

# Power Exchanges in the CSEE region : towards more regional and pan-European offers

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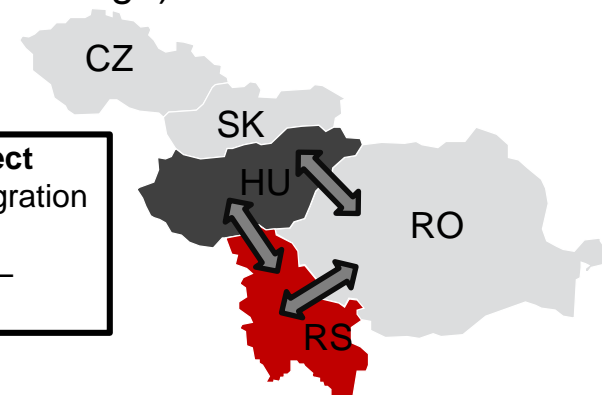
# Prospect for a new regional Power Exchange in the CSEE region

# A new regional Power Exchange for the Central & South Eastern European region to be established in 2019

- **5 February 2018** – Pentalateral MoU signed by EMS, MAVIR, EPEX SPOT, HUPX and SEEPEX
- **Main goals of the cooperation**
  - Merge HUPX and SEEPEX spot power businesses in order to create a **robust and strong spot Power Exchange in the CSEE region**, with Day-Ahead and Market Coupling operations provided by EPEX SPOT
  - Enhance cooperation between TSOs and the NEMOs in the CWE/CEE common region and SEE region and contribute to the successful achievement of both political and economic common goals
  - Implement Market coupling (DA and ID) between Serbia and Hungary (and 4MMC)
- **Shareholders structure:** TSO cluster (EMS and MAVIR in initial stage) and EPEX SPOT
- **Business and regulatory status to be:**
  - Power spot focused
  - Customer driven
  - No monopoly status

**Regional integration project**

- Corporate/business integration of HUPX and SEEPEX
- Market Coupling Serbia – Hungary (and 4MMC)





