

EFET launches new Task Forces for wholesale electricity and gas markets in the UK and Ireland

The European Federation of Energy Traders (EFET)¹ has launched new Task Forces focusing on the design and operation of the wholesale electricity and gas markets in the UK and Ireland.

Mark Copley, EFET CEO, said: “Energy trade between Great Britain, the island of Ireland and Continental Europe is important to enhancing security of supply, driving cost-effective decarbonisation and delivering benefits to UK and EU consumers. There is much to do over the next year – from making progress on a link between the EU and UK ETS, to developing new electricity trading arrangements across interconnectors and improving competition in wholesale markets. The expertise of EFET member companies, who are active across Europe, will make an important contribution to each of these debates.”

Olaf Islei and Jerome Michel, Chair and Vice-chair of the UK and Ireland Electricity Task Force, summarised the two most pressing issues arising from the recently agreed Trade and Cooperation Agreement and the Brexit process more generally as follows:

- The decoupling of the two UK power exchanges has meant there are now two day-ahead prices within GB. This has reduced liquidity and increased risk – to the detriment of market efficiency. We are keen to work with BEIS and Ofgem to find an enduring solution.
- While the successful negotiation of the TCA by the EU-UK marks an important and welcome milestone, the challenge now lies in designing the processes envisaged in the agreement. This is particularly important in the case of new electricity trading arrangements for all market timeframes – which need to be developed, consulted, discussed, tested and implemented within a short period of time if beneficial for the market.

Sinead Obeng, Vice-chair-elect of the gas Task Force, said: “As we approach COP26 we expect the UK’s net zero policies to become clearer. There will be important joint topics to consider relating to hydrogen, the repurposing of pipeline infrastructure, cross border trading in certificates of renewable and low carbon gases, to name a few. It is also important that we ensure that the GB gas market continues to facilitate liquidity through flexible capacity products and charging methodologies.”

The Chair and Vice-chairs also stressed the opportunity for both the EU and the UK, that they should ‘seriously consider’ linking their Emissions Trading Systems, and expressed their hope that discussions on linking would begin as a matter of urgency.

¹ The European Federation of Energy Traders (EFET) promotes competition, transparency and open access in the European energy sector. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and enable the transition to a carbon neutral economy. We currently represent more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org