

EPEX SPOT

Power for Today. Power for Tomorrow.

NordREG Seminar Wholesale and Transmission Developments
19 November 2021

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EPEX SPOT at a glance

20+ nationalities in staff

300+ members

7 European shareholders

615 TWh traded in 2020

51% private, 49% TSOs

on all spot markets

13 markets, 21 borders

Largest Intraday market in Europe

market-coupled

with 111 TWh traded in 2020

Markets covered under the roof of the Clearing House **› ecc**

 Current EPEX SPOT markets

 Coming soon

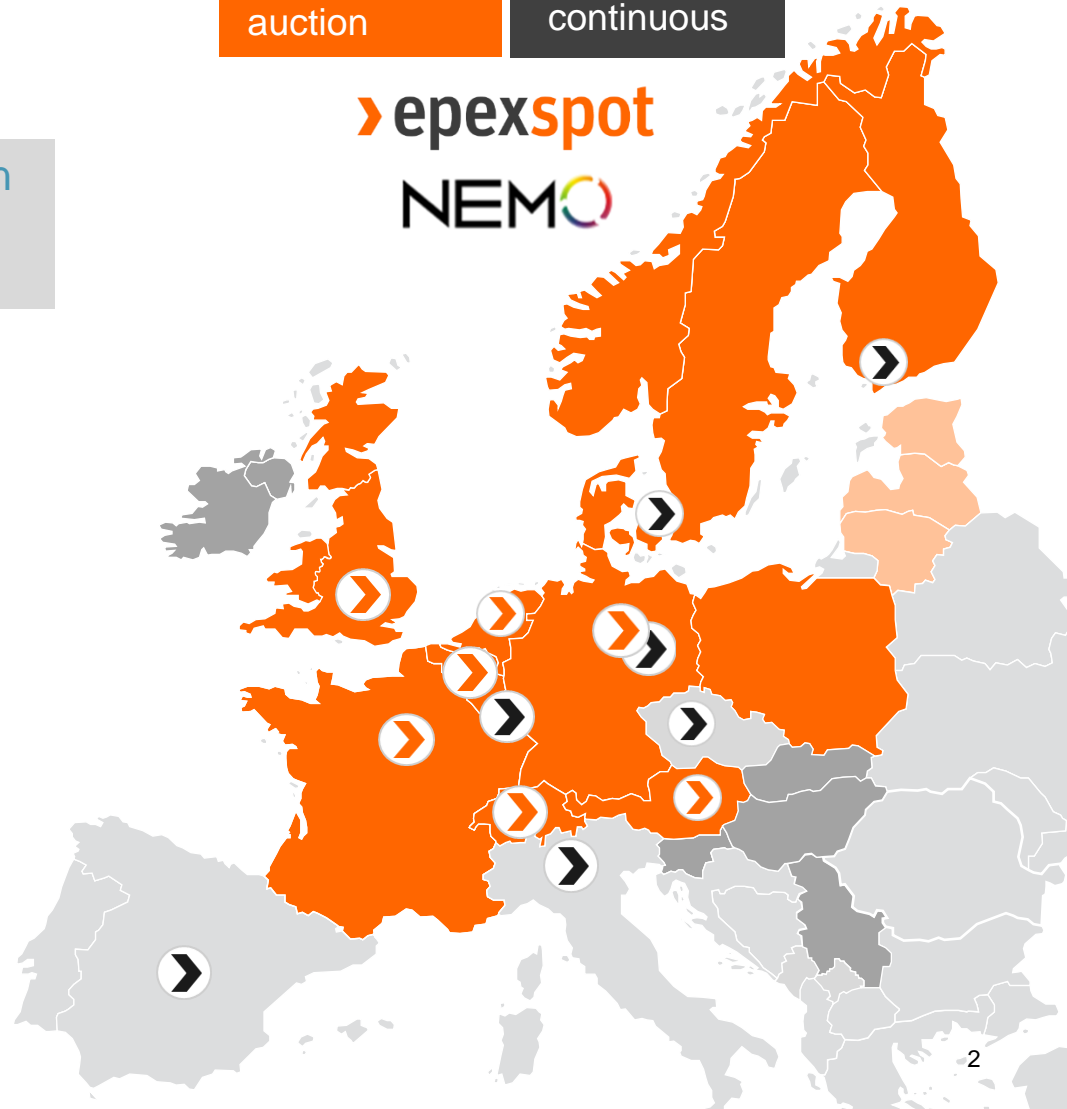
 Serviced Power Exchanges

 Local EPEX / EEX Group offices

SDAC 12:00
Day-Ahead
auction

SIDC
Intraday
continuous

› epexspot
NEMO

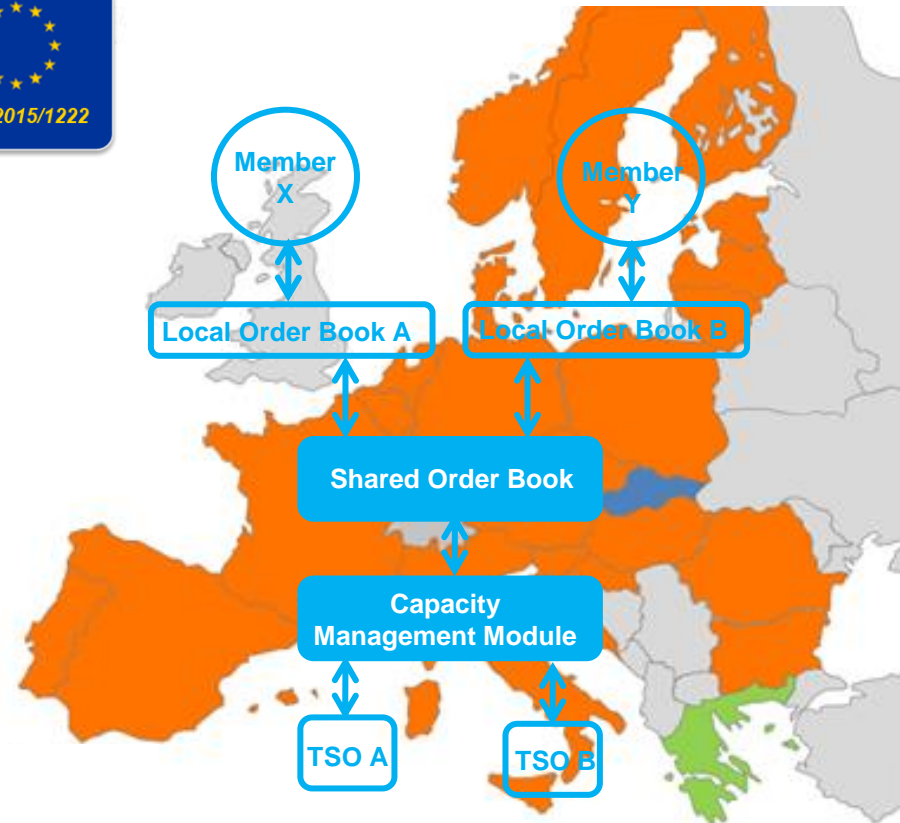


Two Target Models for market integration, set in the EU Law and today operational

Single Day-Ahead Coupling (SDAC)