› epexspot

One step further towards a pan-European offering with EPEX SPOT

# EEX Group – One gateway to value the whole chain of power trading

> **eex**

> **epexspot**

**FUTURES  
MARKET**



**CAPACITY  
MARKET**



**DAY-AHEAD  
MARKET**



**INTRADAY  
MARKET**

Year/Month/Week  
before delivery

One/Several  
year(s) before  
delivery

One day  
before delivery

< 1 hour  
before delivery

**Fluctuations  
are HEDGED**

**Value your  
CAPACITY**

**Value your  
PRODUCTION**

**Value your  
FLEXIBILITY**

> **ecc**

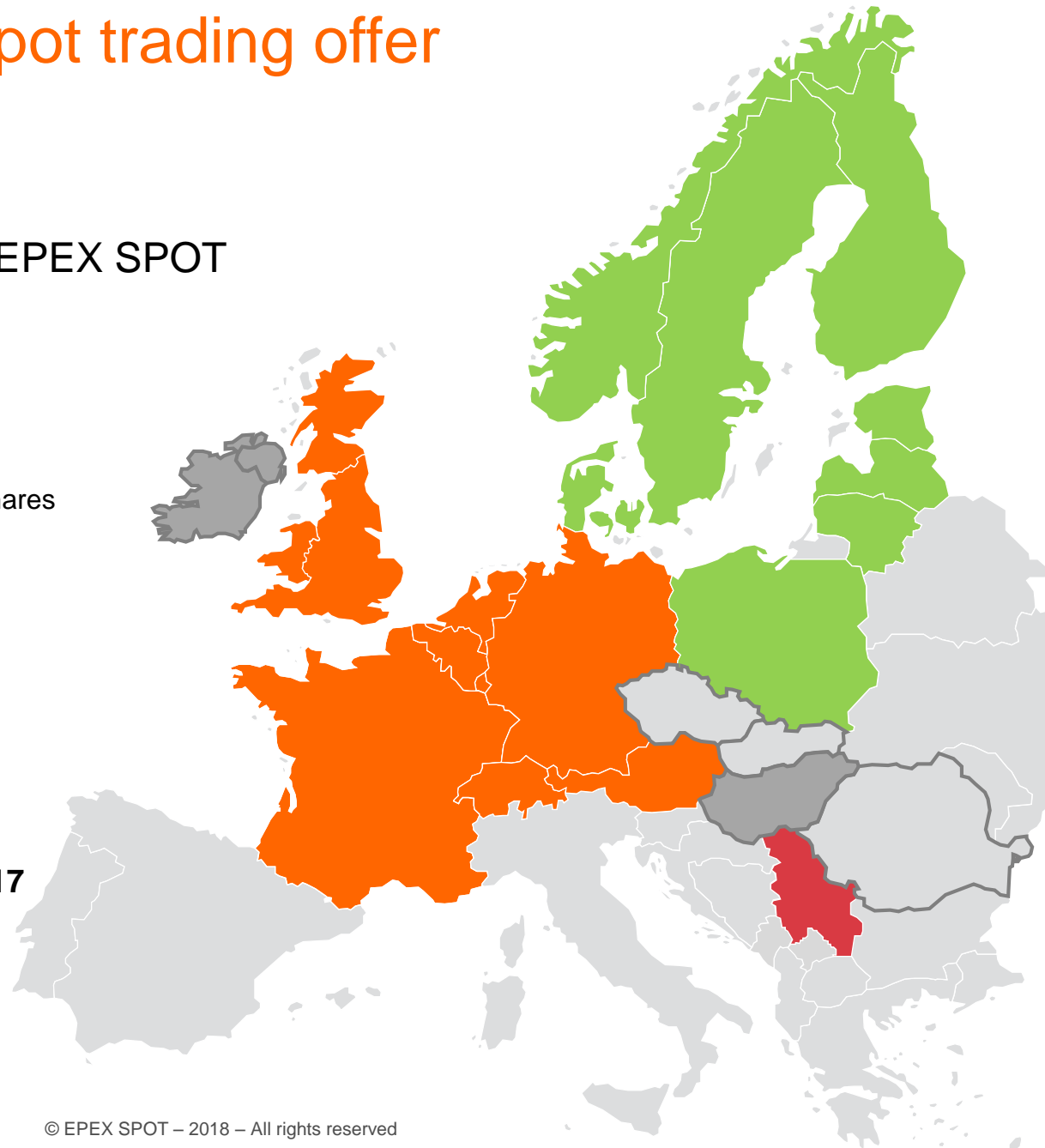
**Integrated & Secure Clearing Solution**

