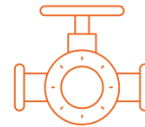


## The role of energy exchanges in evolving markets



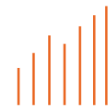
Power  
Markets



Gas  
Markets



Enviromental  
Markets



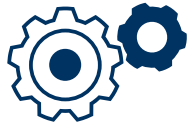
Financial Markets,  
Integrity & Transparency

## Europex members



# 1. Europex: our vision of an evolving energy sector

**29 members: electricity / gas / enviromental / financial**



**Interplay of  
physical and  
financial markets**



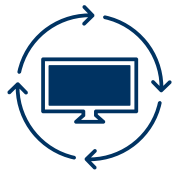
Together, physical and financial markets provide competitive access to power and gas, needed for a more diverse market landscape



**New energy  
landscape**



The energy landscape is changing rapidly. Exchanges help to orchestrate a heterogeneous and decentralised energy landscape



**Digitalisation &  
automation**



Digitalised wholesale markets will support an increasingly automated and digital energy sector



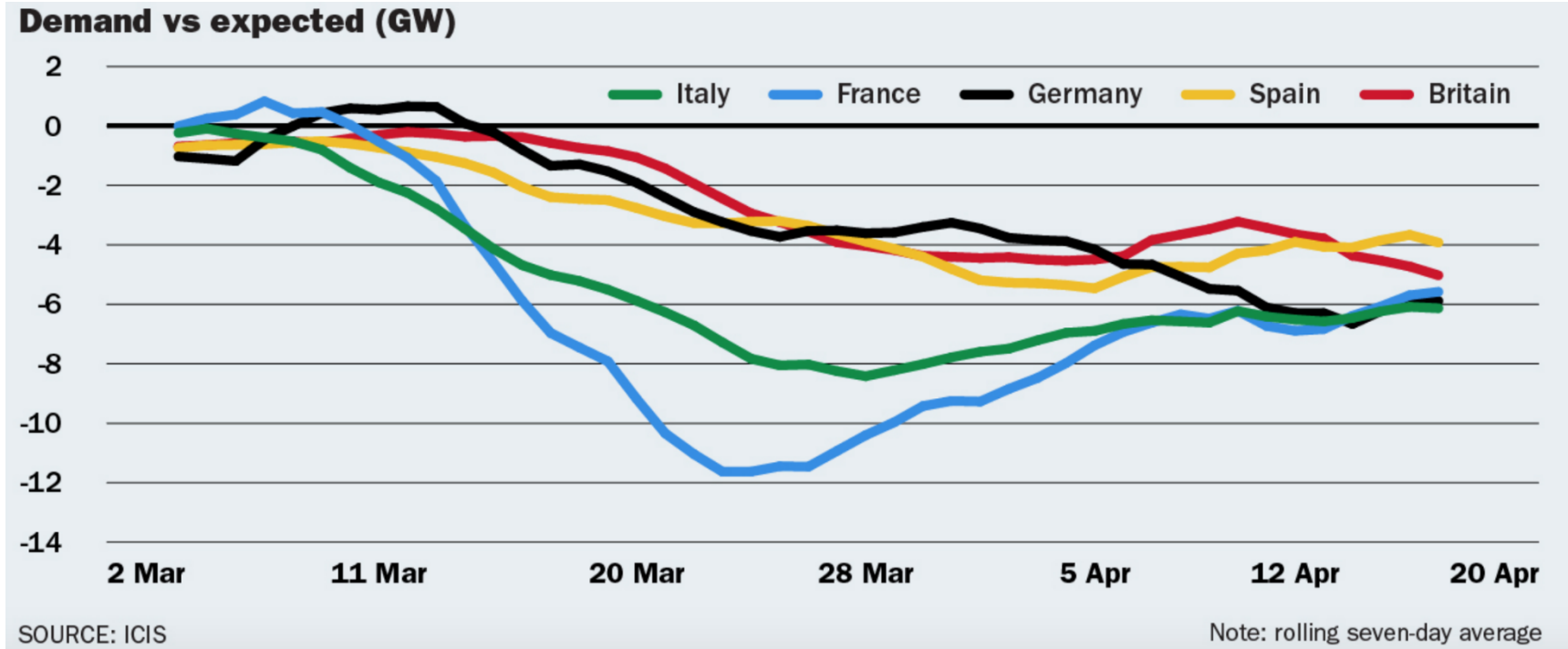
**Competition &  
markets drive  
innovation**



Competition delivers the best solutions where regulation provides a stable level playing field

