

EPEX SPOT opposes ACER's proposal to overthrow setup of EU power market

Exchange responds to Consultation on revision of CACM regulation and puts forward shared position of NEMOs and TSOs

Paris, 28 April 2022. The [public consultation](#) on the revision of the Capacity Allocation and Congestion Management (CACM) Regulation of the European Union Commission Directorate-General for Energy closed yesterday. The European Power Exchange EPEX SPOT submitted its response, expressly opposing the disruption of the EU power market as suggested by the Agency for the Cooperation of Energy Regulators (ACER). This response is based on the shared position of the Nominated Electricity Market Operators (NEMOs) and Transmission System Operators (TSOs) involved in the pan-European Market Coupling.

ACER's recommendations excessively focus on governance issues, suggesting a change of paradigm in the EU electricity Market Coupling. By implementing a "single legal entity" in charge of all Market Coupling Operations, a de facto monopoly would be created. Ralph Danielski, Chief Executive Officer of EPEX SPOT, comments: "This would end the current competitive setup of the EU power market, with all the negative implications for investments and innovation. The needs to facilitate the energy transition are very pressing and EPEX SPOT, along with many other stakeholders of the energy sector, continuously delivers innovative solutions to reach the EU climate goals. ACER's recommendations are disconnected from the market reality and don't address these challenges at all."

While lacking a transparent assessment proving the benefits of such a "single legal entity", this overhaul would:

- jeopardise safety of operations by exposing the market to a single point of failure,

- delay innovation and products urgently needed to drive the energy transition,
- bind resources to a purely administrative exercise, whose benefits remain unproven, while investments are needed to expand further the geographical and product scope of EU Market Coupling for the benefit of the European end-consumer,
- create additional governance layers, hampering efficiency and transparency.

It is concerning to see ACER focusing on administrative aspects when the market has been facing an extremely tense situation over the last couple of months.

The public consultation has the objective to gather feedback on proposals made by ACER to overthrow the setup of the European power market. As the EU Commission prepares amendments to the CACM Regulation, it has requested ACER to issue recommendations, which the Agency had submitted previously in December 2021.

EPEX SPOT is grateful for the opportunity to present again the strong arguments made jointly by TSOs and NEMOs to the EU Commission and hopes for more fruitful and constructive discussions on the way towards a more efficient EU wholesale power market.

The proposals put forward by NEMO's and TSOs in February 2022 and by the Nemo Committee with a reply to the consultation yesterday, build on the existing market infrastructure and include:

- refining the existing governance of Market Coupling,
- enforcing regulatory oversight,
- ensuring operational security.

NEMOs and TSOs are dedicated to continuing the implementation of any improvements to the pan-European Market Coupling. Over the past 20 years, the European electricity market with its benefits has become a blueprint for many other regions. This achievement should not be put at stake.

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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, 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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