# A pan-European spot trading offer

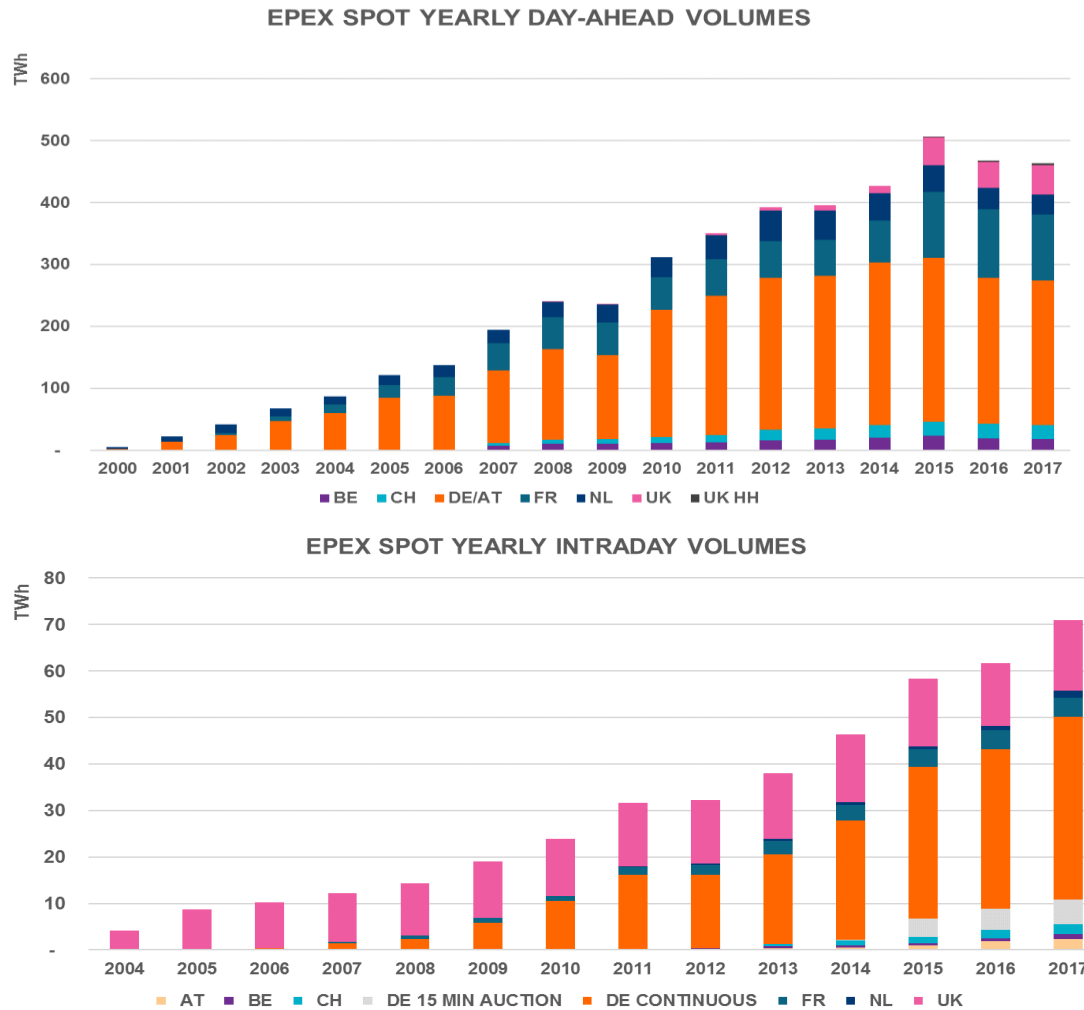
## Markets and services of the European Power Exchange EPEX SPOT

- Current EPEX markets
- Market Expansion
- Market operation services and 25% shares
- Market operation services
- Market coupling services

- **21 borders**
- **Area of 1600 TWh consumption**
- **Over 285 Exchange Members**
- **535 TWh of traded volume in 2017**