## 2. COVID-19 – European energy market impacts

- European power demand is gradually rebounding

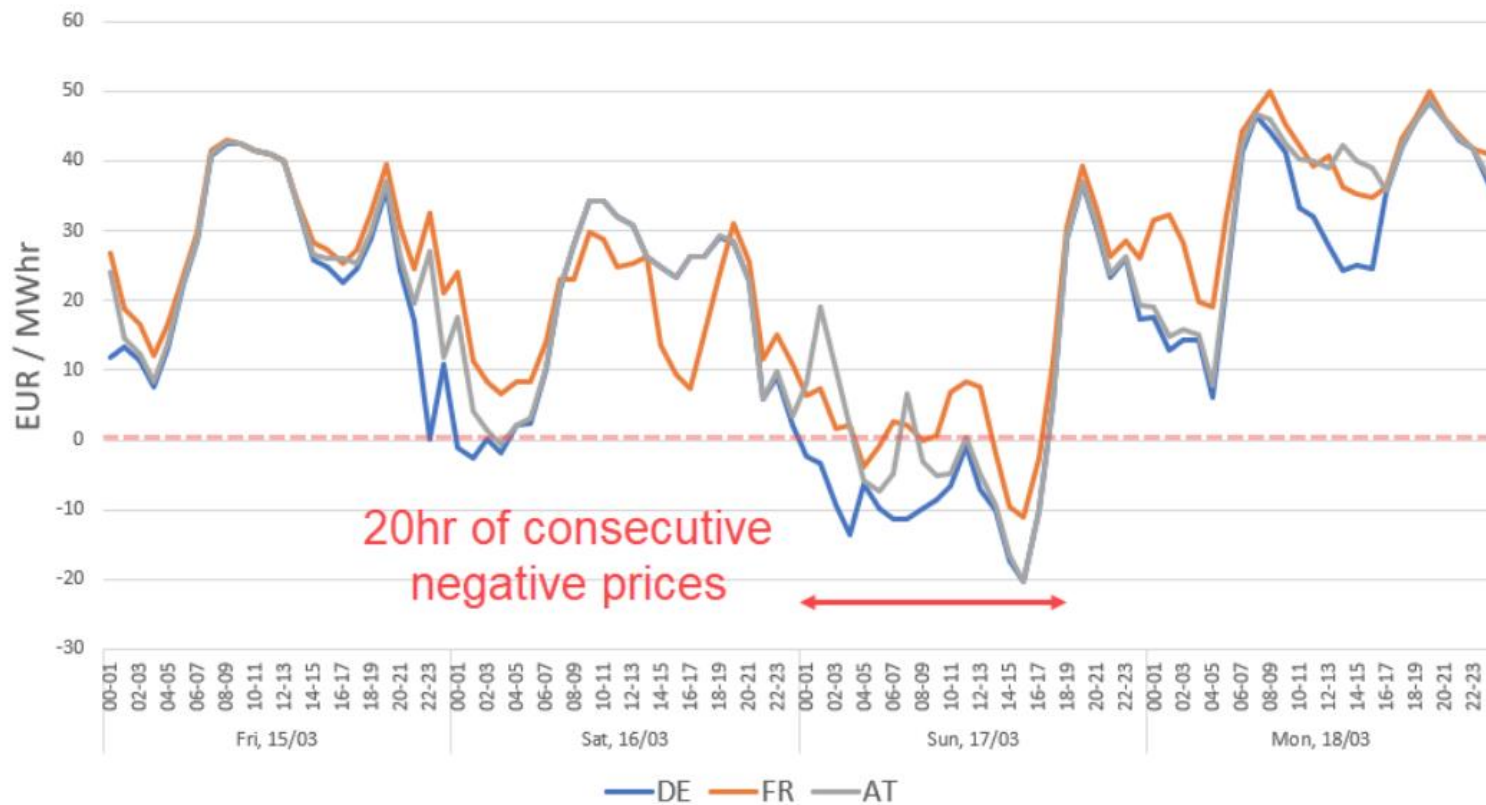


[.]

