

Press Release (ACER- PR-07-16) (CEER-PR-16-04)

## Wholesale gas prices continue to fall in the EU but electricity prices end their decreasing trend in some countries

Ljubljana, 16 September 2016

The downward trend of wholesale energy prices continued in most of the EU in 2015, according to the latest [ACER/CEER Market Monitoring Report<sup>1</sup>](#), whose wholesale volumes were published today. The results will be discussed with stakeholders in a workshop next week in Ljubljana<sup>2</sup>. Gas prices decreased across Europe as a result of declining oil prices, a greater availability of gas and increased gas-to-gas competition. For the first time since 2008 average electricity prices increased in a few countries in 2015; however overall prices remained far below 2008 levels. In some countries this can be explained by a high share of renewable energy and overcapacity in generation.

**Alberto Pototschnig** ACER Director underlined: *“In the context of the ongoing electricity market design debate, the Report shows that electricity prices are able to reflect the market fundamentals, with overcapacity and high share of renewable generation in several Member States. The completion of the electricity market integration process remains our top priority. We are pursuing this through the implementation of the network codes, the removal of the remaining barriers and by trying to ensure that administrative measures implemented at national level do not distort competition in the Internal Energy Market (IEM)”*.

### EU consumers lose more than a billion Euro annually on unscheduled electricity flows

Unscheduled flows continue to distort the functioning of the Internal Energy Market (EM), as less cross-border capacity is available for trade. In 2015, social welfare losses due to unscheduled flows amounted to 1.1 billion Euro. These distorting flows could be mitigated by EU transmission system operators further improving the methodology to calculate cross-border capacity and by greater coordination between them.

### Gas hubs play a pivotal role

**Lord Mogg**, Chair of ACER’s Board of Regulators, said:

*“The improved diversification of gas imports and the pivotal move towards hub-based models, at the expense of oil linked long-term contracts, are showing positive results in Europe. Efforts to further increase liquidity in Europe’s gas markets will continue.”*

Dutch TTF and British NBP remained the most liquid gas hubs in 2015. In fact, the gap with other hubs has widened, as is evident when comparing liquidity and number of transactions for forward products. The pivotal role of hubs in gas markets, as already evident in the past in the North West region (NWE), is gradually expanding into the Central Eastern region (e.g. VOB in the Czech Republic) and the Mediterranean (Italian PSV) area.

Gas wholesale price convergence continues to improve across most of the EU and is no longer confined only to NWE. This is facilitated by the growing role of hubs, enhanced cross-border interconnection and gradual implementation of Network Codes. Gas wholesale markets work better as they become more integrated. However, further progress is needed before a fully-integrated Internal Gas Market is achieved and some barriers remain.

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**Ends (see Notes for Editors)**

### Notes for Editors

- (1) The *Annual Report on the Results of Monitoring the Internal Electricity and Natural Gas Markets* fulfils the Agency's mandate established by Article 11 of [Regulation \(EC\) No 713/2009](#). It covers retail prices for electricity and natural gas, access to networks (including network access by electricity produced from renewable energy sources), and compliance with the consumer rights laid down in [Directive 2009/72/EC](#) and [Directive 2009/73/EC](#). This year, the Report comprises a main volume and four thematic volumes. The [Gas and Electricity Wholesale Market Volumes](#) are published today earlier than the main volume and two other thematic volumes – which are expected to be released in mid-November - to allow readers access to these documents as soon as they are ready. The recommendations on wholesale gas and electricity volumes will be released on 9 November.
- (2) The Gas and Electricity Wholesale Market Volumes will be presented at a Workshop in Ljubljana on Wednesday 21 September. To participate please register [here](#).
- (3) This year, for the first time the Agency has been able to draw on wholesale energy market data reported under REMIT to calculate metrics - like bid-ask spreads and supplier concentration - to assess the functioning of gas wholesale markets, further enhancing the analytical depth of the Report. Bid ask spreads show the gap at a certain point in time between the lowest price for which a seller is willing to sell gas and the highest price that a buyer is willing to pay for it.

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