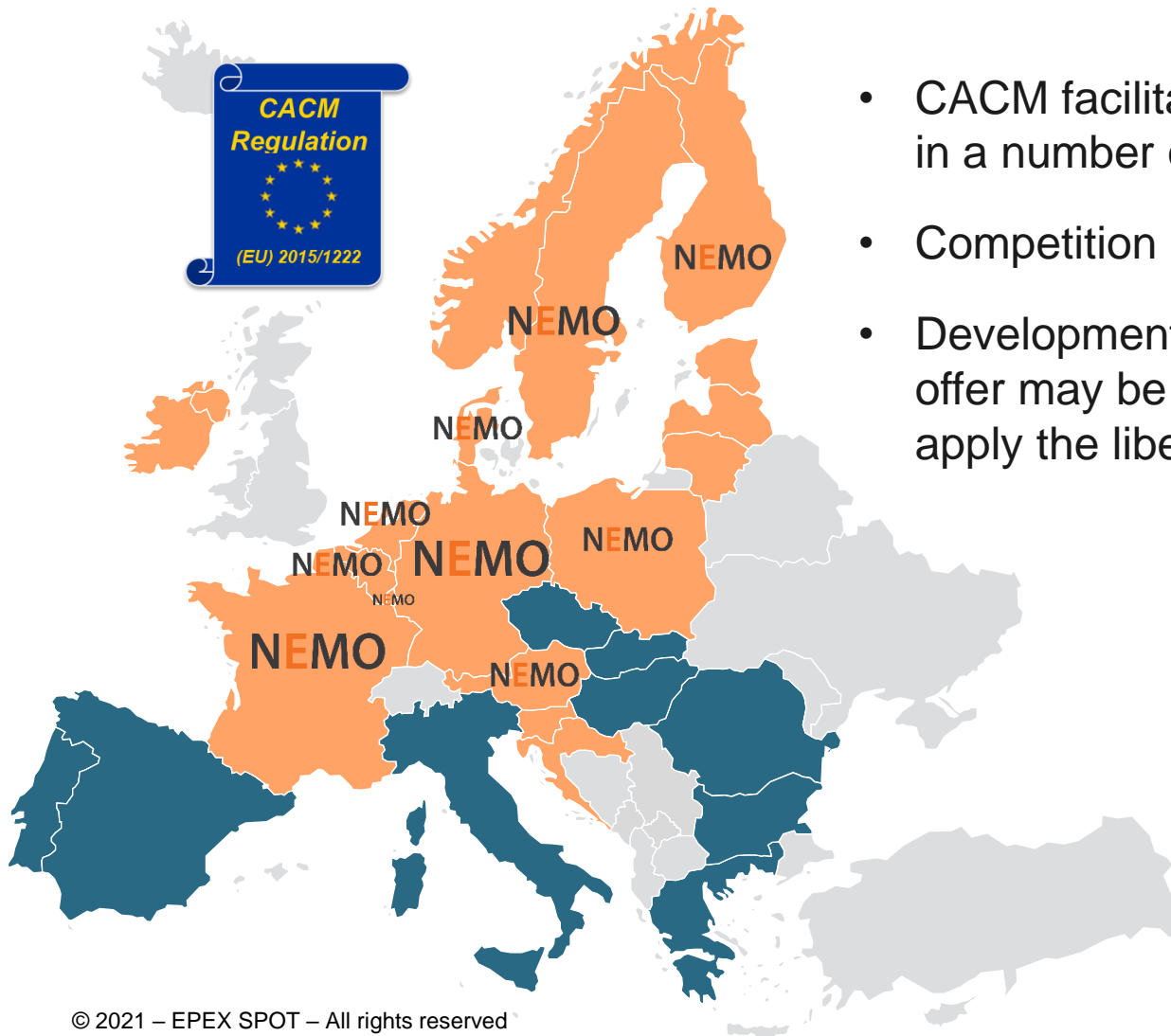


Single Intraday Coupling (SIDC)



Source: Entsoe, NEMO Committee

A wider (but not yet complete...) scope for integrated & competitive markets



- CACM facilitates market entry for NEMOs in a number of hubs
- Competition and innovation as a result
- Development of a pan-European trading offer may be at reach – once all countries apply the liberalised NEMO model

- Liberalised NEMO market
- Legal NEMO monopoly
- NEMO** EPEX SPOT operating as NEMO
- CACM not applicable

Day-Ahead Multi-NEMO Arrangements (MNA): Securing a robust reference price formation

MNA in a nutshell

Allows more than one spot Exchange to operate within a hub while:

- Maintaining **full efficiency of implicit capacity allocation**
- Keeping a **single price reference** per congested hub
- Providing choice to market participants of their **preferred trading platform**

—
Effective in GB since 2014

Launched in CWE in July 2019

Launched in the Nordics in June 2020

Launched in Poland in February 2021



Bringing more liquidity to the Nordic markets

On 26 May 2020, **EPEX SPOT launched its Intraday continuous offer** in Denmark, Finland, Norway and Sweden