### 3. COVID-19 – European energy market impacts

- Negative power prices have become an increasingly common feature across Europe

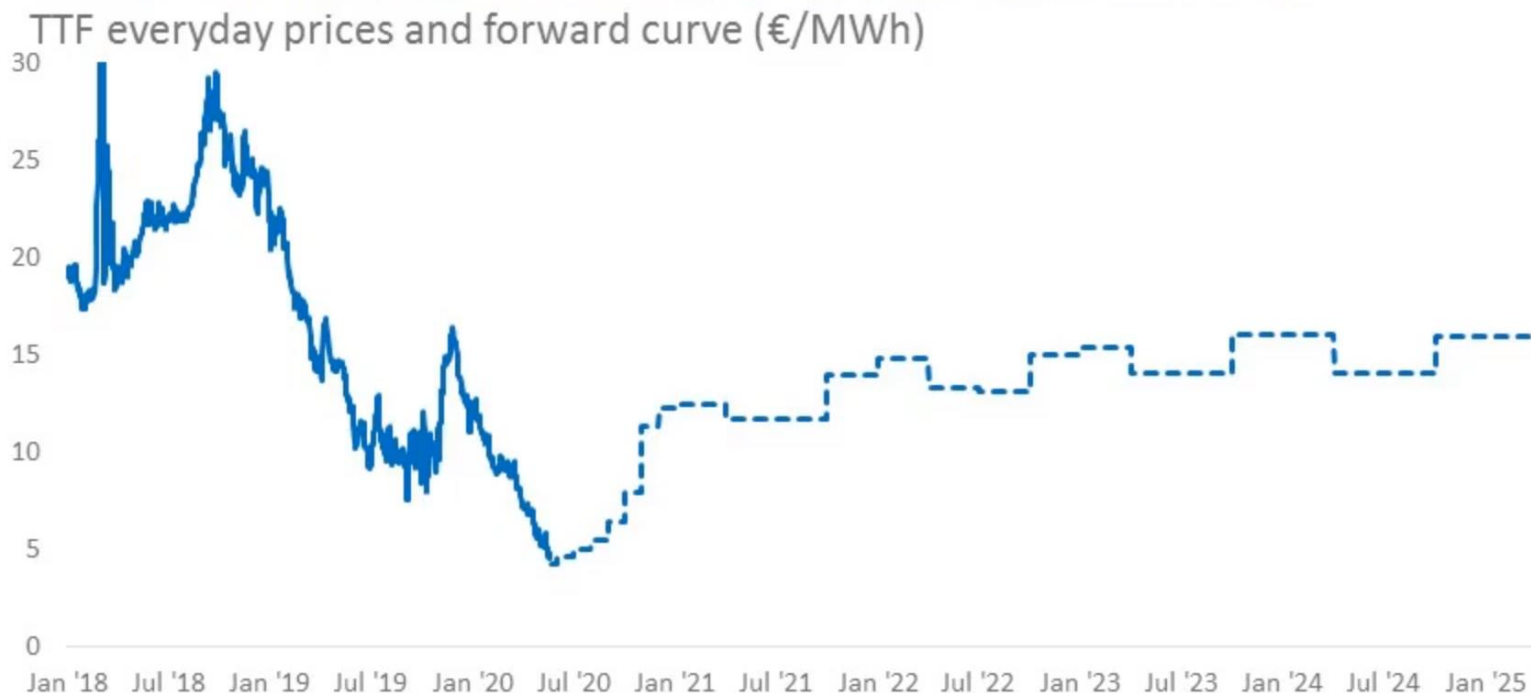
*Hourly day-ahead prices in DE, FR and AT, 15-17 March 2020*



Source: Genscape; EPEX SPOT

## 4. COVID-19 – European energy market impacts

- Much analytical focus on reduction in gas demand and potential recovery, filling up of storage in Europe and measures to turn down supply production.
- In terms of gas demand, much depends on COVID-19 measures and potential return to lockdown in winter.



Source: Argus, 21 May

## 5. Transparent price signals always important

- Exchanges have remained fully operational throughout the pandemic, with comprehensive business continuity measures.
- Continued efficient market functioning helps to ensure security of supply and maintain the internal energy market.
- Focus on keeping cross-border trading open and market coupling unaffected (electricity).
- Exchanges are following developments closely, particularly liquidity in gas balancing markets. Ongoing preparation for possibility of negative prices in gas.

