

Enera on the way from a showcase to a real market Exchange Council informed about details of the market incident on 7 June

Leipzig / Paris, 28 June 2019. At the quarterly meeting of the EPEX SPOT Exchange Council, the members started off the discussion with an update on the Enera market pilot. Following the smooth [launch on 4 February 2019](#), activity on the market has increased. Two out of the three regional System Operators joined recently along with new flexibility providers, and as soon as those new participants become more active, the overall market dynamic is expected to rise. “We have observed a steady increase in orders submitted by market participants. A new peak was reached in May, with over 120 orders submitted in one day. This demonstrates that this showcase is quickly becoming a real market with its proper dynamics” says Jonas Törnquist, Chief Operating Officer of EPEX SPOT.

Assessment of nodal system

The members also discussed a study recently conducted by RTE, on the functioning and potential impacts of a nodal system, since this architecture is sometimes discussed for the European power market. Nodal market models are based on zones defined by the nodes in a region of the electricity network, whereas coupled zonal markets work with large bidding zones and high liquidity. At this stage, the study states that despite some theoretical advantages for the short-term dispatch signal, the overall benefits of a centralised nodal system in a decentralised European-wide setting, with a high level of grid flexibility and an increasing share of distributed resources and storage, are not established. The Exchange Council members also debated the computational challenges of the nodal system in a regional or national context of simple offers and a static regional network. They clearly came to the conclusion that coupled zonal markets are more adapted to manage a larger interconnected European market and its complexity. A zonal model can efficiently tackle the

challenges posed by grid dynamics, constraints and the demands of a flexible network, especially when complemented with solutions such as the Enera market concept.

Day-Ahead market incident on 7 June 2019

The Exchange Council was also informed about the Day-Ahead market incident on 7 June 2019, where the EPEX SPOT Day-Ahead markets were affected by an incident leading to partial decoupling of the Multi-Regional Coupling and to further technical issues on the local auctions run on all EPEX SPOT markets. The chain of events was triggered by the unintentional submission by a market participant of an order not supported by the EPEX Trading System (ETS). This led to several consecutive server locks, meaning in turn that the deadlines for orderbook submission according to procedures of the Price Coupling of Regions couldn't be met by EPEX SPOT. Local auctions were run on all EPEX SPOT markets. A manual workaround was put in place to overcome the server locks experienced in the morning. However, this led to a technical issue with the publication of erroneous market results, based on an incomplete order book. The Exchange then cancelled these results, ran calculations again and published prices at 15h38. "This market incident affected all trading members, and it is absolutely important for us to fully understand in detail what has happened" says Bernhard Walter, Chairman of the Exchange Council. "Furthermore, it is now vital that processes are thoroughly evaluated and improved where needed. In more and more coupled markets, it is clear that systems are under increased stress and this must be coped with", he added. To permanently remedy the underlying root cause, ETS system updates have been deployed on the same day, in order to secure the ongoing robustness of the trading system for upcoming auctions. EPEX SPOT markets have been running smoothly since.

The second Exchange Council meeting of 2019 was held on 26 June 2019 in Leipzig.

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The Exchange Council of EPEX SPOT is an official body of the Exchange. 26 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 Central Western Europe and the United Kingdom. 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. In 2018, its 289 members traded 567 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. For more information, please visit www.epexspot.com.

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