It was followed by the **launch of the Day-Ahead auction offer** on 03 June 2020

A new power spot offer in the Nordics for:

- › A sustained regional wholesale market activity
- › Spurred trading innovations

Day-Ahead
25+ TWh
traded to date in
the Nordics

Intraday
4+ TWh
traded to date in
the Nordics

*+30% total Nordic
liquidity in 1st MNA year*

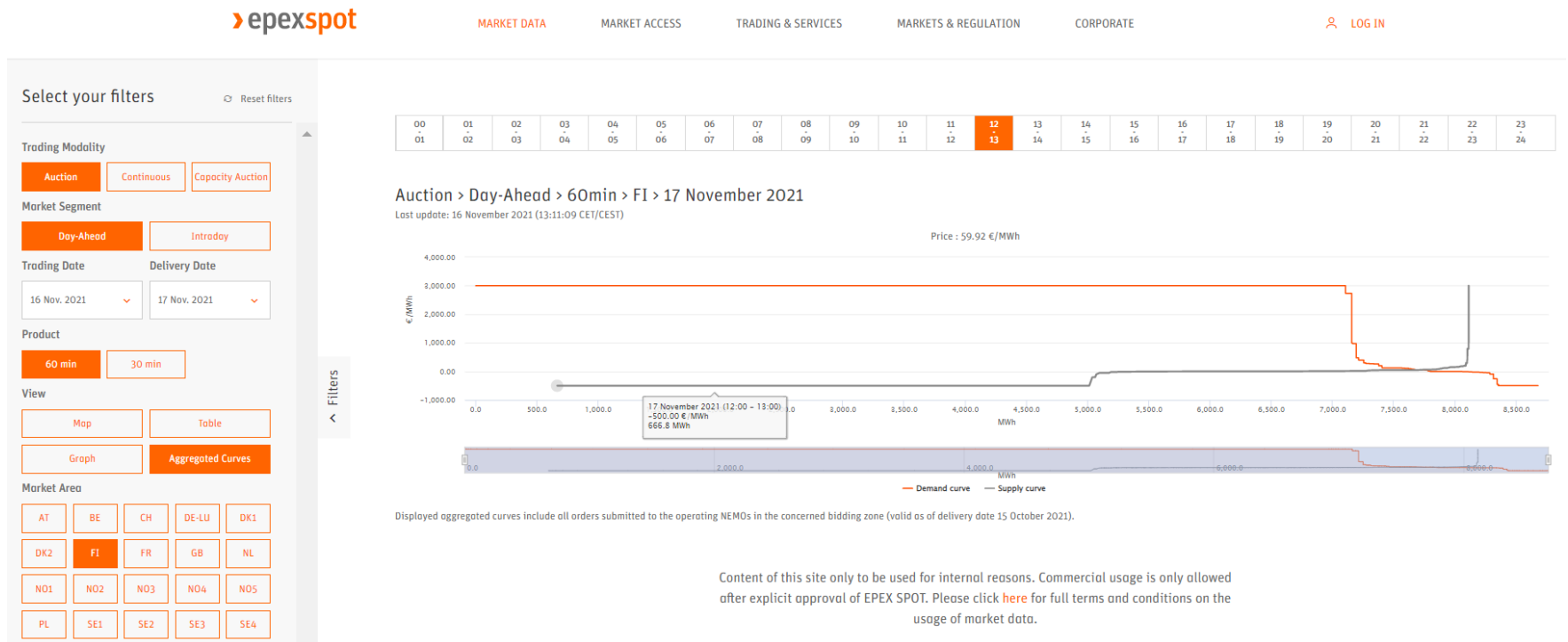
Single robust Day-Ahead price is fully preserved

—
Based on the Nordic Multi-NEMO Arrangements,
a single regional Day-Ahead price is always secured amongst all NEMOs

Competition benefits

—
Overall strengthening of liquidity & transparency
Further development of API trading
Product design innovation dynamic

Further market transparency with aggregated curves



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Aggregated curves transparency extended to the Nordics