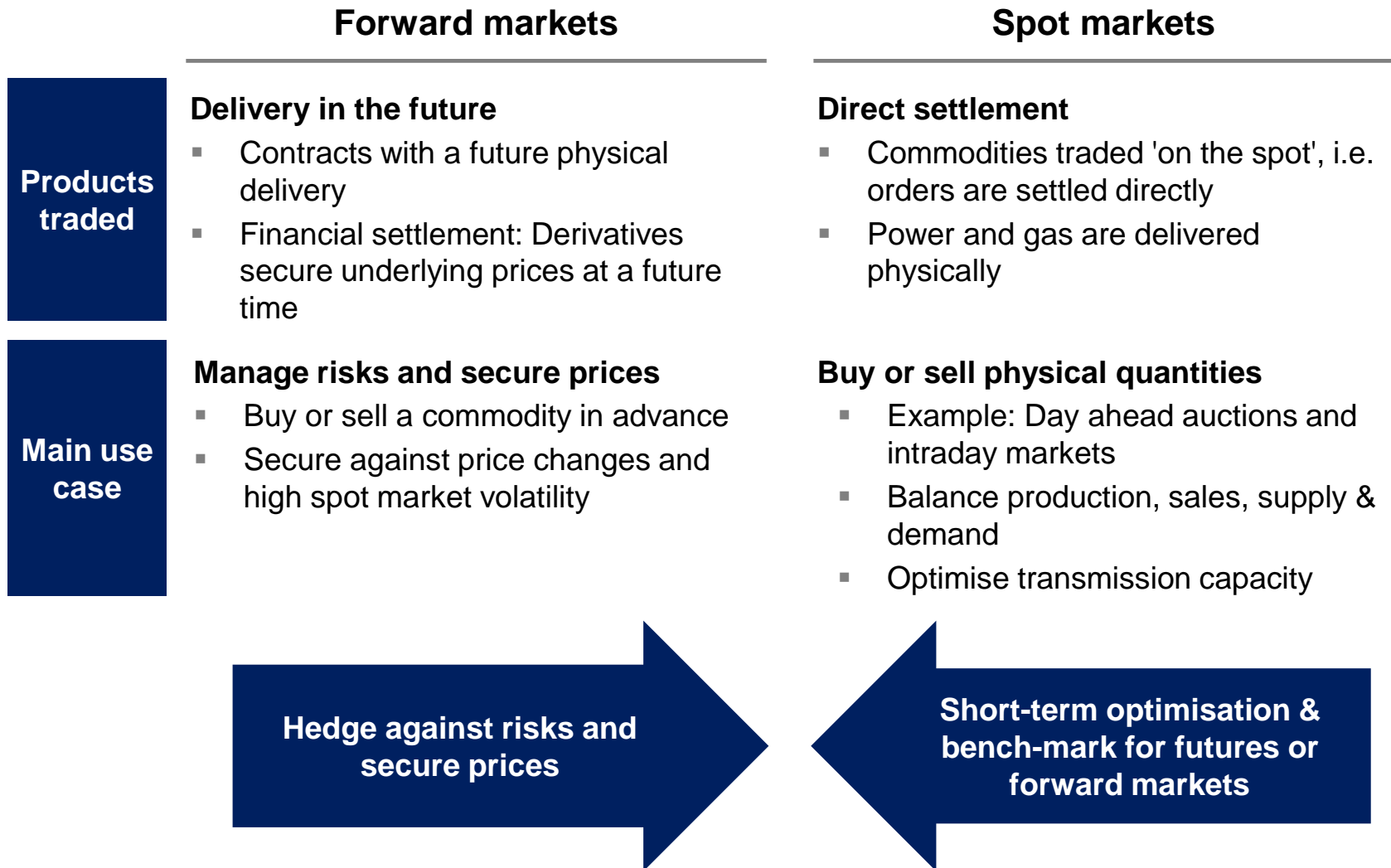
**Exchanges are a  
stable anchor point  
for the market**



**Exchanges provide transparent pricing, especially important in times of volatility**

- Neutral trading platforms
- Efficient spot and forward markets to hedge price risk
- Price transparency

