

This document includes a report summary, a table of contents, report format and price information, and an order form.

Report Summary

This 130 page report offers a comprehensive analysis of the trading market, the exchanges and brokers, EU competition and environmental policy factors, top industry players, and more. The market's dimensions and trends are profiled in 39 tables and 43 charts. The report is structured as follows:

❖ **Chapter 1 – Power System Performance:** this chapter presents the fundamentals of the European power market, starting with consumption trends, seen in the global context and at the national level. Next it covers production by energy source, CO₂ emissions and the contribution from renewables. Next cross-border trading is profiled. The chapter ends with an overview of supply price trends.

❖ **Chapter 2 –European Union Power Industry Policies:** this chapter profiles the achievements, disappointments and dilemmas of the European Union's power industry policymakers over many years of reforms. First it presents a summary of key policy and regulatory players. A sketch of policy conflicts at the EU and member state levels follows. Next the chapter lists key policy milestones. It is followed by a review of market opening under the second electricity directive and Regulation 1228 on cross-border trading and remaining policy weaknesses, as revealed by the EC's energy sector enquiry and anti-trust investigations. The chapter concludes with a review of the planned further reforms under the "third energy package" and current and planned emissions trading and environmental policies.

❖ **Chapter 3 – Power Trading Markets:** this chapter begins with a review of historical price trends in the wholesale power, fuels and emissions markets. Next it covers power exchange and OTC trading volumes in the major markets – Germany, the Nordic region, the UK, France, the Netherlands, Spain and Italy. An

evaluation of volume performance drivers and market characteristics follows. The chapter concludes with an assessment of major traders.

❖ **Chapter 4 – Power Exchanges and OTC Brokers:** this chapter begins with a summary of the main power exchange products and the energy trading sectors covered by western Europe's 15 exchanges. Next volume trends in the spot, forward and OTC clearing segments are covered. An analysis of rivalry between exchanges, co-operation measures and alliances with stock exchanges follows. Next the chapter reviews exchange shareholders, including recent strategic deals; clearing providers; trading and clearing fees; trading technology suppliers; and leading exchange participants. The last section of the chapter profiles leading OTC broking players and trends in the broking sector.

❖ **Chapter 5 – Power Company Rankings:** this chapter ranks leading European power companies by financial performance, stock market indicators, and operating data, including their emissions positions in the ETS. It also provides a summary of the biggest European power sector M&A deals from 2002 to 2008.

European power trading volumes reached another record high in 2008, led by a solid performance in the Nordic region and strong growth in several of Europe's smaller trading markets.

*To order this report
please fill in the
last page and fax it
to us on
+44 20 7900 3844*

Table of Contents

1	POWER SYSTEM PERFORMANCE	8
1.1	CONSUMPTION	8
1.1.1	<i>Global Context and Sector Trends</i>	8
1.1.2	<i>National Market Sizes and Growth Trends</i>	10
1.1.3	<i>Falling Demand In 2009</i>	12
1.2	PRODUCTION.....	13
1.3	CONTRIBUTION FROM RENEWABLES	19
1.4	CROSS-BORDER TRADE	23
1.5	SUPPLY PRICES.....	25
2	EUROPEAN UNION POWER INDUSTRY POLICIES	30
2.1	KEY PLAYERS IN POLICY AND REGULATION.....	30
2.2	THE DIFFICULTIES OF THE POLICY CONTEXT	32
2.3	POLICY MILESTONES	34
2.4	THE SECOND DIRECTIVE AND REGULATION 1228.....	36
2.5	THE ENERGY SECTOR ENQUIRY	38
2.6	ANTITRUST INVESTIGATIONS	39
2.7	THIRD ENERGY PACKAGE	43
2.8	EMISSIONS TRADING SCHEME	49
2.9	THE CLIMATE ACTION PACKAGE	57
2.9.1	<i>Targets and Methods</i>	57
2.9.2	<i>Renewables Policy</i>	57
2.9.3	<i>Emissions Trading Reforms</i>	61
2.9.4	<i>Carbon Capture and Storage Support</i>	61
2.9.5	<i>Action Beyond the ETS</i>	63
3	POWER TRADING MARKETS	65
3.1	PRICE TRENDS	65
3.2	TRADING VOLUMES.....	69
3.3	MARKET CHARACTERISTICS AND PERFORMANCE FACTORS	74
3.3.1	<i>The Financial Crisis</i>	74
3.3.2	<i>The Trading Horizon</i>	75
3.3.3	<i>Germany</i>	76
3.3.4	<i>Nordic Region</i>	76
3.3.5	<i>UK</i>	78
3.3.6	<i>France</i>	79
3.3.7	<i>Netherlands</i>	79
3.3.8	<i>Spain</i>	79
3.3.9	<i>Italy</i>	80
3.4	MAJOR TRADERS.....	80
4	POWER EXCHANGES AND OTC BROKERS	81
4.1	POWER TRADING PRODUCTS	82
4.2	TRADING VOLUMES.....	86
4.2.1	<i>Volumes Overview</i>	86
4.2.2	<i>Spot Volumes</i>	87
4.2.3	<i>Forward Market Volumes</i>	90
4.2.4	<i>Forward Market Volumes in Q1 2009</i>	95
4.3	EXCHANGE RIVALRY	96
4.4	EXCHANGE CO-OPERATION	97
4.4.1	<i>EEX and Powernext</i>	97
4.4.2	<i>APX and Endex</i>	98
4.4.3	<i>APX and Belpex</i>	99
4.4.4	<i>Omel and OMIP</i>	99
4.5	STOCK EXCHANGE ALLIANCES	99
4.5.1	<i>NASDAQ OMX Commodities and the Nord Pool Group</i>	100
4.5.2	<i>Eurex and EEX</i>	100