All-NEMO

Unchanged

All-NEMO



EPEX only



+ IDAs

Products and trading modalities evolutions for more flexible markets

CHALLENGES



SHORT-TERM OPTIMIZATION NEEDS (DEMAND RESPONSE)



BOOMING REN USING FREQUENT WEATHER FORECASTS UPDATES



LOCAL NEEDS & CONGESTION



DIVERSIFIED MODALITIES

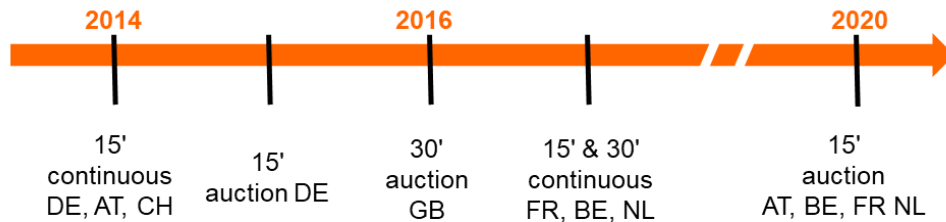


SMALLER GRANULARITIES

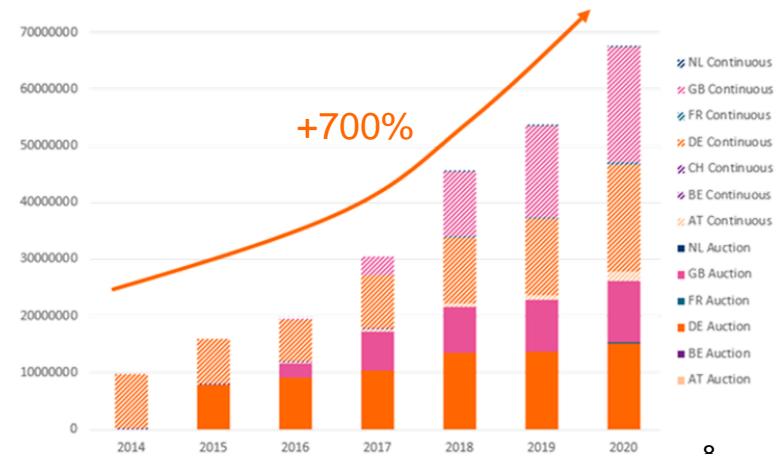
Before: Intraday continuous only
Today: Complemented by Intraday Auctions

