

European power trading rises 5% in 2015 - Prospex

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(Montel) - Power trading volumes in Europe's biggest markets rose 5% last year to 9,566 TWh, thanks mainly to growing activity in short-term products on exchanges and more clearing for the over-the-counter markets, according to London-based energy research firm Prospex Research Ltd.

Based on average spot prices, the overall value of power trade reached EUR 348bn, up 0.5% year on year, it said, noting that trade in Germany and the UK accounted for 35% and nearly 18% of the total.

"The trading business has regained its poise after declines earlier in this decade," Prospex said in the report. "However, volumes in 2015 were still down by 2% on a five year view and 12% below the historic peak of 10,924 TWh in 2010."

The figures include all trading in exchange spot and forward markets and the over the counter segment in Germany, the Nordic region, France, the UK, Italy, Spain and the Netherlands. The data also confirms OTC volumes reported by Montel earlier this year.

In Germany, Europe's biggest market by far as it accounts for 40% of all European power trading, volumes grew 8%, while in France, volumes surged 47%, the data shows.

In the Nordic market, volumes fell 9% in 2015, continuing "a long decline that began in 2009", according to the report. Volumes in the UK were largely stable, while they dropped 31% in Spain and 18% in the Netherlands. Italy gained 7% year on year.

OTC trading volumes accounted for 64% of all trading and rose 4% in 2015 to 6,127 TWh, according to the report, noting however that OTC clearing volumes gained 45% to 2,106 TWh - reversing a long period of decline stretching back to 2008.

Energy markets are witnessing volumes drift from the brokered market to exchanges as a consequence of European financial regulations such as the European market infrastructure regulation (Emir), which came in to force in 2012.

Forward market exchange volumes were the second biggest broad sector after OTC with a yearly rise by 7% to 2,110 TWh. In total, 26% of all forward trading took place on the exchanges.

Spot volumes also gained by 6% in 2015 to 1,329 TWh, or 14% of total volumes. In Germany and other markets, trade is also moving to prompter products, as the boost in volatile renewable energy increases the need for flexible short-term trading.