



Market Update Q4 -2023 and Outlook Q1-2024

Market Outlook Q4 2023

Updates Q4 2023

SIDC Update

- New Market Time Unit (MTU): Successful test of 15-minute MTU capacity allocation on Croatia-Slovenia and Croatia-Hungary borders. 15-minute MTU cross-border capacity will be allocated in the continuous trading through SIDC instead of current 60-min MTU

GB Updates 2023

- 2023 was the cleanest year ever for electricity production in Britain
- Emissions from the power sector fell by 22% compared to 2022
- Share of electricity demand from fossil fuels fell to an all-time low of just 33%
- Wholesale electricity prices have fallen 80% since their peak in August 2022, from £353/MWh to £66/MWh in December 2023
- Britain experienced a record-breaking 214 hours of negative power prices during 2023, averaging more than half an hour a day

German TSOs Updates

- **No government subsidy results in doubled grid fees:** In mid-December, the four German TSOs finalized and unified countrywide transmission system fees for the upcoming year 2024.
- These fees average 6.43 cents per kilowatt-hour (previously 3.12 ct/kWh), marking a **+105%** increase over the previous year. This follows the Federal Constitutional Court's decision to not pay the initially announced financial support of 5.5 billion EUR, which has led to a significant increase in grid fees.

HUPX

- **HUPX:** Successful competition of projects **TRINITY & FARCROSS** strengthens cross-border capacities in the South-Eastern European (SEE) region through the application of optimization solutions and grid-enhancing technologies
- **TRINITY:** The goal is to enhance cooperation and alignment among TSOs in the SEE region, aiming to streamline the integration of electricity markets in the area, alongside promoting the uptake of renewable energy resources
- **FARCROSS:** The objective is to improve the effectiveness of transmission grid assets, whether at the generation or transmission level

EEX

- In December, the total trading volume across global power markets of EEX Group saw a significant **73% increase** compared to the corresponding month last year, reaching a monthly trading volume of 775.4 TWh.
- In particular European Power Spot Markets reported a **+25% growth**, while European power derivatives volumes **more than doubled YoY**, reaching a volume of 545.2 TWh
- EEX Expands French Guarantees of Origin Register to Non-Renewable Electricity Guarantees of Origin

ENTSO-E

- Ukrenergo, Ukrainian TSO joins ENTSO-E as new member
- Continental European TSOs announce completion of synchronisation project with Ukrenergo and significant increase in export capacity from Continental Europe to Ukraine, project that began back in 2017.

EMD Reform

- The EU reached an agreement on 14th of December to reform the European electricity market:
- The established framework for two-sided Contracts for Difference (CfDs) in public investment for new power generation facilities reflects a forward-thinking strategy to enhance long-term investment signals for renewable generation (ENTSO-E, 2023)*
- TSOs welcome the incorporation of capacity mechanisms into electricity markets. With a price ceiling and a floor, CfDs will ensure a minimum remuneration, while at the same time limiting "excess remuneration" for power plants when electricity prices are high

Single Legal Entity (SLE)

- The CEOs of the power exchanges representing all Nominated Electricity Market Operators (NEMOs) released an **Open letter expressing their concern about the proposed Single Legal Entity (SLE)** in the European Electricity Market Design (EMD) reform
- The letter shows reasons to worry about using an SLE for the Market Coupling Operator function:
- Deprivation of NEMOs of their role in the Market Coupling Operation (MCO) function
- Centralisation of the MCO function
- Contradiction with EU principles of proportionality and subsidiarity
- Restriction of freedom of TSOs and NEMOs to exercise their economic activity and determine their organisation
- Disruption of the EU market efficiency
- Increment of operational risks

Market Outlook Q1 2024

Outlook Q1 2024

EPEX SPOT

- After being initially delayed from Q1 2024, the **Nordic Flow-based Market Coupling Go-Live** has a new starting date expected in October 2024
- European EPEX Power Spot Market grows **+18% YoY** compared to 2022, driven primarily driven by the Intraday markets (**+31%**)

EPEX Power Spot Market Europe: Total Day-Ahead and Intraday Traded Volume 2022 vs. 2023