Tables

Table 1	Top 10 Global Power Markets, 2001 - 2006	9
Table 1	EU 27 (plus Norway and Switzerland) Net Power Production, 2007.....	14
Table 2	EU 27 (plus Norway and Switzerland) Net Capacity by Country and Type, 2006.....	19
Table 3	EU 27 (plus Norway and Switzerland) Wind Capacity, 2007 - 2008	23
Table 4	EU 27 (plus Norway and Switzerland) Cross-Border Physical Flows, 2007.....	25
Table 5	Key European Power Policy Players.....	31
Table 6	EU Energy Regulators (plus Norway and Switzerland).....	32
Table 7	EC Power Policy Milestones, as of April 2009	35
Table 7 (continues)	EC Power Policy Milestones, as of April 2009.....	36
Table 8	Antitrust Actions, as of April 2009	41
Table 9	EC Actions against Member States, as of April 2009.....	42
Table 10	European Network Ownership Arrangements, as of April 2009.....	46
Table 11	Second Phase (2008 – 2012) NAP Decisions	55
Table 12	Average Annual Spot Market Prices, 2007 - 2008	66
Table 13	Major Market Trading Volumes, 2004 - 2008.....	71
Table 14	Major European Market Power Trading Volumes by Marketplace, 2008	74
Table 15	Nord Pool Forward Market Segments, 2006 - 2008.....	77
Table 16	Leading Players in European Power Trading, by Region.....	81
Table 17	Western European Power Exchange Products, April 2009.....	83
Table 18	Western European Spot Market Products, April 2009.....	84
Table 19	Western European Forward Market Products, April 2009.....	85
Table 20	Power Exchange Volumes, 2004 - 2008.....	87
Table 21	Spot Market Volumes, 2007 - 2008.....	90
Table 22	Forward Market Volumes, 2007 - 2008.....	92
Table 23	OTC Clearing Volumes, 2007 - 2008.....	94
Table 24	Exchange and OTC Clearing Volumes, Q1 2008 and 2009.....	95
Table 25	Western European Exchange Shareholders, April 2009.....	102
Table 26	Western European Exchange Clearing Providers, April 2009.....	103
Table 27	“General Clearing Members” of Power Exchanges, April 2009.....	104
Table 28	Western European Spot Exchange Fees, April 2009.....	105
Table 29	Western European Futures and Forwards Exchange Fees, April 2009	107
Table 30	Western European Exchanges: Technology Suppliers, April 2009.....	109
Table 31	European Power Exchange Market Makers, April 2009.....	110
Table 32	European Power Trading Players: Multiple Exchange Memberships, April 2009	111
Table 33	Leading Continental and UK Power Trading Brokers, April 2009	113
Table 34	Nordic Broker Volumes, 2004 - 2008.....	115
Table 35	Major Companies’ Financial Performance, 2007 - 08	116
Table 36	Major Companies Group Revenues and Profits, 2007.....	119
Table 37	Major Companies Capacity, Power Generation and Sales Data, 2007.....	124
Table 38	Major Companies CO ₂ Emissions positions, 2007 and 2008.....	125
Table 39	Major Mergers & Acquisitions in European Power, 2002 - 2008.....	128

