

Paris, 9 July 2024

“Our journey to rebuild trust, transparency and mutually agreed improvements has started” – a message from Ralph Danielski, CEO of EPEX SPOT

Dear EPEX SPOT member, dear trading community,

Today I wish to address you directly to give more context on the events of 25 June 2024.

On that day, we experienced a technical incident on our trading system ETS that led to a decoupling of EPEX SPOT from the interconnected Single Day Ahead Coupling (“Partial Decoupling” in SDAC).

I am pointing out nothing new when I say: the Market Results following the Partial Decoupling, while in line with rules and procedures, deviated significantly from a usual trading day on coupled power markets. I understand that your trust and confidence in markets may have been shaken, and while I regret the situation, please be assured that you are being heard and concrete improvements will be implemented in the near future.

You will find more information about the technical incident and the related course of events in the message attached. I trust that you know your direct contact at EPEX SPOT in case of further questions, and our teams are here to help you wherever they can.

What I want to provide is an outlook and an orientation towards three concrete improvement streams on which we will work very hard in the days and weeks to come. We have held an extraordinary Exchange Council Meeting on 4 July 2024 to provide transparency to this EPEX SPOT representative body and engage with them on the next steps. Within the seriousness of the discussion, we agreed on many points around the following pillars of improvements:

- **Communication to the market** – You have perceived the overall communication during the market incident as too complex. We therefore believe it is not only important to review our own communication approach, but also to investigate: How can we streamline the communication processes between all actors involved in the Market Coupling Session? How can we be clearer and concise even in uncertain situations with limited visibility, across all actors involved?
- **Fallback Solutions and Procedures** – Applying the fallback procedures pertaining to market decoupling from A to Z has revealed overall inefficiencies that have to be addressed:

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How should new NEMOs & TSOs EU SDAC / SIDC fallback procedures look like in case of partial or full decoupling? Which operational conditions should such fallback solutions respect to increase market robustness and reliability?

- **Deadlines and Timings** – Especially in comparison with other regions, the auction timings and related deadlines in the CORE region (which includes Central West Europe and Poland) have shown to be particularly challenging. While these timings are not arbitrary and implemented for a reason, it is still important to review them and determine: Is there potential room for adjustment? Can the weight of strict timelines be reduced to increase the chances for markets to remain coupled – also in light of the further increasing complexity expected in the market design and associated calculation processes?

I am pleased to confirm that it was agreed to launch a Task Force between EPEX SPOT and Exchange Council members, representing the Market Participants, to assess and initiate proposals of improvement around the identified pillars.

The presented pillars of improvement should give a good orientation on the levers at our disposal, in order to jointly create a process that affirms trust, confidence and transparency. As you can see, this journey has just started, and you will be part of it.

The unfortunate events that occurred have clearly demonstrated the key role of Market Coupling for the power system. This market incident, which we acknowledge in all its seriousness, will give us an opportunity to do what we have always been doing: Make European Power Markets better, more resilient and instrumental for EU Net-zero and the energy transition goals.

Sincerely,

Ralph Danielski, Chief Executive Officer of EPEX SPOT