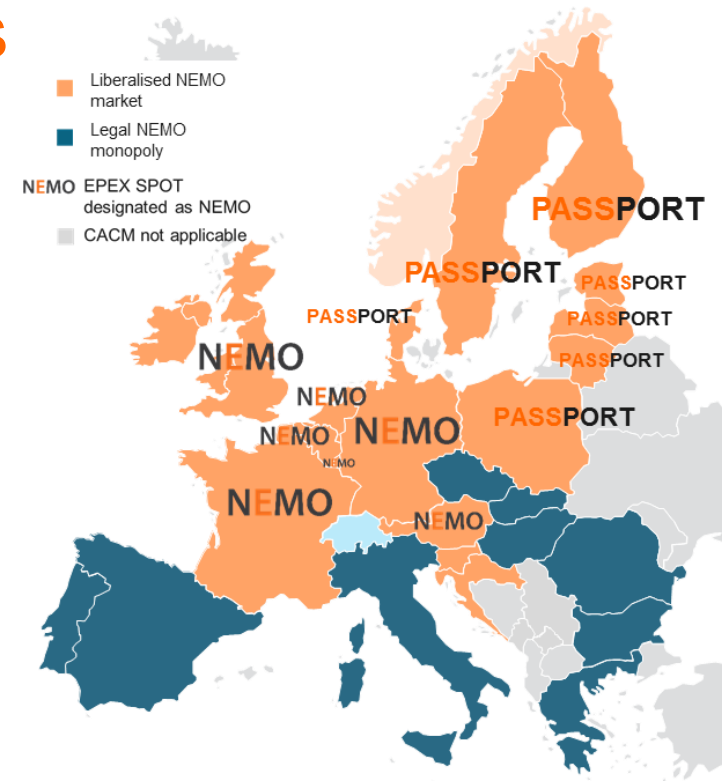


# Successfully managing Europe's most liquid and demanding short-term markets



# Bringing together different regions

- EPEX is a NEMO\* in Poland and the Nordic region since 2016
- EPEX planning to open Nordic & Polish offer by Q1 2019, based on MNA\*\* implementation
- Baltic markets to follow according to implementation of the Baltic MNA



▶ Harmonised markets across European countries, increased transparency and lower entry barriers for new NEMOs under the umbrella of CACM \*\*\*

**But EPEX SPOT is not just a NEMO – in nature a very innovative Power Exchange**

\* NEMO: Nominated Electricity Market Operator – EU CACM Regulation 2015/1222  
 \*\* MNA: Multiple NEMOs Arrangements  
 \*\*\* EU Guideline on Capacity Allocation and Congestion Management



# Competition among Power Exchanges is much more than just duplicating existing infrastructures!

## EPEX SPOT innovations

- Finer granularity products on continuous intraday markets
- Intraday opening auctions
- Open-API and Intraday market automation
- Flow-based market coupling facilitation

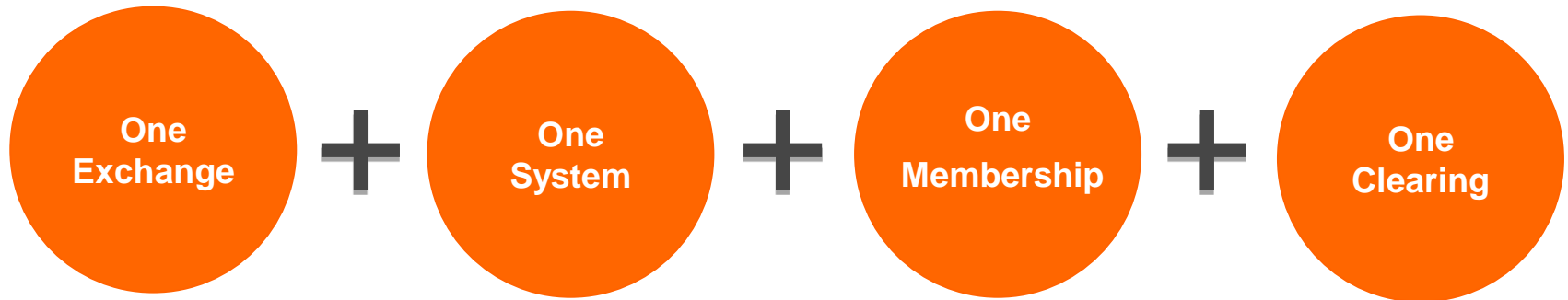


## ...and more to come

- **New markets:**
  - Additional intraday auctions to complement the continuous trading
  - Flexibility local markets
- **New products:** R&D developing next wave of smart blocks for the day-ahead auction
- **New system features:** State-of-the-art continuous trading system performance



