

Press Release

Exchange Council warns of interference in price formation process and contests possible CACM overhaul

Paris, 24 March 2022. At the quarterly meeting of the EPEX SPOT Exchange Council, all participants forcefully condemned the Russian invasion of Ukraine and expressed their deep empathy for everyone who suffers from this war. “The European spirit has been the major driving force to build the EU energy market as we know it today. We are all shocked to witness a war in Europe, which stands against everything we believe in” stresses Ralph Danielski, Chief Executive Officer of EPEX SPOT. The Exchange informed its members that despite the tense political situation, its markets continue to run in a stable and orderly manner, even though electricity prices have risen and show increased volatility, also in the context of the conflict. The Exchange underlined that these prices reflect fundamentals, meaning supply and demand in the market. This is why any proposals to interfere with the price formation process – as currently made by some EU Member States – are to be treated with highest caution: They would distort signals for investments and jeopardize security of supply without changing the tense situation of supply and demand. The Exchange Council acknowledged that the high energy prices create serious challenges for businesses as much as for European citizens. The members also firmly agreed with the rationale that a free price formation process is the fundamental prerequisite for an efficient wholesale market. While it must be considered to shield vulnerable end-consumer from extreme and volatile prices, any interference on the wholesale level would be counter-productive. The wholesale market is giving a transparent and robust price signal towards the whole of Europe, which is essential for the whole sector in order to make the right choices of investment.

Furthermore, the members welcomed the successful launch of the Polish Intraday offer. [First trading day was 2 February 2022](#) and 6.4 GWh have been traded in the first month. With this launch, EPEX SPOT and its clearing house European Commodity Clearing (ECC) completed their product suite in

Central Europe, which has also been covering Day-Ahead trading since February 2021. Bernhard Walter, Chairman of the EPEX SPOT Exchange Council, comments: “Poland is one of Europe’s largest electricity markets, consumption-wise. This new offer is highly interesting for the trading community, as market participants not only benefit from the performant trading system but also from innovative product functionalities in Poland.”

Members remain very concerned by CACM review plans

The revision of the EU Guideline on Capacity Calculation and Congestion Management (CACM) remained a key regulatory topic discussed during the meeting. More than fifty stakeholders contribute to the European Day-Ahead and Intraday Coupling on a daily basis and year-round. Along with EPEX SPOT, they have repeatedly and expressly contested ACER’s recommendations for a review of CACM. “Again, this does not imply that EPEX SPOT considers CACM should not be reviewed at all. Improvements can and should be made. But a focus purely on a governance overhaul set-up as proposed by ACER, is not what Europe needs, especially not today, as the pressure is growing rapidly to move away from fossil fuels” states Ralph Danielski, Chief Executive Officer of EPEX SPOT. ACER discarded all concerns put forward by numerous stakeholders. “As the EU Commission is reviewing ACER’s recommendations and the consultation has been launched, we remain hopeful that the dialogue with the European Commission will be more fruitful” Ralph Danielski adds.

The Exchange Council members reviewed as well the outcome of the annual customer survey of EPEX SPOT, conducted at the end of 2021. Despite the context of the pandemic, a solid panel answered the survey. The general satisfaction rose from previous years to reach 93%. “Performance and stability of our trading systems remains our top priority” explains Jonas Törnquist, Chief Operating Officer of EPEX SPOT. “For our Intraday system M7, we were able to reach a record high of overall satisfaction. Our teams have worked hard to achieve this. In fact, scores have improved in all service segments, which shows how well we have adapted in these extraordinary times” he adds.

The first regular Exchange Council meeting of 2022 was held on 23 March 2022 and chaired by Bernhard Walter, Head of Market Design and Regulatory Affairs at EnBW AG.

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The Exchange Council of EPEX SPOT is an official body of the Exchange. 27 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 13 countries: in Central Western Europe, the United Kingdom, 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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