

Exchange Council welcomes trading closer to real-time on UK market

ID1 Index to be introduced on German market in January 2018

Paris / Vienna, 08 December 2017. At the quarterly meeting of the EPEX SPOT Exchange Council the members welcomed the lead time reduction on the UK Intraday market, successfully implemented in close cooperation with European Commodity Clearing (ECC). On 2 November 2017, the lead-time on the UK Intraday market was reduced to 15 minutes before the start of delivery, from previously 75 minutes.

In Intraday trading, lead time refers to the minimum time between the execution of a trade and the delivery of the traded electricity. The lead time reduction on the UK market was made following the modification proposal P342 to the Balancing and Settlement Code (BSC). “The first weeks of trading have shown that UK traders have embraced the change with trading taking place up to 15 minutes before delivery,” confirms Jonas Törnquist, Chief Operating Officer of EPEX SPOT. EPEX SPOT and ECC have previously reduced the lead time on the Austrian, French, German and Swiss markets (2015) followed by a lead-time reduction to 5 minutes before delivery on the German market (2017). “The ability to react to short-term developments of power generation and consumption has become a key aspect of power trading. We therefore plan further lead time reductions on the Austrian, French and Swiss Intraday markets, to be implemented in the coming weeks.” adds Törnquist.

The Council members were furthermore informed about the introduction of an ID1 Index on the German market. The ID1 Index follows the principle of the ID3 Index introduced in 2015 which covers the last three hours before delivery. This means that the ID1 Index is a volume-weighted average of the prices of all trades for a certain delivery period on one specific market area (Germany) over the last hour before start of delivery of the product. The Index is calculated for 15-minute, 30-minute and hourly products alike and will be introduced in January 2018. “This additional index is very relevant as it quantifies price evolutions in the very short term, reflecting the market participants’ reaction to forecast deviations in dynamic power generation and consumption environments” explains Bernhard Walter, Chairman of the Exchange Council.

The fourth Exchange Council meeting of 2017 was held on 6 December 2017 in Vienna and was chaired by Bernhard Walter.

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The European Power Exchange EPEX SPOT SE and its affiliates operate physical short-term electricity markets in Central Western Europe and the United Kingdom. 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. In 2016, its 278 members traded 529 TWh – a third of the domestic consumption in the eight countries covered. 49% of its equity is held by HGRT, a holding of transmission system operators. For more information, please visit www.epexspot.com.

CONTACT

Maria Schubotz • Media & Communications Officer

EPEX SPOT SE • 5 boulevard Montmartre • 75002 Paris (France)

Email m.schubotz@epexspot.com • Tel +33 (0) 1 73 03 61