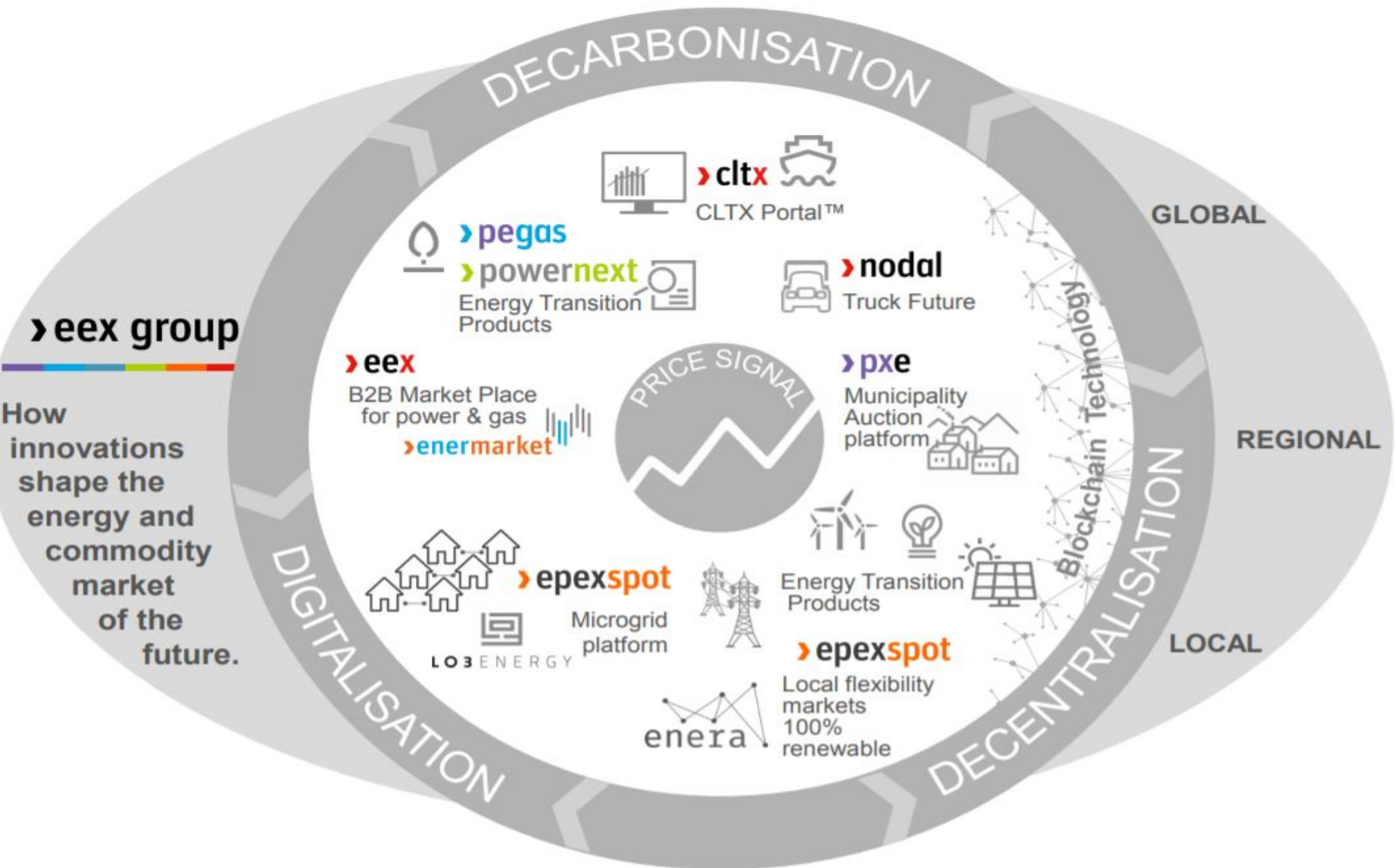
# Our innovative gateway



- ✓ More synergies for customers with access to the largest possible number of markets
- ✓ Profit driven company at the service of its customers
- ✓ A high-reliability organization with continuous efficiency improvements
- ✓ Experienced to accompany the markets in tomorrow's challenges and innovations

# Local Management of Flexibility Vision of the future power market

# Vision to support the Energy Transition



# Local flexibility markets initiatives

**Congestions becoming more frequent and the energy called for re-dispatching increasing significantly**

**Develop, implement and run a new kind of market:**

- Congestion-management market between system operators and flexibility providers
- Enhancing the current design of liquid bidding zones



**A concrete complement to the costly and time-consuming grid extension projects as well as for the reduction of re-dispatching costs**

# Designed solution: Locational Order Books

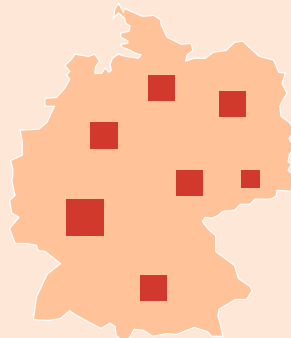
A global market...