Charts

Chart 1	Top 10 Global Power Markets Power Consumption, 2001 and 2006.....	8
Chart 2	EU 27 Net Consumption by Sector, 2001 - 2006	9
Chart 3	EU 27 (plus Norway and Switzerland) Gross Power Consumption, 2007	10
Chart 4	EU 27 (plus Norway and Switzerland) Net Power Consumption Growth in %, 2001 - 2006 . 11	
Chart 5	Top 5 markets Electricity Consumptions % Changes Jan/Feb 08/09	12
Chart 6	EU 27 (plus Norway and Switzerland) Net Power Production by Technology, 2007	13
Chart 7	EU 27 (plus Norway and Switzerland) Dependency on Therm Generation by Fuel, 06....	16
Chart 8	EU 27 CO2 Emissions in Power and Heat and Other Sectors, 2006.....	17
Chart 9	EU 27 (plus Norway and Switzerland) Gross Renewables Output by Technology, 2006 .	20
Chart 10	EU 27 Renewables Output as a % of Power Consumption, 2006	21
Chart 11	EU 27 (plus Norway and Switzerland) Wind Capacity by Market, 2008.....	22
Chart 12	EU 27 (plus Norway) Industrial Supply Prices, 1st half of 2008	27
Chart 13	Residential Supply Prices, 1st half of 2008.....	29
Chart 14	EU Emissions Allowance Futures Prices, April 2005 – April 2009	52
Chart 15	Second Phase (2008 – 2012) Allowance Allocations by Country	53
Chart 16	EU 27 2008 Indicative Position, Based on 2007 Verified Emissions.....	54
Chart 17	EU 27 Phase 2 Allowances as % of 2006 CO2 National Emissions	56
Chart 18	Renewable Energy: 2020 Targets by Country	59
Chart 19	Renewable Energy: Expected Gain by 2020	60
Chart 20	Emissions Performance Targets Outside the EU ETS, 2005 to 2020.....	64
Chart 21	Average Spot Market Prices, 2008	66
Chart 22	Spot Market Prices, 2000 – March 2009.....	67
Chart 23	Monthly Oil and Coal Prices, 2005 –April 2009.....	68
Chart 24	EU 2008 Emissions Allowance Futures Prices, April 2005 – April 2009	69
Chart 25	Major Market Trading Volumes, 2000 –2008	71
Chart 26	Major Market Churn Factors, 2008	72
Chart 27	Major Market Power Exchange and OTC Volume Shares, 2000 - 2008.....	73
Chart 28	Nord Pool Forward Market Segments, 2008.....	78
Chart 29	Western European Trading Map, 2009.....	86
Chart 30	Power Exchange Volumes, 2004 - 2008.....	87
Chart 31	Spot Market Trading Volumes, 2004 - 2008	89
Chart 32	Forward Market Volumes, 2004 - 2008.....	92
Chart 33	OTC Clearing Volumes, 2004 - 2008.....	94
Chart 34	EEX / Powernext Cooperation – Spot and Derivatives	98
Chart 35	Western European Spot Exchange Trading Fees, April 2009.....	104
Chart 36	Western European Futures and Forwards Exchange Trading Fees, April 2009.....	106
Chart 37	Nordic Power Broker Volumes, 2004 - 2008.....	115
Chart 38	Major Companies Ranked by Revenues, 2007.....	117
Chart 39	Major Companies Ranked by EBITDA Margins, 2007	118
Chart 40	Selected Companies Share Price Performance, January 2006 - early May 2009	120
Chart 41	Major Companies Market Capitalisation, end of April 2008	121
Chart 42	Major Companies Ranked by Power Generation, 2007	122
Chart 43	Major Companies Ranked by Power Sales, 2007.....	123

About the Authors



We research and report on Europe's wholesale markets for power, natural gas, coal and emissions allowances. Our work covers topics such as trading volumes, marketplaces and leading players. We also assess the commercial framework of energy trading operations, from market fundamentals to regulatory developments.

Prospex is independent and committed to relevant, accurate and unrestricted reporting and analysis. It does not accept sponsorship that would compromise this commitment.

