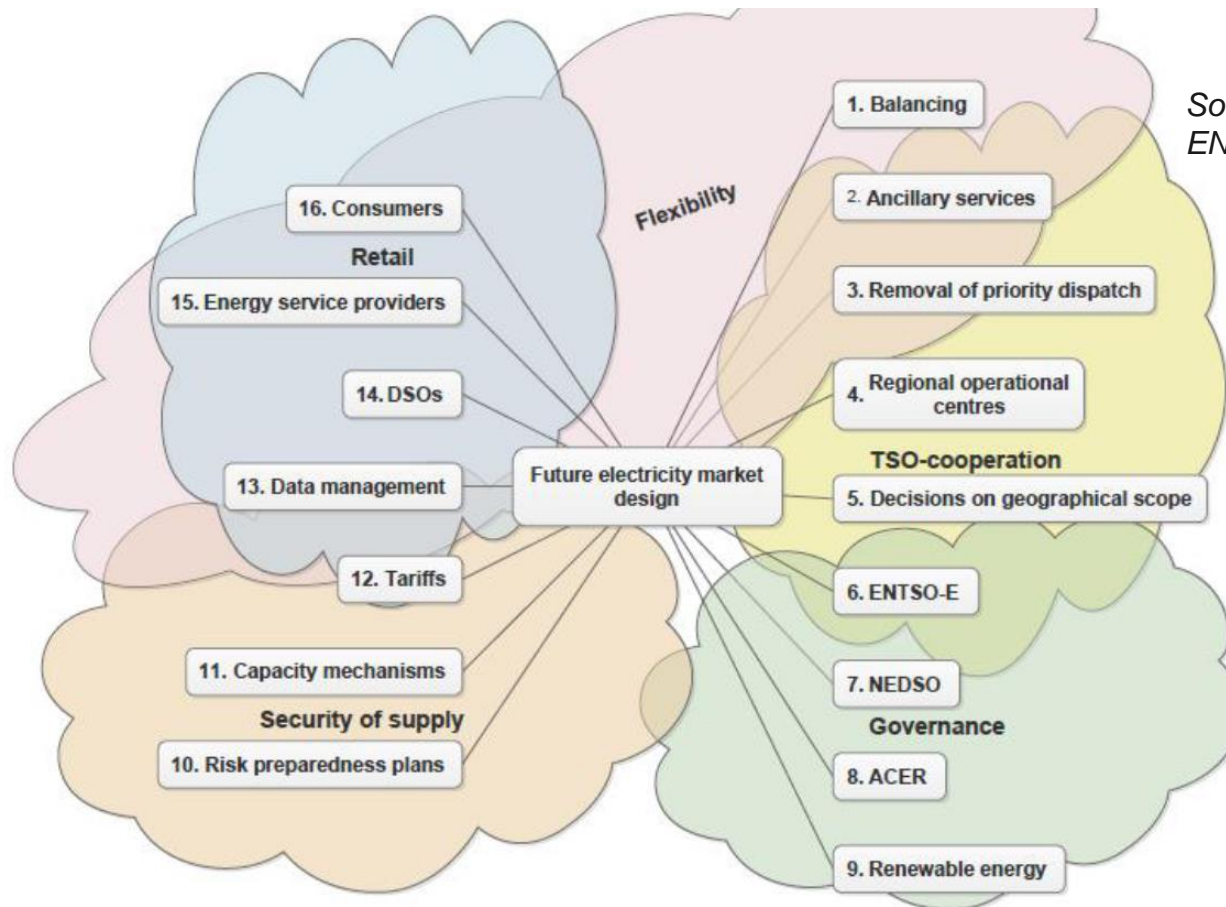
System level → « Ability of the system to accommodate increasing levels of uncertainty while maintaining satisfactory levels of performance »

Ressource level → « Ability of a ressource to start-up quickly and adjust load output to changing market conditions »



Source: EPEX SPOT

EU “winter package” on Energy Market Design



Sources:
ENTSO-E / EU Commission



EPEX SPOT welcomes

- Reinforcement of competitive energy markets, non-discriminatory and market-based
- Focus on short-term markets – harmonized trading principles and gate closure times
- Reliable price signals – no regulated price caps enabling scarcity pricing

Thank you for your attention!

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