

EPEX SPOT and Speedwell Climate cooperate on new weather-based power indices

The new index suite will combine market price information and modelled generation data to allow risk management for renewable power producers

Harpenden / Paris, 21 June 2022. The European Power Exchange EPEX SPOT and Speedwell Climate Limited, a leading provider of weather-related data, join forces to launch weather-based power indices, the first of their kind.

Three types of indices will be launched in Great Britain first, starting with the wind index suite this year. These indices will reflect the value that wind generation can capture on the spot market. After a detailed assessment of the market participant's feedback, the partners plan to roll out the index suite in Europe and expand it to other energy sources.

Fluctuating weather conditions create uncertainties on captured market revenues for renewable producers, asset holders and investors alike, as renewable power generation depends on external factors like wind or sun. Therefore, it is challenging for market participants to anticipate in advance not only their power production, but also their impact on the spot price level, and hence the hedging position they choose to open. This means that market participants cannot rely on a steady flow of revenue, as it fluctuates according to production patterns and the market situation.

The new weather-based power indices will take into account the effect of wind fluctuation on the level of the spot power price. They will enable traders to hedge the price and/or volume risk related to wind production with greater accuracy.

Philippe Vassilopoulos, Director of Product Development at EPEX SPOT, commented: “Our spot price is a close to real-time reflection of supply and demand. Especially with the rise of renewables, volatility has increased and market participants wish to avoid being exposed to a larger price risk. This unique index suite catches the variation of the spot price due to intermittency of wind production. It is an ideal tool for traders to improve their hedge against price risk and to stabilise their revenue flow.”

Michael Moreno, co-CEO of Speedwell Climate said: “Our proxy wind and solar generation indices have gained considerable traction in the market. As more and more wind and solar plants are installed, renewables are having a profound impact on power price which is impacting all actors in the power market. By combining our indices with the EPEX SPOT prices, we are completing the suite of products available to investors and traders alike to hedge the shape risk that is the relationship between price and renewable power generation.”

Based on highly liquid markets, gathering a strong diversity of market interests, EPEX power prices and indices are already today a benchmark throughout the industry. Building on over 20 years of experience in weather data management, Speedwell uses gridded and forecast wind data to compute modelled energy output for production areas across the world. Within this partnership, EPEX SPOT power prices will be combined with Speedwell modelled wind generation data to produce indices as hedging underlying over different periods of time, including months, quarters, and seasons.

-ENDS

About EPEX SPOT

The European Power Exchange EPEX SPOT SE and its affiliates operate physical short-term electricity markets in 13 countries: 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.

About Speedwell Climate

Founded in 1999, Speedwell Climate provides quality climate data, forecasts, software, and consultancy. From offices in the UK and the USA Speedwell serves clients world-wide in sectors including environmental-risk management, energy, insurance, and agriculture. Our data products include SuperPack® which provides unlimited access to our thousands of high-quality world-wide data sets. Speedwell Climate provides the Speedwell Environmental System, an enterprise software system for pricing and managing a portfolio of environmental risk contracts.

CONTACT

EPEX SPOT: External Communications, press@epexspot.com

Speedwell Climate: www.speedwellclimate.com