

PRESS RELEASE

”Markets have to mirror physics” – 1st EPEX Power Market Summit held in Brussels

European Commission to strengthen wholesale markets and increase general flexibility of power markets

Brussels / Paris, 17 October 2016. On 5 and 6 October EPEX SPOT organised the 1st European Power Market Summit (“EPEX Summit”) in Brussels, in cooperation with the Florence School of Regulation. More than 140 high-level stakeholders of the European energy market attended the event: producers, suppliers, transmission system operators (TSOs), market parties and regulatory authorities. Participants discussed on various panels current and future developments “Towards a common vision for European electricity markets”, so the title of the EPEX Summit.

In his keynote speech **Christophe Gence-Creux**, Head of the Electricity Department of the European Agency for the Cooperation of Energy Regulators (ACER), underlined the need to progress with the Internal Energy Market. He called for a change in the current paradigm according to which cross-border trade could only get the ‘left-overs’ of the TSOs’ network security assessments. Limiting the possibilities of cross-border trade is not compatible with the objective to create a truly integrated European electricity market. “We are in a situation where, in some regions, the space for competition inside the bidding zones is unduly expanded at the expense of the space for competition between bidding zones”, Gence-Creux pointed out.

Bente Hagem, Chair of the Board of ENTSO-E and Executive Vice President at Statnett, stressed the importance to improve markets continuously, for example through dynamic pricing and possibly within-the-day implicit auctions. While “markets have to mirror physics”, a stable regulatory framework is needed.

Juan José Alba Rios, Chair of Eurelectric Markets Committee and Vice President Regulatory Affairs at Endesa, took a stance regarding larger market design, also taking into account the end consumer. He underlined that the transition of the energy system must be realised in a cost-efficient manner and should let consumers reap the benefits.

Concerning the time frames power market design is contingent on, **Domenico De Luca** provided valuable insights into “the folly of forecasting” prices and market developments. The CEO of AXPO Trading AG pointed to the tendency to use the last few years as a sample to design the markets of the next decade and recommended political decision-makers to avoid this “myopic bias”.

The Deputy Head of Unit Internal Market from the Directorate General of the European Commission, **Oliver Koch**, explained what can be expected in the upcoming “Winter Package”. The revised legal framework foresees a sustainable reinforcement of short-term

markets as well as strengthening the price signal by allowing prices to show the real value of electricity. He also stressed the importance of regional cooperation for a more cost-efficient integration of renewable energy into the system.

Another session was dedicated to the digital transformation and its impact on power markets and data management. **Andreas Bader**, Vice President Shift Trading & Market Access at Statkraft, gave a view from the trading floor on digitalisation and the challenge to handle even bigger amounts of data. “Algorithmic trading will grow in intraday markets. Therefore, IT systems of exchanges need to cope with greater volume and higher frequency of trading activity”, he stated.

In his closing remarks, **Jean-François Conil-Lacoste**, Chairman of the EPEX SPOT Management Board, stressed the key role of flexible intraday markets to ensure energy security and competitiveness, especially with a strong growth of intermittent renewable energy sources.

“We are proud to have hosted the first European Power Market Summit in Brussels. The high attendance and intense debates testify the common interest of the energy sector in European wholesale electricity markets which enable secure, competitive and sustainable electricity systems”, Conil-Lacoste concluded.

The programme of the Summit as well as the presentation of the speakers can be found here:

http://www.epexspot.com/en/company-info/European_Power_Market_Summit

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European Power Exchange EPEX SPOT SE and its affiliates operate physical short-term electricity markets in Central Western Europe and the United Kingdom. The creation of a pan-European power market is what defines EPEX SPOT's mission. In 2015, its 280 members traded 566 TWh – a third of the domestic consumption in the eight countries covered. 49% of its equity is held by HGRT, a holding of transmission system operators. EPEX SPOT is part of EEX Group. For more information, please visit www.epexspot.com.

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