## 6. Tight interplay of spot and forward markets



Source: Europex



## 7. The European Green Deal and recovery efforts

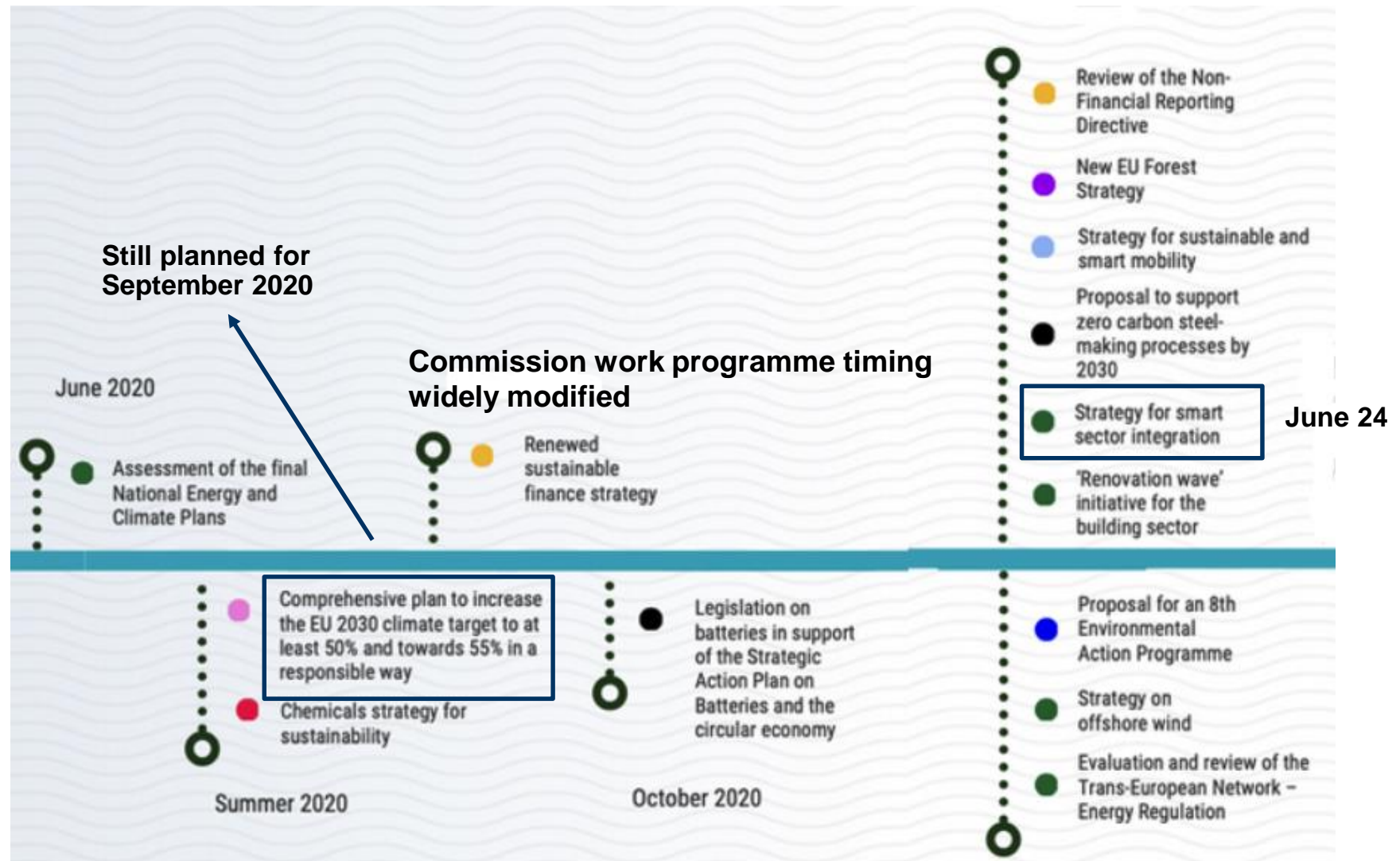
- Germany and France have taken a common position (18 May) calling for the EU Green Deal climate policies to become “the EU’s new growth strategy”.
- The Climate Neutrality Law (by 2050) currently going through the EP and Council
- **Selected upcoming initiatives:**
  - Energy system integration strategy (June 24)
  - Hydrogen strategy and Clean Hydrogen Alliance (June 24)
  - Commission still aiming to deliver 2030 impact assessment in September 2020, followed by specific legislative proposals.
  - Review of TEN-E Regulation



## 8. The European Green Deal and recovery efforts



## 8. The European Green Deal and recovery efforts



## 9. Ultimately, a global perspective is essential

- Europe relies on international energy markets to meet its energy demand. Its markets are also driven by external factors such as the development of shale oil and gas resources and a global LNG market.
- Equally, European energy exchanges compete on a global market, particularly for forward (derivatives) contracts;
- **Regulatory priorities:**
  - Enable well-functioning markets, as they are integral to cost-efficient decarbonisation efforts;
  - Efficient European commodity derivative markets. The MiFID II review a good opportunity to reform commodity derivatives position limits.
  - Technology neutrality – the end goal should be decarbonisation – non-discriminatory markets will allow the most efficient technologies to energy.
  - Maintain a strong EU-ETS as the ‘cornerstone’ of EU decarbonisation efforts.