EU XBID   EPEX	Bid		Ask	
Product	Qty	Price	Price	Qty
DE 03:00	10	32	33	25
DE 03:00	3	31	34	5
DE 03:00	8	30	35	1
DE 03:00	7	29	38	4



In parallel with...

Local Market 4	Bid		Ask	
Product	Qty	Price	Price	Qty
DE 03:00 Local 3	10	32	34	25
DE 03:00 Local 2	3	31	35	5
DE 03:00 Local 1	8	30	38	1
DE 03:00 Local 1	7	29	38	4
DE 03:00 Local 1	7	21	58	4



“On-demand” local markets

Number of initiatives ongoing in several countries, actively involving EPEX SPOT :

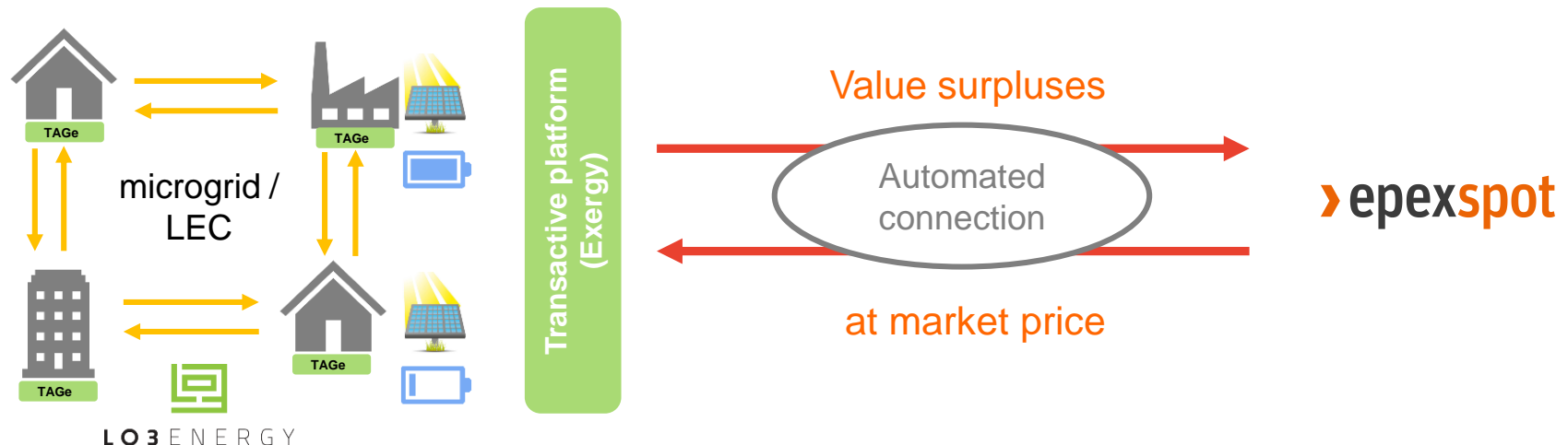


# Valuing microgrids surpluses on the market

**LO3 Energy** is a US-based startup delivering solutions to tackle new energy challenges:

- The Brooklyn Microgrid launched in 2016: their proprietary TAGe smart meter allows blockchain-based P2P transactions (local prosumers and consumers)
- LO3 is working on microgrid projects worldwide including in Europe

▶ LO3 Energy and EPEX SPOT signed a MoU in 2017 aiming at **connecting the LO3 microgrids in Europe with the wholesale market**



# Thank you for your attention!

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