“Delivering the benefits of efficient wholesale energy markets to European consumers”

EFET and Europex hold joint policy lunch hosted by Martina Werner, MEP

Brussels, 5 December 2017 | On Tuesday 28 November 2017, EFET and Europex held a common policy lunch on “Delivering the benefits of efficient wholesale energy markets to European consumers”, hosted by MEP Martina Werner at the European Parliament in Brussels, Belgium.

The event featured a panel discussion on the Clean Energy for All Europeans Package. Both the host, Martina Werner, MEP, and the special guest speaker Oliver Koch, Deputy Head of Unit, DG ENER, focused their remarks on the central role of electricity wholesale markets. Jérôme Le Page, Manager for European Electricity Markets at EFET, and Rickard Nilsson, Head of the Europex Working Group for Power Markets, completed the panel for the market design discussion, which was moderated by Christian Baer, Europex’ Secretary General.

All panellists highlighted that well-designed, efficient, transparent and fully integrated European wholesale energy markets - both spot and derivative - play a vital role in matching supply and demand in the most efficient way, thereby enabling strong price signals and ensuring local, regional and European security of supply.

Oliver Koch, DG ENER, stressed the need to further open electricity markets and to ensure full market transparency. He highlighted that both flexible capacity as well as storage need to be provided through market-based mechanisms. Indeed, all potential sources of flexibility must compete in all market timeframes. Flexibility should therefore not be regarded as a separate product traded independently from the existing electricity wholesale market.

Acknowledging that the CEP is going in the right direction, Jérôme Le Page, EFET, emphasised that a number of key issues remain to be solved. Among the most important was ensuring a level-playing field between market participants, i.e. the exposure to the same risks and opportunities. For a well-functioning market, it is necessary to apply the same common rules to all market participants equally, including for demand response aggregation, balancing responsibility, standard dispatch and curtailment.

Rickard Nilsson, Europex, underlined that the principle of free price formation needs to be reflected in both wholesale and retail electricity markets. Indeed, long- and short-term markets must go hand in hand to enable producers, suppliers and consumers to hedge their price, basis and volume risks and in fostering the development of liquidity and
price transparency. Furthermore, as more renewable energy is brought to the market, the
necessity of full integration of renewables into the market was highlighted, meaning for
example, that all technologies should be subject to equal balancing responsibility and that
there should be no priority of dispatch.

Christian Baer, Europex’ Secretary General, stressed the need to recognise third-party
market operators in the Electricity Regulation. He noted that this has already been done in
the Balancing Guideline and the Network Code for Emergency & Restoration, while referring
to a recent Europex paper on this issue. He urged the Council and the Parliament to
introduce a formal recognition which would help reflect the status quo and provide legal
certainty to ensure that these operators can continue fulfilling important balancing tasks in
eleven EU/EEA member states.

Finally, a crucial issue highlighted by the panellists was the overly restrictive handling of
cross-zonal capacity made available by the TSOs, which constitutes a significant barrier to
the further integration of wholesale markets in Europe.

In his closing remarks, Oliver Koch, DG ENER, called upon all stakeholders to seize the
opportunity to actively contribute to the on-going work on the Clean Energy Package,
highlighting that the next 6-8 weeks will be crucial before finalising the EP and Council texts
and starting the trilogue.

About EFET

The European Federation of Energy Traders (EFET) promotes competition, transparency
and open access in the European energy sector. EFET builds trust in power and gas
markets across Europe, so that they may underpin a sustainable and secure energy supply
and a competitive economy. EFET currently represent more than 100 energy trading
companies, active in over 27 European countries. For more information: www.efet.org.

About Europex

Europex is a not-for-profit association of European energy exchanges with 27 members. It
represents the interests of exchange-based wholesale electricity, gas and environmental
markets, focuses on developments of the European regulatory framework for wholesale
energy trading and provides a discussion platform at European level.

Contact

Daria Nochevnik, EFET Communication Coordinator
E-mail: d.nochevnik@efet.org
Tel: +32 (0) 484 23 63 73
Twitter: @EFET_Europe