

New trading platform boosts EPEX SPOT's Localflex offer

Acquisition of Local Energy Market platform to set new pace for market-based congestion management

Paris, 9 November 2021. The European Power Exchange EPEX SPOT has acquired a Local Energy Market (LEM) platform from Centrica. The LEM platform provides a market-based solution for energy flexibility trading. It was developed and tested to allow system operators to use flexible resources to manage grid congestions and will boost EPEX SPOT's offering for local flexibility markets.

The LEM platform has been built specifically for use cases related to flexibility procurement and congestion management. It offers an end-to-end process for System Operators, covering functionalities across the full value chain of flexibility procurement. Compared to previous use cases of local flexibility markets such as the [enera project](#), the main novelty is that LEM market processes rely on auction trading, with a state-of-the-art algorithm and an option for flexibility reservation. This enables better welfare optimisation and closer coordination between Transmission and Distribution System Operators, therefore taking EPEX SPOT's Localflex offer to the next level.

“We are convinced that local flexibility markets will become increasingly relevant, complementary to electricity wholesale markets – they are one future cornerstone of the successful energy transition, as set out in the EU Clean Energy Package” says Ralph Danielski, Chief Executive Officer of EPEX SPOT. “For us, the acquisition of this LEM platform is the next logical step in developing our Localflex offer, in line with our expertise as provider of smart solutions for the energy transition.”

“EPEX SPOT's efforts to unlock the true value of flexible assets is a very good news for the energy transition that will require a strong development of flexibility resources and a valuable project for the

European System Operators.” stresses Olivier Grabette, Executive Vice-President of RTE and Vice-Chairman of the EPEX SPOT Supervisory Board.

Localflex as smart answer to power system needs

The EU Clean Energy package sets the pace for a renewed approach to congestion management, favouring market-based solutions and flexibility procurement. It prompts Transmission and Distribution System Operators to better coordinate their operations; all for the sake of a cost-efficient energy transition which is beneficial for end-consumers. Local flexibility markets are a solution to these requirements, driven by reliable and customised LEM trading platforms. System Operators will benefit from a market-based alternative to manage and optimise long-term grid planning and short-term operations. Unlocking local flexibilities also enhances the engagement of consumers communities and producers in the power market, to foster the integration of renewables and forge a closer link between the transmission and distribution grid. For flexibility providers, Localflex markets not only provide new means to monetise their flexible resources, they also deliver a market price signal for future investments.

Following the acquisition of this LEM platform, EPEX SPOT is in close contact with System Operators to advance the implementation of Localflex markets in the United Kingdom and other countries across Europe. Further details will be announced at a later point in time.

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The European Power Exchange EPEX SPOT SE and its affiliates operate physical short-term electricity markets in 13 countries: in Central Western Europe, Great Britain, Switzerland, the Nordics and in Poland. 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. Over 300 members trade electricity on EPEX SPOT. 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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