Prospex Research Ltd

e-mail: info@prospex.co.uk

web: www.prospex.co.uk

Other Recent Reports

Dutch Gas Market, May 2009

This 106 page report covers the physical and commercial aspects of the Dutch natural gas market, and its role in the wider European gas market. Key market trends, including the growth of trading liquidity, are highlighted in 27 tables, 25 charts and six maps.

European Gas Trading 2008, October 2008

This 288 page report offers a comprehensive analysis of the natural gas trading market, the brokers and exchanges, EU competition and environmental policy factors, top industry players, and more. The market's dimensions and trends are profiled in 112 tables and 56 charts.

European Power Projects, September 2008

This 152 page report covers over 350 natural gas, coal and oil-fired, hydro, nuclear, biofuel and waste gases power projects of 100 MW or more in all 15 western European member states of the European Union plus Norway and Switzerland. Key market trends are highlighted in 20 tables and 50 charts.

European Emissions Trading Market, December 2007

This 152 page report provides a detailed independent review of the emissions trading market for traders, trading services providers, carbon financiers, CDM and JI project developers, investment funds, professional advisers, regulators and other emissions market stakeholders.

European Coal Trading, February 2007

This 103 page report covers global coal market developments as seen from Europe, market fundamentals in Europe, the emissions policy factor, trading market volumes, products and players, scores of coal-fired power projects, and more. It is based on wide-ranging research and over sixty interviews with leading players in all major European markets. Market and industry indicators are also provided in 31 tables and 33 charts.

Report Format and Price Info

European Power Trading 2009 will be sent to you by e-mail in electronic format (Adobe Acrobat) in one of two different versions, depending on your needs:



- Individual User:** one electronic file for individual use only. The file may be printed only once and cannot be copied or redistributed in any format. This version costs **£995** (pounds sterling) or ~ €1,135 (euros).
- Multiple User:** this version can be used by more than one person or, in the case of five or more users, even placed on your company's intranet. See the table below for multiple user pricing and savings in pounds sterling.

Number of users	2	3	4	unlimited
Full price, £ (pound sterling)	1,990	2,985	3,980	4,975
Multiple user savings on cover price	300	550	900	1,475
Multiple user price	1,690	2,435	3,080	3,500
10% discount for previous buyers	169	244	308	350
Multiple user price for previous report buyers	1,521	2,192	2,772	3,150

Value Added Tax (VAT): UK purchasers please add 15% VAT (from January 1 2010 it will revert to 17.5%). Purchasers from any other EU member state must state their VAT registration number on the order form.

A 10% discount is available to previous report buyers.

European Power Trading 2009

ORDER FORM TO BE FAXED TO: + 44 (0) 20 7900 3844

E-mail report to:	
Bill to:	Company: Address: Telephone:

Report version	Price	Tick your choice
• Individual user copy	£995	
• Multiple user level 1 (2 users)	£1,690	
• Multiple user level 2 (3 users)	£2,435	
• Multiple user level 3 (4 users)	£3,080	
• Multiple user level 4 (unlimited number of users)	£3,500	
10% DISCOUNT FOR PREVIOUS PROSPEX REPORT BUYERS		
15% VAT * (UK customers only)		
TOTAL DUE (pound sterling)		

Companies of any EU member state except UK **MUST** supply their VAT registration number below:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--




CHOOSE 1 OF 2 SIMPLE WAYS TO PAY

1 You can pay by Credit Card:

Name of card holder (as it appears on the card):

Credit card billing address:

Please debit my credit card (tick choice):

		
---	---	---

Card number:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Expiry date:	CSC (last 3 digits at the back of the card or last 4 for Amex):
--------------	---

Signature:

If you pay by Credit Card the report will be delivered directly to your desk by e-mail THE NEXT DAY

2 You can also pay by bank transfer:

I have arranged a payment for the sum of £_____ (sterling) or €_____ (euro) to:
 Nat West Bank, Victoria Branch, PO Box 1357, 169 Victoria Street, London SW1E 5BT, UK
 Account name: Prospex Research Ltd. Account number: 80904505, Sort code: 51 50 14
 Swift/BIC code: NWBK GB 2L IBAN number: GB13NWBK51501480904505.
 In this case please fax us your order form together with details of your bank transfer. The report will be sent to the user as soon as we receive your payment.

	www.prospex.co.uk	e-mail: info@prospex.co.uk
---	--	--

*17.5% from 01/01/2010.