Adapt contracts to market needs
60mn, 30mn and 15mn contracts

EPEX SPOT 15' & 30' products introduction



EPEX stands ready to support 15' MTU in the Nordics

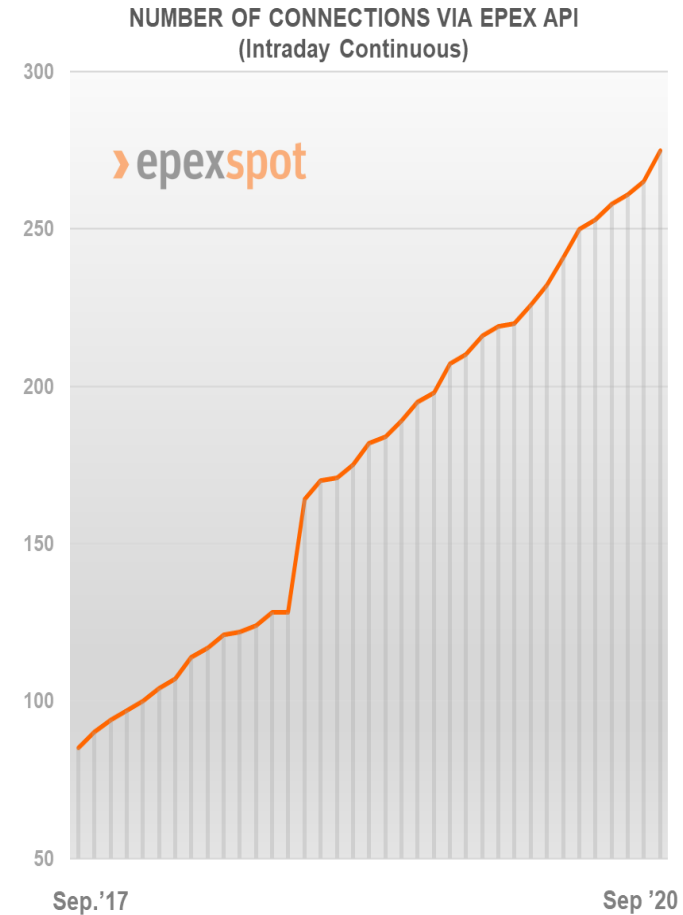
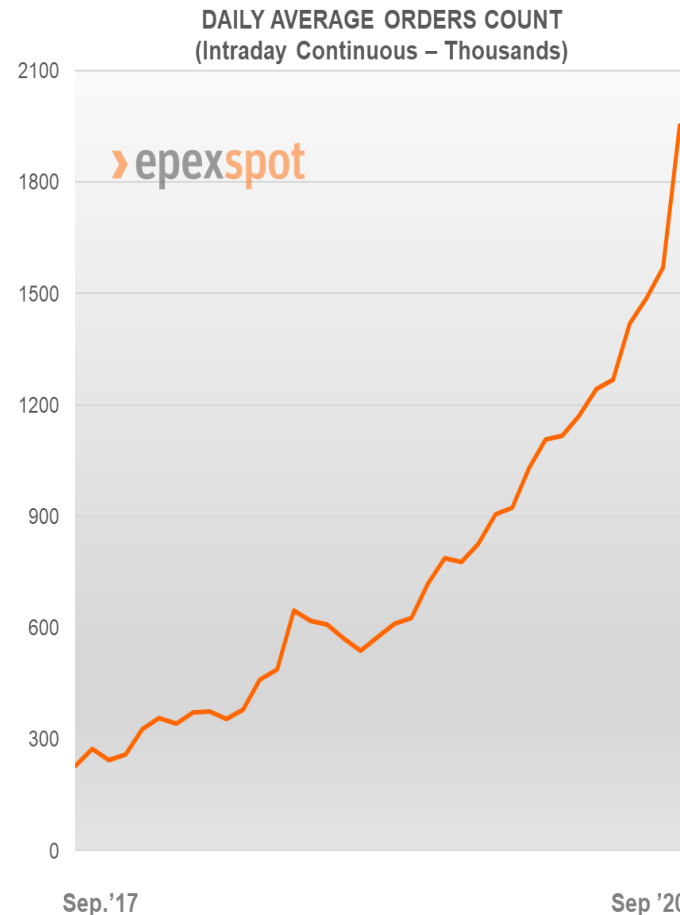


Digitalization of trading enables the management of faster-moving markets

Automation helps coping with faster, closer-to-delivery trading

Solutions better fit to an increased number of tradable contracts

Matching performance and robustness to load are key



CACM 2.0: ACER's proposals put at risk innovation and market coupling implementation

- **ACER MCO Governance options:**
 - **Fail to address the real challenges** leading to project delays (e.g. national requirements, no clarity on financing, multiplicity of projects)
 - **Create additional operational risks**, e.g. single points of failure
 - **Come with high transition costs**, diverting resources away from current projects and introducing additional intermediaries for MPs
- **ACER market design proposals** (e.g. GOT/GCT, ban on organised trading outside of SIDC-SDAC) would **prevent critical market developments**

Most ACER's proposals lack a sound rationale, impact assessment and cost-benefit analysis

Nordic electricity market design to drive achievement of climate goals



Competitive, non-discriminatory and liquid energy markets with free price formation are the most efficient basis for market integration of growing share of RES



Cooperation and harmonization of market design avoids patchwork of stand-alone solutions at best or conflicting market mechanisms in the worst-case scenario



The integration of (demand side) flexibility and smaller distributed energy resources is key to foster sector integration and expand RES – local flexibility markets as implemented by EPEX SPOT are a promising way forward

Competitive power spot markets accelerate innovation & allow meeting more business needs



**PAN-EUROPEAN
MARKET COUPLING**



**HIGH PERFORMANCE
& DIGITAL EXPERIENCE**



**MARKET DESIGN
INNOVATIONS**

Thank you for your attention.

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