



European Union Agency for the Cooperation
of Energy Regulators

Transforming the energy system

Panel debate at the Budapest Climate Summit

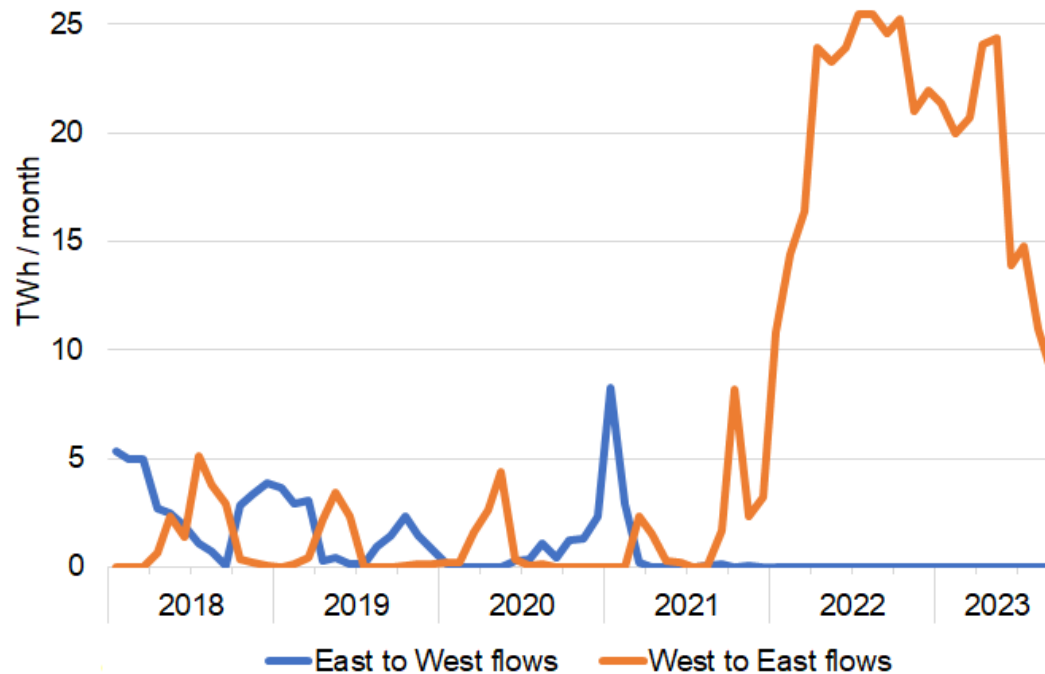
Budapest on 4 December 2023

Christian Zinglensen, ACER Director

Huge swings in pipeline flows enabled by EU gas network

Europe's integrated energy markets proved resilient during the crisis, bringing multiple benefits.

Gas flows between Germany and Belgium, 2018 – Q3 2023 (TWh/month)



Integrated markets help ensure security of supply, facilitate needed changes in gas flows, mitigate price volatility, enable the integration of renewables, and provide flexibility to the system.

Diverging views on how to tackle price volatility

'Volatility needs to be avoided' (e.g. new pricing rules)

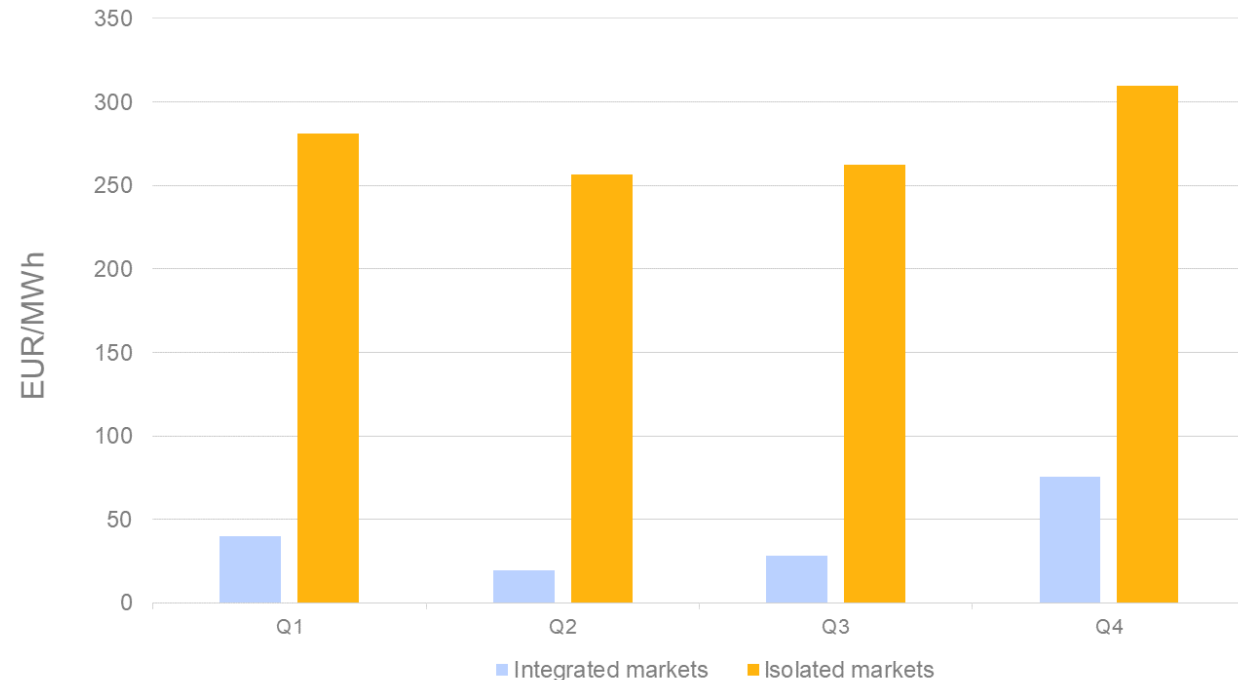
VS

'Volatility needs to be managed'

What are the **tools to tackle price volatility** in ACER's view?

- Preserve price signals: today's volatility triggers tomorrow's flexibility (technologies)
- Strengthened EU market integration
- Improved forward markets
- Consumer protection remains key
- Longer-term contracting may play a role (if done well, avoiding distortive effects)

Price volatility (EUR/MWh) in integrated and isolated electricity markets in the EU in 2021



Negative prices: Indicators trying to ‘tell us something’

Day-Ahead Price, North-West Europe (EUR/MWh)



John Doe, place unknown



High/low wholesale prices send signals to generators (*where to invest / when to produce*), to traders (*where to trade*), to consumers (*if/when to consume*). Negative wholesale prices are becoming more prevalent, indicating a need to enhance system responsiveness (whether for deployment or operational decisions or facilitating demand response).